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The Company Secretary  
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cc: Jonathan Purdy (by email only)

15 November 2005

Dear Sir/Madam,

### **Use of system charging methodology: conditional approval – EHV transition<sup>1</sup>**

On 11 February 2005 the Authority issued its decision to approve EDF Energy's (EDF) use of system (UoS) charging methodology for its Eastern (EPN), London (LPN) and Southern (SPN) areas in accordance with Standard licence condition (SLC) 4(9), subject to various conditions. Amongst these was the following condition requiring EDF Energy to set out its:

- strategy (if any) for the transition of EHV charges effective from 1 April 2005 in its methodology by 1 April 2005 and the transitional approach (if any) for EHV charges effective from 1 April 2006 by October 2005.

In its subsequent letter on 22 March 2005, the Authority set out that the first part of this condition had been met and reiterated that the latter part of the condition relating to 1 April 2006 stood, pending further action by EDF Energy and further consideration of this issue by Ofgem and the industry.

#### *Ofgem open letter*

Ofgem published an open letter on the EHV transition applicable from 1 April 2006 on 19 October 2005<sup>2</sup>. This document set out that Ofgem considered that EHV charges should be increased in line with the retail price index (RPI).

Following publication of Ofgem's open letter EDF Energy submitted a proposal on 31 October 2005. This proposal sets out that any charge increase for EHV demand customers be increased by the movement in RPI.

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<sup>1</sup> This letter is only in reference to the EHV transition issue. Decisions on other EDF Energy proposals will be distributed separately.

<sup>2</sup> '2006-07 electricity distribution use of system EHV charges' – Ofgem document reference 227/05

*Authority conclusion*

The Authority considers that EDF Energy has determined the transition of EHV charges for 1 April 2006 in a suitable manner. The Authority considers that EDF Energy has met this condition.

Yours sincerely,

Martin Crouch  
Director, Distribution