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Company:
UK Power Networks
(Operations) Limited



Registered in England and Wales No: 3870728

Steve McMahon
Director for Network Price Controls
The Office of Gas and Electricity Markets
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6 December 2024

Dear Steve

Derogation request – delay to publication of Use of System Charges, effective 1 April 2026, for London Power Networks plc

This letter is on behalf of London Power Networks plc.

Further to your request, we have assessed the likelihood of either the Extra High Voltage Distribution Charging Methodology (EDCM) or Common Distribution Charging Methodology (CDCM) being unable to return valid final Use of System Charges for 2026/27 without intervention. Following this assessment, we believe that, in the case of London Power Networks plc, we will need to follow the Ofgem Guidance '*Managing the effects of surplus residual charges guidance*' for the CDCM.

At the time of writing, we do not expect an issue for the EDCM for London Power Networks plc, and have not identified any issues in the CDCM or EDCM models for South Eastern Power Networks plc and Eastern Power Networks plc. Should issues occur as we finalise models we will contact you promptly and submit additional request(s) as required.

Consequently, we are writing to request a derogation, for London Power Networks plc, from our DCUSA requirement to provide 15-months' notice of revised Distribution Use of System Charges, as set out in Clause 19.1A of Section 2A. Should the final models return valid prices then we will publish by 31 December, thereby meeting the 15-month notice requirement. Should the final models return invalid values, then, in line with your latest published requirements, we will submit a further derogation request, in order to implement the solution outlined in the aforementioned guidance. This subsequent derogation will be submitted by 10 January 2025 and will include the required impact assessment.



If you have any queries about this derogation request, please contact Andy Harris via email at andrew.harris@ukpowernetworks.co.uk or by telephone on 07917 441930.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Hope', with a stylized flourish at the end.

James Hope
Head of Regulation & Regulatory Finance, UK Power Networks

Copy Andy Harris, Income Pricing & Registration Manager, UK Power Networks
Paul Measday, Regulatory Reporting & Compliance Manager, UK Power Networks
Sepair Zalmai, Regulatory Reporting & Compliance Manager, UK Power Networks