

Collette Schrier
Commercial Regulation, Electricity Distribution
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Your ref 86/08
Our ref
Name Andy Manning
Phone 07795 353 544
Fax
E-Mail andrew.manning@npower.com

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Scottish Power's proposed UoS charging methodology modification – Consultation response by RWE npower.

Dear Collette,

Introduction

RWEnpower welcomes Ofgem's decision to consult in this area.

Given the recent decision on the future of the Structure of Distribution Charges, we are now keen that this modification is progressed in a sensible fashion. Whilst we appreciate that a formal process has commenced and so must be brought to a conclusion, it is inconceivable that Scottish Power could adopt a new methodology to be replaced rapidly by a methodology common across all DNOs.

Further to this, we do not intend to debate the merits of the suggested methodology in great detail. We believe this will be more useful within the context of the industry working group suggested by Ofgem, to which RWEnpower will be happy to contribute fully.

Overall, we would expect to see this approach considered towards defining the common methodology solution. We view the primary benefits of the FCP approach as improving transparency through the utilisation of RRP data and the intuitive feel that it should send broadly appropriate cost messages. This may be severely compromised, however, as it is questionable whether FCP reflects incremental costs and it is unclear whether Demand and Generation are treated symmetrically, as FCP employs different pricing functions for the two.

We hope these views are helpful and would be happy to discuss them further

Yours sincerely,

Andy Manning

Commercial, npower