

Advise to Centrica on regulatory strategy

Date: 2007- ongoing

Client: Centrica

Country / Region: United Kingdom, London

CEPA is currently providing advice to Centrica in relation to the Gas Distribution Price Control Review for the five year period 2008/2013 (GDPCR). CEPA's work covers:

- Regulatory strategy. Centrica is a major stakeholder in the GDPCR process. CEPA provides strategic advice to Centrica on its approaches to Ofgem and responses to Ofgem publications and consultations
- Cost of Capital and financeability. CEPA has published a paper covering the components of the Cost of Capital for regulated utilities and concluding on the appropriate Cost of Capital that Ofgem should apply in the GDPCR. By way of an update, CEPA has also published a paper on the appropriate cost of debt for the Gas Distribution Networks in the light of the recent 'credit crunch'.
- Financial Modelling. CEPA developed a financial model to estimate the allowed revenue for the forthcoming price control period, and how changes to those allowances might impact Centrica. The model has been applied to the eight gas distribution companies operating in the UK.

Links:

- CEPA report: The Allowed Cost of Capital, Ofgem GDPCR 2008-2013
- CEPA report: Further Analysis of the Cost of Debt for GDNs, Ofgem GDPCR 2008- 2013