

Statement of Charging Methodology for Use of Laing O'Rourke Energy's Electricity Distribution System

(Effective from 1st October 2007)



This statement has been prepared in a form approved by Ofgem

**Laing O'Rourke Energy
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VERSION CONTROL

Version Number	Revision Details	Prepared By Date	Approved By Date
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1.1	Rebranded	DMTownsend 06/06	DGrundy 06/06
1.2	Adding Generation Detail	DMTownsend 11/06	DGrundy 11/06
1.3	Removing network reinforcement	DMTownsend 02/07	DGrundy 02/07
1.4	Adding LLF wording	DMTownsend 12/07	DGrundy 12/07
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1. Introduction

1.1. The Laing O'Rourke Energy Electricity Distribution Business

Laing O'Rourke Energy is an independent electricity distribution business, licensed to design, build, adopt, operate and maintain electricity distribution networks in Great Britain.

This statement has been approved by the Office of Gas and Electricity Markets (Ofgem). Any future modifications to this statement will require approval from Ofgem.

1.2. Licence Obligations

This statement sets out Laing O'Rourke Energy's Distribution Use of System (DUoS) Charging methodology. It is prepared in accordance with the requirements of Laing O'Rourke Energy's electricity distribution licence issued under the Electricity Act 1989, as amended by the Utilities Act 2000 ('the Act').

Laing O'Rourke Energy is required by Licence Condition 4 to prepare a statement approved by the Authority setting out the methodology upon which charges will be made for the use of its distribution system. Laing O'Rourke Energy is also required to review this statement annually to ensure that the objectives of the licence condition continue to be achieved. The relevant licence obligations are as follows:

- (a) that compliance with the use of system charging methodology facilitates the discharge by Laing O'Rourke Energy of the obligations imposed on it under the Act and by the Distribution Licence;
- (b) that compliance with the use of system charging methodology facilitates competition in the 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 use of system charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by Laing O'Rourke Energy in its distribution business; and
- (d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the Laing O'Rourke Energy's distribution business.

In addition, as an Independent Distribution Network Operator (IDNO), Laing O'Rourke Energy is required by Licence Condition BA1 to set its DUoS charges so that, except without prior written consent of the Authority, the standing charge, unit rate and any other component of charges shall not exceed the distribution use of system charges to equivalent domestic customers.

2. Charging Methodology

2.1. Methodology

Laing O'Rourke Energy will replicate the DUoS charges and associated Line Loss Factors in each host DNO's service area to ensure that all demand and generation customers connected to our systems pay no more for their Use of System Charges than if they were connected directly to the host DNO's distribution system for that distribution services area.

2.2. Distribution Use of System Charges

Laing O'Rourke Energy's DUoS charges are published in our Licence Condition 4A Statement which can be found at www.laingorourkeenergy.com.

3. General

3.1. Contact Details

LOE may be contacted at:

Laing O'Rourke Energy Limited
Barford Road
Little Barford
St Neots
Cambridgeshire
PE19 6WB

or by telephone/fax:

Tel: 01480 402640
Fax: 01480 402572

or by email to:

info@laingorourkeenergy.com

3.2. Laing O'Rourke Energy Website

LOE has its own website which can be found at www.laingorourkeenergy.com. The site contains other useful business/customer information and a link to the Laing O'Rourke group of companies at www.laingorourke.com