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Consultation on Potential RIIO-ED1 Mid-Period Review

Dear Steve,

Thank you for the opportunity to provide Northern Gas Networks' views on the relevant issues for consideration as part of a Mid-Period Review (MPR) for RIIO- ED1 and in particular the issues surrounding any potential of the scope of the MPR.

NGN supported the inclusion of a Mid-Period Review (MPR) mechanism within the RIIO regulatory framework as a necessary and efficient means to deal with the potential for greater uncertainty under a longer price control. We also viewed the very clear definition of the scope of the MPR as a necessary element of the framework and a fundamental feature of the RIIO1 regulatory contracts.

We therefore have major concerns about any extension of the scope of the MPR for RIIO-ED1. There are a number of key principles within the framework that the proposed changes of scope would challenge and it is clear could not be argued are in the short or long term interests of customers. A number of these issues were clearly identified by Ofgem in the regulatory impact assessment set out within the consultation and in recent statements and regulatory decisions. As such any change in this approach for RIIO-ED1 would be viewed as an inconsistent application of one of the core principles of the framework.

On this basis we cannot support the proposal to extend the scope of the MPR. Any such change would challenge the predictability and stability of the framework and create significant uncertainty and risk for markets and investors and not consistent with outcomes that are in the long term interests of customers.

Yours sincerely,



Gareth Mills
Head of RIIO-GD2
Northern Gas Networks