

Martin Crouch
Director, Distribution
Ofgem
9 Millbank
LONDON
SW1P 3GE

28 September 2007

Garth Blundell
01698 413446

Dear Martin,

Consultation on use of system charges to IDNOs: WPD modified proposals

I am replying, on behalf of SP Manweb and SP Distribution, to your e-mail of 14 September 2007. We welcome this further opportunity to comment on these matters.

We have considered WPD's proposed approach to banding charges to IDNOs by the distance from the source substation to the IDNO connection. In our opinion, the proposed implementation could be improved by taking into account the size of the IDNO network that is to be connected. WPD's tariff model should include the average number of customers connected to a main not just the length of the main. Cost savings are related to the reduction in the average length of mains per customer and, by failing to include the size of connection in the determining factors for DUoS charges, WPD's modified proposal does not adequately reflect the cost savings attributable to the connection of different sized IDNO networks which may connect.

Also, we continue to fail to see the justification of limiting this proposal to predominantly domestic sites. If WPD believe that there is a need for separate IDNO tariffs then they should be introduced for all types of IDNO connections, not merely for those with predominantly domestic load.

Furthermore, we note that charges to other customers are not banded by distance and therefore it is difficult to understand how the proposal guarantees that IDNOs receive the same structure of tariffs that WPD applies to its own end customers.

If you wish to clarify any aspects of this response please contact Garth Blundell on 01698 413446.

Yours sincerely

Allan Hendry

Regulatory Economics Manager,
ScottishPower EnergyNetworks