

# Network price controls and you

Energy suppliers sell you energy and bill you for it. It reaches your home or business through a motorway of pipes and wires owned by energy network companies. They take energy from where it's generated to local distribution networks who deliver it at safe voltages and pressure.

## Privatisation and price controls

The gas network was privatised in 1986 and electricity followed in 1990.

We have price controls to limit what companies can charge to use their networks. They are needed because the network is a monopoly – you don't normally get to choose which company you use. They make sure the companies invest in and operate the network so it is efficient and sustainable, and offers value for money.

## What have price controls delivered so far?



### Cost to consumers

Under our price controls, the cost of transporting a unit of electricity around Britain has fallen by **17%** since the mid 1990s, relative to the retail price index.



### Customer service

Customer service has been improving since 2013. In 2016/17 the average score in customer satisfaction surveys for local gas and electricity grids was **over 8 out of 10**.



### Investment

- **Around £100 billion** of investment has been delivered by network companies since privatisation.
- **Around £64 billion** is the current combined value of all the gas and electricity networks - equivalent to staging the London Olympics six times.
- **Over 38,000km** of local gas mains have been replaced since 2007 so that gas continues to be transported safely.
- **1.4 million** new customers have been linked to the electricity distribution network since 2010.
- **Nearly 540,000** new customers have been connected to the gas distribution networks since 2008. Our Fuel Poor Network Extension Scheme has connected almost **97,000** households, who now have access to cheaper heating.



### Innovation

Ofgem sets network companies incentives to use innovation to cut costs for customers and adapt to a smarter, more flexible energy system.

**Up to £8 billion** of benefits could be achieved by innovation schemes carried out by local electricity grid companies alone, if they are rolled out across all Britain's network companies.



### A transforming energy system

Networks have had a bigger role to play in a future energy system that is cleaner, with more renewable energy and smarter technology:

- **25%** of all electricity generation is now connected to lower voltage electricity networks, including large numbers of solar and wind generators.
- **1 million** homes have solar panels.

Electricity network companies have reduced the carbon footprint of their networks in the past two years by **850,000 CO2e**.



### Reliability

The number of power cuts has fallen **by 48%** and the length of power cuts has decreased **by 58%** since Ofgem introduced incentives for companies to improve network reliability in 2001.

For more on network company performance under the current price controls, see [www.ofgem.gov.uk/network-indicators](http://www.ofgem.gov.uk/network-indicators)

# The network in numbers

## How many customers in Britain?

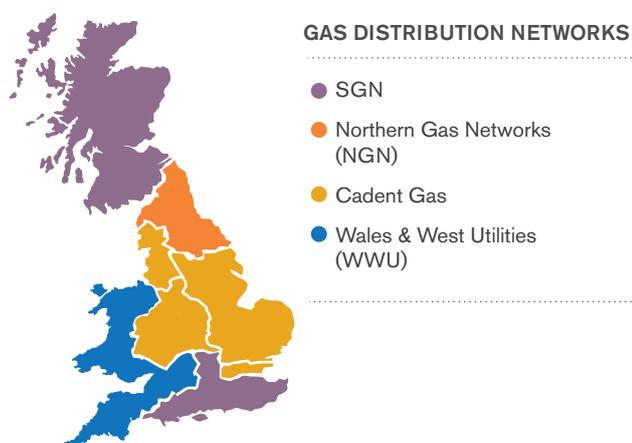
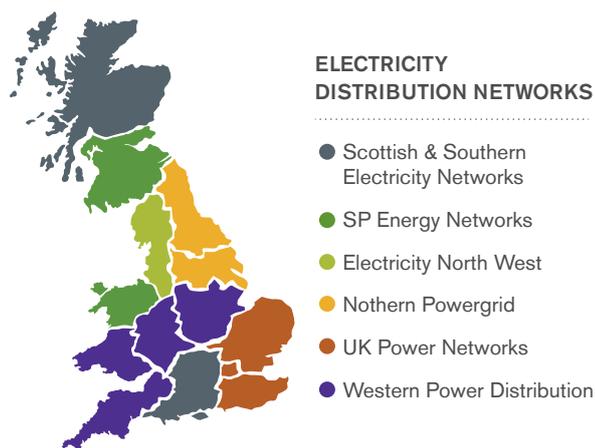
 More than **29 million homes and businesses** are connected to the electricity networks.

 Almost **22 million homes and businesses** are linked to the gas networks.

## Who runs the networks?

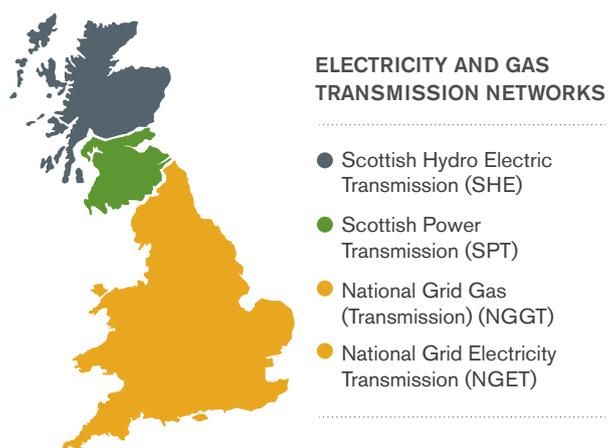
### Distribution network

This functions like A and B roads, taking energy from the motorways of the transmission network into individual homes and businesses. This happens at lower voltage and lower pressure, for safety.



### Transmission network

This is the equivalent of the motorway system – a way to quickly move large amounts of electricity and gas across long distances.



# The network in numbers

## How much is there to maintain?

 **821,000km** of lines and cables make up the electricity network. Enough to get you to the moon and back.

 **284,000km** of pipes make up the gas network. Enough to go six times around the world.

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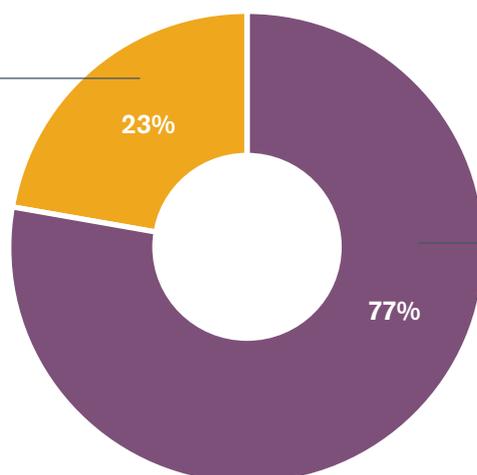
## What is the cost to consumers?

 In March 2018, around £250 of a typical household's dual fuel energy bill will go towards running and maintaining the network - around a fifth of an overall bill of £1,100:

## Dual fuel bill

### Network costs

(23% of dual fuel bill, or around £250)



### Other costs, pre-tax margin and VAT

(77% of dual fuel bill, or around £850)