

<b>Annual Review of Licence Condition 4 Statement for 2006/7</b>		<b>UU/003</b>
<b>Title:</b> General re-formatting and updating of Licence Condition 4 Statement 2006/7		
<b>Organisation's Name:</b>		United Utilities Electricity PLC
<b>Details of Proposer:</b>		Name: Simon Brooke (Structure of Charges Project Manager)
		Organisation: United Utilities Electricity PLC
		Telephone Number: 01925 233087
		Email Address: <a href="mailto:simon.brooke@uuplc.co.uk">simon.brooke@uuplc.co.uk</a>
<b>Description of the Proposed Modification:</b>		
<p>In its annual review of its Licence Condition 4 Statement (Use of System Methodology) United Utilities proposes to:</p> <ul style="list-style-type: none"> <li>• Re-format the document (e.g. the font, word and title sizes etc) to align it with the other licence condition statements;</li> <li>• Update name and website changes, align the definitions within the Glossary of Terms in Section 7 with the other licence condition statements and include new definitions for appendix 1;</li> <li>• Re-draft the introduction of 'Section 5 – Charging Methodology – Generation Charges' to remove the references to application near to and after 1<sup>st</sup> April 2005; and</li> <li>• Insert an Appendix 1 describing United Utilities' approach to the calculation of loss adjustment factors.</li> </ul>		
<b>Reasons for the change with an explanation of how the proposed change better meets the relevant objectives:</b>		
<p>The amendments described above form the annual review of its statement by United Utilities.</p> <p>The re-formatting work is to embed a common style and format across United Utilities' suite of licence condition statements for clarity and consistency purposes.</p> <p>The general updating, which includes name changes, definitions additions etc, is to ensure that the statement is up to date and understandable and applicable in the current environment.</p> <p>The re-drafting of the introduction of Section 5 is to remove the reference to past dates and the application of approach near to and after 1<sup>st</sup> April 2005 in order to provide clarity to readers.</p> <p>A new appendix has been added to the document, at the request of Ofgem, which describes United Utilities' approach to the calculation of its published<sup>1</sup> loss adjustment factors. The text for this appendix is yet to be finalised as a number of distribution businesses are working on a common description. This text is included for illustrative purposes only.</p>		
<b>Proposed wording for the methodology statement:</b>		
<p>Please refer to the draft Licence Condition 4 Statement, included as part of this modification proposal, showing the proposed amendments track changed. Note the draft document also contains the changes proposed and agreed to under the EHV Demand Transition Modification Proposal and the changes proposed under the Reactive Power Methodology and Charges Modification Proposal.</p>		
<b>A timetable for the implementation of the modification changes:</b>		
<p>United Utilities proposes to publish the amended Licence Condition 4 Statement on 1<sup>st</sup> January 2006.</p>		

<sup>1</sup> Published in United Utilities' Licence Condition 4A Statement (Use of System Charges)