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*Date  
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Dear Mark

**Electricity Distribution Use of System Charging: Bath University Benefit Analysis Work**

We welcome the above work in helping to move forward this important area. We have a few comments on the work as follows:

- Whilst we agree that the application of economic charging methods are likely to result in long term savings in investment needs, the 'DRM' baseline used in the paper does not take into account the locational message currently in connection charges. Hence we believe that the potential savings are likely to be significantly lower than the £200m conclusion in the report.
- We are concerned that the 'non-marginal' charge has only been allocated to demand charges. We believe that they should be shared across all system users.
- The algorithm used (as detailed in Annexe 1 of the paper) shows, at stage 3, that the present value is divided by the circuit capacity. We believe that it is better to annuitise the difference between the present values of the future network reinforcements calculated before and after the incremental load. Whilst the general pattern of charges is similar with both methods, the magnitude of charges is different.
- It is also apparent from the work we have undertaken with Bath that the method is sensitive to the security factor used. Whilst the reference network did not have areas with three or four infeeds, this is an issue when real networks are considered.



We trust that these comment are self explanatory, however please contact Nigel Turvey ( [nturvey@westernpower.co.uk](mailto:nturvey@westernpower.co.uk) ) should you wish to discuss them further.

Yours sincerely

A handwritten signature in black ink, appearing to be 'AS', written in a cursive style.

ALISON SLEIGHTHOLM  
Regulatory & Government Affairs Manager