



The Company Secretary  
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Cc: Oliver Day (by email only)

*Promoting choice and  
value for all customers*

Your Ref: UoS Mod 06  
Our Ref: RBA/DPC/SOC  
Direct Dial: 020 7901 7255

21 December 2006

Dear Colleague,

**Decision in relation to modification proposal UoS Mod 06 to the use of system charging methodology: Housekeeping change to replace all NGC references with NGET**

On 14 December 2006, EDF Energy Networks plc ("EDF Energy") submitted to the Gas and Electricity Markets Authority ("the Authority")<sup>1</sup> a proposal to modify EDF Energy's statement of use of system ("UoS") methodology.

The proposal modifies the use of system charging statement by updating references to NGC (National Grid Company) and replacing them with NGET (National Grid Electricity Transmission).

Having carefully considered the issues raised in the proposal, the Authority has decided not to veto the proposed modification.

This letter sets out the background to the modification proposal, explains briefly the proposed changes and sets out the reason for the Authority's decision.

*Background*

EDF Energy has licence obligations<sup>2</sup> to have in place as of 1 April 2005 three charging statements: the statement of UoS methodology, the statement of UoS charges and the connection charging methodology. The UoS charging methodology outlines the method by which use of system charges are calculated. EDF Energy has a requirement to keep the methodology under review and bring forward the proposals to modify the methodology that it considers better facilitate achievement of the relevant objectives.<sup>3</sup>

<sup>1</sup> Ofgem is the office of the Authority. The terms 'Ofgem' and the 'Authority' are used interchangeably in this letter.

<sup>2</sup> Standard licence conditions 4-4B

<sup>3</sup> The relevant objectives for the UoS charging methodology, as contained in paragraph 3 of standard licence condition 4 of EDF Energy's licence are:

- (a) that compliance with the UoS charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Electricity Act 1989 and by this license;
- (b) that compliance with the UoS charging methodology facilitates competition in generation and supply of electricity, and does not restrict, distort or prevent competition in the transmission or distribution of electricity.
- (c) That compliance with the UoS charging methodology results in changes which reflect, as far as is reasonably practicable (taking into account of implementation costs), the costs incurred by the licensee and its distribution business; and
- (d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the UoS charging methodology, as far as is practicable, properly takes account of developments in the licensee's distribution business.

*EDF Energy's Modification proposal*

- Housekeeping changes to apply consistently the use of NGET (National Grid Electricity Transmission) in place of NGC.
- Remove capitalisation on "Exit Charges" to provide consistency throughout the document.

EDF Energy states that the proposal ensures that the methodology statement is up to date with external changes.

*The Authority's decision*

The Authority has considered the proposal against the relevant objectives and wider statutory duties. The change to the use of system charging methodology statement provides greater clarity and updates it appropriately. This change better facilitates achievement of the relevant objectives by allowing EDF Energy to better discharge its duties under the licence.

The Authority has decided not to veto the modification to the use of system charging methodology statement.

Please contact Mark Askew on 020 7901 7022 if you have any queries in relation to the issues raised in this letter.

Yours faithfully,



Martin Crouch  
Director, Distribution

Signed on behalf of the Authority and authorised for that purpose by the Authority