



Your Ref: 137/08

Our Ref:

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Lewis Hodgart
Distribution Policy
The Office of Gas and Electricity Markets
9 Millbank
LONDON
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24 October 2008

Dear Lewis

Re: Collective Licence modification ref 137/08

I am writing on behalf of CE Electric UK (CE) Funding Company and its wholly owned electricity distribution licensees Northern Electric Distribution Limited (NEDL) and Yorkshire Electricity Distribution plc (YEDL). This letter provides our response to Ofgem's notice of 1 October 2008 concerning the proposed modification to the standard licence conditions of electricity distribution licences under section 11A (3) of the Electricity Act 1989.

I am duly authorised to advise you that CE Electric UK will not be submitting a statutory objection to the licence modification. However, we would ask that Ofgem review the wording of paragraph 50.15. It concerns the obligation to submit to Ofgem, no later than 1 September 2009, a full set of use of system charges that would be likely to result from compliance with the Common Distribution Charging Methodology (CDCM) from 1 April 2010.

At the Distribution Charging Methodology Forum (DCMF) on October 6, Mark Cox was asked to clarify the requirement for the submission of charges by September 2009. Concerns were raised that the distribution network operators (DNOs) will not be in a position to calculate 2010/11 tariffs as the allowed revenue under the new price control will not have been finalised. It was our understanding that the requirement should be to provide illustrative tariffs for 2009/10 based on the new common methodology, which will allow a like-for-like comparison with the published 2009/10 tariffs that will have been set under each DNO's existing methodology.

We feel this paragraph should be reworded to clarify this requirement.

I trust this response sets out our views sufficiently.

Yours sincerely

A handwritten signature in cursive script that reads "H Jones".

Harvey Jones

Head of Network Trading

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