



The Company Secretary
Electricity North West Limited
Dalton House
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Warrington
WA3 6YF

Promoting choice and
value for all customers

Your Ref: ENW/2008/007
Our Ref: RBA/DPC/SOC
Direct Dial: 020 7901 7194
Email: rachel.fletcher@ofgem.gov.uk

Cc: Frank Welsh, Simon Brooke
(by email only)

Date: 7 February 2008

Dear Colleague,

Decision in relation to modification proposal ENW/2008/007 to revise Electricity North West Limited's connection offer validity period within their licence condition 4B statement.

On 18 January 2008 Electricity North West Limited ("ENW") submitted a proposal to the Gas and Electricity Markets Authority ("the Authority")¹ to modify its connection charging methodology for its electricity distribution network.

ENW proposes to amend the validity period for connection offers, which is associated with both statutory and competitive connections to its electricity distribution network.

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

This letter sets out the background to the modification proposal, summarises the proposed changes and explains our decision.

Background

ENW has licence obligations² to have in place as of 1 April 2005 three charging statements: the statement of use of system (UoS) charging methodology, the statement of UoS charges and the connection charging methodology. The connection charging methodology outlines the method by which connection charges are calculated. ENW has a requirement to keep the methodology under review and bring forward proposals to modify the methodology that it considers better achieves the relevant licence objectives.³

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

² Standard licence conditions 4-4B

³ The relevant objectives for the connection charging methodology, as contained in paragraph 3 of standard licence condition 4B of ENW's licence are:

- (a) that compliance with the connection charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Electricity Act 1989 and by this licence;
- (b) that compliance with the connection 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 connection 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

ENW modification proposal

ENW proposes to extend the validity period for connection offers from 30 days to 90 days. This change will give parties in receipt of connection offers a longer period in which to make their decision to accept or decline their offer.

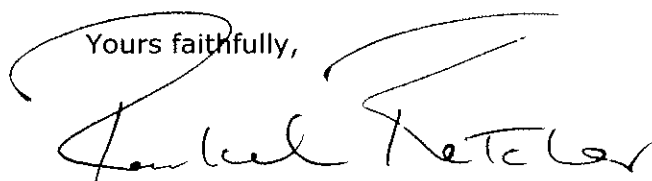
Ofgem's decision

We have considered this proposal against the licence objectives and wider statutory duties. We consider that customers will be better served by this extended connection offer validity period as it will provide a longer time period in which they can consider their connection offer and make a more informed decision to accept or decline the offer. We consider that this will better enable ENW to develop its distribution network efficiently and economically.

We have decided not to veto the modification to the connection charging methodology statement.

Please contact Tom Handysides on 020 7901 7289 if you have any queries relating to issues raised in this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', with a large, sweeping flourish above the name.

Rachel Fletcher

Director, Electricity Distribution

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