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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon David Waddington QC MP
Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1A 9AT

15 November 1990

Dear David

IBA TRANSMISSION PRIVATISATION: ECONOMIC REGULATION

with BP/will request if required
Your letter of 7 November proposed an initial transmission tariff of £61 million with subsequent price increases limited to RPI-1 per cent.

I am content with your proposals, which will stop transmission charges rising as a result of privatisation and keep subsequent price increases below general inflation.

You also propose enabling the Director General of Telecommunications to bring within the scope of regulation rental of site and mast space by NTL to Channel 5. Bidders for NTL would then know that their dealings with Channel 5 would be subject to either competition or regulation and I am content for this course to be adopted. But this aspect of the regulatory regime needs to be clarified before the Channel 5 franchise is auctioned, so bidders can estimate their transmission costs accurately. Any uncertainty would tend to depress bids for that franchise.

I am copying this letter to the Prime Minister, other members of MISC 128 and to Sir Robin Butler and Sir Bryan Carsberg.

FRANCIS MAUDE

