

Dear Sirs,

In response to the consultation I wish to express my view that Ofgem's proposed cost of capital range for RIIO2 is too low (lower than water companies,) which doesn't reflect the risks in the sector and will drive up financing costs for consumers in the longer term. I also believe that Ofgem's proposals to reduce the scope and strength of incentives on companies will stifle innovation and ambition, just at the time when the sector most needs it. Overall Ofgem is taking a short-term approach at the expense of longer term prices and decarbonisation goals.

Regards,

Gerry Somers

Managing Director, UK