

Our ref :
Your ref :

David Gray
Managing Director - Regulation and Financial Affairs
Ofgem
9 Millbank
London
SW1P 3GE

25 July 2003

Clarification of Distribution Services Area

Dear David,

As you are aware East Midlands Electricity Distribution plc has a Distribution Licence which includes Section C obligations provided under LC2 Clause 5. The Distribution Services Direction that we received in October 2001 included a map showing a geographic region that we believe was designated in 1994.

At the time of designation the concept of competitive Distribution Networks was not a consideration and therefore designating the area geographically using a map was deemed acceptable throughout the electricity industry.

The introduction of new Licensed Distribution Network Operators has brought about some fundamental changes to the competitive market and its consequential impact on customers who may not in future be connected to and receive services from the ex-PES Distribution Network Operator.

As a consequence of the progression of the P62 Modification to the BSC we have reviewed our obligations under our Distribution Licence and have identified an area of the Licence on which we seek Ofgem's clarification.

Our interpretation of Standard Licence Condition 2.5 is that it was intended to place obligations on us to provide services where there are customers directly connected to our Distribution System. In this respect we do not intend to extend the service in Section C of our Licence to any customer that is not directly connected to our Distribution System, but to the network of another Licensed Distributor. As the Licensed Distributor has installed their own Network on a commercial basis, we believe that in addition to the benefits derived from being the Licensed Distributor, that this obligation should likewise fall upon the Licensed Distributor to provide services to those customers who are directly connected to its Distribution System.

East Midlands Electricity
Pegasus Business Park
Herald Way
East Midlands Airport
Castle Donington
DE74 2TU

T: 01332 393324
F:
E: lesley.queripel@eme.co.uk
W: www.eme.co.uk

As far as EME are aware the only obligation affected by our interpretation of SLC2.5 is SLC 36B.1(a) & 36B 1(b) the Provision of Meter Operator Services. We consider that in these circumstances that the obligations rightly sit with the Licensed Distributor who has those customers directly connected to their Distribution System.

Yours sincerely,

Lesley Queripel
Regulatory Strategy Manager