

Mr Philip Davies
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Our ref

Your ref

Date

19 March 2007

Dear Mr Davies

Proposed Modification Under Section 11 of the 1989 Electricity Act – Special Conditions Relating to Metering (South Wales).

Further to the Notice issued under Section 11 of the Electricity Act 1989 on 20 February 2007, regarding the proposed modifications to the Special Conditions of Western Power Distribution (South Wales) plc's distribution licence, I am writing to confirm that we accept the modifications to the special conditions of our distribution licence.

Specifically we accept the change to the mechanism for the recovery of PPM Stranding Costs, based on the methodologies detailed in Ofgem's Document "Early Replacement of Electricity PPMs – Licence Amendments" issued with the Licence Modifications. We have no further comments on the methodologies. We understand that we can use either of the approaches set out in the Appendix to the 19 February document for determining the remaining life of the installed meters.

Furthermore we do not intend to object to the associated modifications to the Standard Conditions as set out in the Notices issued under Section 11A of the Electricity Act dated 20 and 23 February 2007.

Yours sincerely



ALISON SLEIGHTHOLM
Regulatory & Government Affairs Manager

