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**268/05: Consultation on Electricity Distribution Use of System Charging Modification Proposal:
Central Networks – Excess Capacity Charges**

Dear Mark,

Thank you for the opportunity to respond to the consultation on Central Networks' modification proposals relating to Excess Capacity Charges. It is our view that the proposals better meet the licence objectives and consequently we would support these modifications.

Views Sought

1. We agree that users exceeding their ASC will lead to networks being designed with allowances for this applied generally, which may lead to additional costs. We further agree that costs driven by excess demand should be borne by those creating the excess demand.
2. We are satisfied that the approach proposed is adequate to reflect these costs, but would note that there is insufficient detail to be certain in this view.
3. We believe that is sensible for DNOs to adopt, over time, a common approach to applying Excess Capacity Charges. This simplification will aid general understanding and enable end-users to make the appropriate decisions with regards to managing agreed capacity levels. In our view, the method outlined by Central Networks is the preferable method. It appears fairer to customers, in that it will only penalise them for exceeding agreed capacity within the month that it is exceeded. This enables customers to manage the situation and not receive further penalty.
4. Whilst the DNO Charging Methodologies in their current state of evolution, and in particular the absence of published models, make an assessment of any proposed modifications difficult, it is our view that the proposals appear to better meet the licence objectives.

Whilst noting that a considerably greater level of detail, in both the Charging Methodologies and any proposed modifications, is necessary, we support the proposals, as we believe them to be the most effective method of applying Excess Capacity Charges.

If you wish to discuss our response, please contact me at the above or alternatively, Andy Manning on 01905-340424.

Yours Sincerely

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