

25 November 2009

Sheona MacKenzie  
Transmission & Governance  
Ofgem  
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Dear Sheona

### **Approach and timetable options for the next transmission price control review**

Thank you for the opportunity to comment on the proposed approach and timetable for the next transmission price control review (TPCR5).

Consumer Focus is the independent champion for consumers across England, Wales, Scotland and (for postal consumers) in Northern Ireland. We operate across the whole of the economy, persuading businesses and public services to put consumers at the heart of what they do.

We agree with Ofgem that it is important that any benefits for consumers coming out of the current RPI-X@20 review are fully incorporated in future price controls, however we believe that the two options outlined by Ofgem provide very limited choice and both have considerable disadvantages for consumers.

Ofgem states that the assessment of the two options is based on three criteria including alignment with Ofgem's duties, one of which is to protect the interests of existing and future consumers. We are concerned that, given this duty, Ofgem's assessment of the proposed options does not contain a detailed analysis of the impact of either option for consumers or possible ways to address these negative impacts on consumers.

As acknowledged by Ofgem the risk under option one, to implement TPCR5 from April 2010 and only incorporate the conclusions of RPI-X@20 as far as possible mean delaying potential benefits for consumers until as late as TPCR6.

Our concerns regarding option two are that a roll-over would involve less exhaustive scrutiny of the companies and it is less likely that efficiency gains would be passed onto consumers during that year.

It is somewhat frustrating that Ofgem are only now consulting on this. Ofgem should have planned the RPI-X@20 review timeframe so that a delay in the commencement of TPCR5 was not necessary. RPI-X@20 commenced in March 2008 and has been in a 'visionary' stage since early 2009. This long time period would have allowed for a reduced timeframe and then consumers would not be at the risk of delayed benefits as part of TPCR5.

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Given the limited choice between the two options and our concerns about them we have no strong preference for either option however would err in favour of option two that TPCR5 is delayed for one year and implemented from 1 April 2013.

Our support for this option is conditional as we want to see Ofgem ensure that the long term efficiency gains that are supposedly going to come from RPI-X@20 do indeed benefit consumers and that Ofgem implement a claw-back of windfall benefits from the transmission companies.

If you have any questions or would like further information about our response please contact Abigail Hall, Senior Policy Advocate, Regulated Industries Team by telephone on 0207 799 7934 or via email: [abigail.hall@consumerfocus.org.uk](mailto:abigail.hall@consumerfocus.org.uk)

Yours sincerely



**Robert Hammond**  
**Head of Regulated Industries**