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**MODIFICATION PROPOSAL UU/2008/003**

**United Utilities Electricity Limited**

**Proposal to revise the yardstick values for the Domestic Unrestricted tariff example within our Licence Condition 4 statement.**

**Date of Issue: 17<sup>th</sup> October 2007**

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For approval by the Gas and Electricity Markets Authority

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## Table of contents

1.	Description of the Modification .....	3
2.	Reasons for the change with an explanation of how the proposed change better meets the relevant objectives .....	3
3.	Proposed changes to Domestic Unrestricted tariff example .....	3
4.	A timetable for the implementation of the modification and charges changes .....	4

## 1. Description of the Modification

United Utilities proposes to revise the yardstick values for our Domestic Unrestricted tariff example within our Licence Condition 4 statement.

## 2. Reasons for the change with an explanation of how the proposed change better meets the relevant objectives

Our proposal will better meet the relevant objectives in that the yardstick values presented within the worked example are consistent with our Domestic Unrestricted Use of System tariff as at the 1<sup>st</sup> September 2007 price change.

## 3. Proposed revision of Yardstick Values for our Domestic Unrestricted Tariff Example

The proposed changes are shown below highlighted in red.

### Example - Domestic Unrestricted DUoS Charge

3.14 The domestic unrestricted charge has a mixture of unit rate and standing charge components. Unit rates are derived from the yardstick price calculation, explained above, including LA rates, whilst Standing charges are derived from 'Customer Related Costs'. These are classified as being the ongoing Minimum Supply Costs of connecting, ie sole use assets relating to service position and a percentage of local mains (not already covered by connection charges), the Meter Asset Provision and the Billing costs.

United Utilities adopts a shallowish connection boundary policy. This charging concept is aimed at customers contributing to local assets, designed primarily to allow them to connect to our distribution system, whilst any upstream asset costs would be recovered through Use of System. A domestic unrestricted charge would pick up all the costs attributable to all system levels, as they are connected at Low Voltage.

Network costs (£/kW/y)							
Network level							
Connect	132 kV	132/33 kV	33 kV	33/11 kV	11 kV	11 kV/LV	LV
	full costs for charges without availability charge						
at LV	£6.11	£3.82	£10.56	£8.18	£11.71	£10.15	£7.69

These costs are then apportioned, according to the average class load factor and coincidence factors relating to time of day usage.

Tariff group details		Cost per unit yardstick at seven levels							
	Units per	Network levels							Period
Group	kW factor	132kV	132/33kV	33 kV	33/11 kV	11kV	11kV/LV	LV	total
	kWh/y/kW	p/kWh	p/kWh	p/kWh	p/kWh	p/kWh	p/kWh	p/kWh	p/kWh
Domestic UR	3328	0.170	0.106	0.293	0.227	0.325	0.300	0.136	1.56

Additions to the unit yardstick costs provided are the costs of Local Authority rates. This then derives the complete unit rate yardstick picture.

#### 4. A timetable for the implementation of the modification

Date	Activity
17 <sup>th</sup> October 2007	Modification proposal submitted to Authority for approval.
1st November 2007	United Utilities Electricity Limited's proposed implementation date.