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Dear Ms Monroe

**Developing Network Monopoly Price Controls –  
Update document – February 2003**

The Confederation of UK Coal Producers (CoalPro) represents member companies who produce 90% of UK coal output. The great majority of this production is sold to the electricity generating industry. Coalpro therefore takes a close interest in all matters that may impact on that industry.

CoalPro considers that Ofgem's general approach to the development of network monopoly price controls, and specifically the next DNO price control review, is well considered. At the same time, the next DNO price control review is likely to be one of the most technically difficult and intellectually challenging projects that Ofgem has ever undertaken.

CoalPro supports the removal of technical and institutional barriers to the expansion of distributed generation, in particular the move towards shallow, or shallower, connection charges. As far as possible, distributed generation should be subject to the same charging principles as are applied to large generators connected to the transmission system. CoalPro also supports use of system charges that properly reflect the cost and security of supply benefits that distributed generation can bring.

At the same time, an expansion of distributed generation could impose significant additional network costs. It is CoalPro's view that connection and use of system charges for distributed generation should also properly reflect such increased costs and that the next, and subsequent, DNO price control review should take these into account. Such increased costs should not be "smeared" across customers; they should be attributed in the first instance to the generation that gives rise to them.



This would afford the maximum transparency and would accord with Ofgem's principle objective. If, as a consequence, distributed generation requires additional assistance, this should be financed via Government action.

Yours sincerely

A handwritten signature in blue ink that reads 'David Brewer'.

**D Brewer**  
**Director General**