



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

30 October 2015

Lord Adonis  
Chairman  
National Infrastructure Commission  
1 Horse Guards Road  
London  
SW1A 2HQ

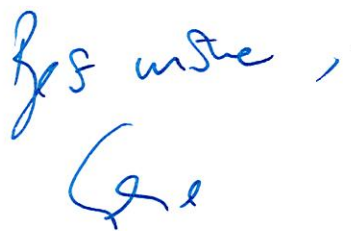
Thank you for agreeing to chair the new National Infrastructure Commission. I am grateful to you for getting the Commission up and running so quickly, and starting the important work of acting as the independent voice of infrastructure in Government. We agreed that you would begin your work by looking at three specific issues:

1. The Commission will work with Transport for the North on their developing plan to radically improve connectivity between cities, particularly east-west across the Pennines, including through high speed lines. In doing so it will engage with Network Rail, High Speed 2, Highways England, the Department for Transport, the Treasury and other relevant stakeholders.
2. The Commission will also advise the government on the best approach to large-scale future investment in London's transport infrastructure. It will consult closely with the Mayor for London, Transport for London, Network Rail, the Greater London Authority and other relevant stakeholders.
3. The Commission will make proposals on how the UK can better balance supply and demand for energy, aiming towards a market where prices are reflective of costs to the overall system. It should consider solutions, including large scale power storage and better interconnection, which will reduce the cost of providing secure, clean energy supplies. This will reduce the long-term need for investing in a surplus of back-up power stations and unnecessary network reinforcements.

The detailed terms of reference for each of these reviews are attached to this letter; and on each of them, the Commission will report back by Budget 2016. The Commission may also, in early 2016, indicate where it has identified issues which would merit in-depth consideration and analysis, as part of preparation for its first five year assessment.

I intend to consult later this year on plans to put the Commission on a statutory footing and confirm its independence. This consultation will also set out how we will ensure that departments co-operate with and share information with your Commission; in the meantime I expect and will require that they operate on this basis.

My officials will work with you as we develop the consultation on the Commission, including its purpose, structure, and relationship to government, regulators and the planning system. Setting the economic and fiscal remit for the Commission will be an important part of this process; but I know that, as we develop the detail of that remit, you will act in its spirit, and make recommendations that bear firmly in mind the costs that may fall on individual taxpayers and consumers as a result of any recommendations you may make. To ensure this, I ask that wherever your Commission makes recommendations for spending, it does so through a clear set of affordability scenarios.

A handwritten signature in blue ink, appearing to read 'G Os', with a flourish below it.

GEORGE OSBORNE