



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA
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Mr Akshay Kaul
Director, Networks
Ofgem
10 South Colonnade
Canary Wharf
E14 4P

11th November 2022

Dear Akshay,

I am writing in regard to Ofgem's price regulation process for the electricity distribution networks, RIIO-ED2, which is due to complete shortly.

We have received correspondence that suggests some stakeholders feel they have not had sufficient opportunity to participate in the RIIO-ED2 consultation. It is vital that the final determinations account for the views of stakeholders that represent consumer interests and that these views are not overshadowed because of any imbalance in the resources available to network operators and to consumer representatives.

I would be grateful if you could respond to the following questions:

1. Would Ofgem be prepared to re-open the RIIO-ED2 consultation for a short period to allow sufficient stakeholder engagement, review, and challenge?
2. What action, if any, are you taking to address any asymmetries between network companies and consumer representatives in the price control process?
3. Citizens Advice stated in response to the consultation that the cross-checks indicate that consumers could pay over £1.5 billion more than needed across ED2 because the approach to cost of equity over-estimates the level of returns required. Do you accept that statement, and if so, how will Ofgem take it into account? You stated in the ED2 investor call that the cross-checks give you "great confidence that the starting number is not too low".¹ What confidence do you have that the starting number is not too high?
4. How has Ofgem addressed the risk of outperformance as identified by the CMA?
5. I note Ofgem's proposed curtailment of projects focused on vulnerable customers. What focus is Ofgem giving to vulnerability within the price control process? How will it ensure that DNOs take forward work to help low income and vulnerable households?

Yours sincerely,

DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE

¹ Ofgem, [Transcript of IR call on 29th June](#)