

## **Electricity Infrastructure**

### **Update for London Infrastructure Group**

As could unfortunately be expected there was no increase in terms of proposed investment levels between UKPN's Business Plan Update – as presented to the last meeting – and their final Business Plan submitted to Ofgem in early July. Nevertheless, it was decided to support the fast-tracking of the Plan to Ofgem, as its earlier implementation would still be beneficial to London.

The concerns around barriers to strategic investment have to be addressed separately / directly with Ofgem and the Government. Also, based on the UK's poor ranking on electricity connections (only 62<sup>nd</sup> out of 185 economies) in the World Bank's 'Ease of Doing Business' survey (London example was used for UK assessment), the Prime Minister's Office and the Department for Business Innovation and Skills (BIS) are now investigating the issue and officers as well as Matthew Pencharz are in touch with relevant officials.

The process of commissioning research to support our discussions has started and a draft tender document will be considered and subsequently agreed by the London Electricity Technical Working Group, largely a sub-group of the High-level Working Group chaired by Matthew Pencharz to support this research, at its first meeting on 26 September. The research is likely to include:

- the comprehensive identification of barriers and disincentives to London's development and growth presented by the current regulatory, financial and procedural arrangements for the making of electricity connections and investment in London's electricity distribution infrastructure,
- the modelling of the scale of the impact the disincentives and barriers on the willingness of investors and developers to invest in London's buildings and infrastructure
- estimating the consequential economic impacts of the barriers and disincentives on London's growth and also any loss of development potential benefitting residents, commuters and visitors to London.
- exploring options for and costs and risks relating to removing the barriers and disincentives, including evaluating the likely impact of each option on electricity consumers

The research is expected to conclude in January/February 2014, and on its basis further discussions with the Government and other key players about improving infrastructure funding arrangements will be initiated. If interim results of the research are available for the Group's December meeting they will be reported.