

Energywatch Response to the Final IA received 16/12/04

Energywatch has no 'in principle' objection to the sale by National Grid Transco of its gas distribution networks. We believe however, that consent to the transaction by the gas and electricity markets authority should be withheld until the interests of existing and future consumers can be adequately protected. It is not, in our view, sufficient to assess potential benefits and the potential costs and arrive at a net benefit. In order to properly protect consumer interests, the authority should ensure that the gross sale price does not include a component which should properly be distributed to consumers in the form of lower future prices or higher standards of service. Energywatch believes the sales above RAV will generate incentives for investment and maintenance minimisation and revenue maximisation which compromise the interests of future consumers. In taking the £5.8 billion sales proceeds, three years before the next regulatory setting, future consumers bear huge risk and at best, the prospect of a relatively trivial benefit.

As presently constituted energywatch is against sale.

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