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22 June 2018

Grant McEachran
Ofgem
10 South Colonnade
Canary Wharf
London E14 4PU

Dear Grant,

Changes to WPD's licences for Rail Electrification Costs - Consultation Response

This submission was prepared by Citizens Advice, which has the statutory responsibility for representing the interests of consumers in Great Britain's energy markets. The contents of this document are not confidential and may be published on your website.

We support Ofgem's minded-to position, as well as the proposed draft licence and Handbook modifications, as set out in the supporting consultation document. It was right that Western Power Distribution (WPD) returned £77m of unspent capital costs to consumers, which resulted from the UK Government's cancellation in July 2017 of various rail electrification schemes in WPD's network areas. Where savings on network costs are not connected to network performance (e.g. through changes in Government policy, commodity prices or truly unspent funding due to cancelled or deferred projects), the value of these savings should be returned to consumers promptly and in full. We would like to see this principle formally adopted into RIIO2.

We would like to see details from Ofgem regarding the savings made by other DNOs due to the UK Government's cancellation of rail electrification schemes in their areas, and whether Ofgem will be seeking returns from those companies also.

Should a future change in Government policy on rail electrification require unforeseen diversions work in their licence areas, then WPD should be able to recover an efficient level of expenditure for such works, providing they are not recoverable from a third party.

If you would like to discuss any matter raised in more detail please do not hesitate to contact me.

Yours Sincerely,

Stew Horne
Head of Energy Networks & Systems Team
Citizens Advice

Patron HRH The Princess Royal

Chief Executive Gillian Guy

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