

Doc Type: Response to RIIO-2 Framework Consultation 2018

From: Alex Z

From: Alex []
Sent: 15 March 2018 19:11
To: RIIO2 <RIIO2@ofgem.gov.uk>
Subject: Cost of Capital

You said : But since the evidence shows that investors are willing to accept lower equity returns we have indicated a range for the next price controls of between 3% and 5%

Are you out of your mind?

Investors are not willing to accept 3 - 5% when inflation is running at 4% (RPI).

Secure equities in the US are delivering 8%

With the threat of Marxist Labour, the risk to invest in utilities is extremely high and in such an environment the cost of capital should compensate investors against such a risk by setting the cost of capital at 15%. Such is the devastation that Labour, if given power, would inflict on the industry and investors.

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