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1 May 2008

CC: Allan Hendry, Garth Blundell (by email only)

Dear colleague,

Proposal to modify the statement of use of system charging methodology by introducing IDNO-specific charges – intention to consult

On 1 May 2008 SP Distribution Limited submitted to the Gas and Electricity Markets Authority (the 'Authority') a proposal, reference PR-08-001a, to modify its use of system (UoS) charging methodology.

The proposal modifies the UoS charging methodology statement in changing the method by which charges for independent distribution network operators (IDNOs) are determined. Having carefully considered the issues raised in the proposal, the Authority has decided, in accordance with standard licence condition (SLC) 4(6), to consult with the industry on the proposed modification.

In accordance with SLC4(6) we are therefore notifying you of our intention to consult on this matter.

Please contact Colette Schrier on 0207 901 7341 if you have any queries in relation to the issues raised in this letter.

Yours sincerely,

Rachel Fletcher
Director, Distribution

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