

26 September 2008

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Dear Mr Heseltine

**CHANGES TO THE LICENCE FEE COST RECOVERY PRINCIPLES
FOLLOWING THE CEAR ACT 2007**

Thank you for the opportunity to comment on the proposed changes to the licence fee cost recovery principles following the CEAR Act 2007, as per your letter of 1 September 2008. CE Electric UK Funding Co is content with the essentials of what is being proposed in your letter and our only comment is to draw your attention to the attached list of typographical errors etc., which appear in Appendix A attached to your letter.

Yours sincerely,

P. P. S. Arban

**Tony Sharp
Regulation Manager**

CE ELECTRIC UK FUNDING COMPANY

Correction:

- Page references in the table of contents are incorrect;
- Paragraph 1.2 refers (probably incorrectly) to gas distribution and fails to refer (definitely incorrectly) to electricity distribution. Even if the problem is as simple as that “electricity distribution” should have appeared where “gas distribution” appears in this paragraph, the associated paragraph references are still wrong;
- “with” should be inserted after “issued” in the 1st line of the 2nd bullet in para 2.3;
- In the 4th line of para 2.4, “licences” should be “licence”, and a comma should be added after “included”;
- In paras 2.5 and 2.6 (and then elsewhere in the document) we see “formulas” and “formulae” – Ofgem ought to opt for one or the other and be consistent;
- In 1st line of 1st bullet in para 2.5, there should be a comma after “Ofgem’s costs”;
- In 2nd line of 2nd bullet in para 2.5, there should be a comma after “(NCC)”
- In 1st line of 4th bullet in para 2.5, “energywatch” should be “the Gas and Electricity Consumer Council (energywatch)”, and in the 3rd line “CEAR” should be “Consumers, Estate Agents and Redress (CEAR) Act 2007”
- “and” should be deleted at end of 6th bullet in para 2.5;
- In 2nd line of 7th bullet in para 2.5, it is not clear to which licence the words “the licence” refer;
- In 6th line of para 2.6, “paragraph” should be “paragraphs”;
- At start of 2nd line in para 2.12 there is a space to be closed up;
- In 1st line of para 2.17, “Business Energy and Regulatory Reform” should be “Business, Enterprise and Regulatory Reform”;
- At end of 5th line of para 2.17, “the” should be changed to “a”;
- At end of para 2.18 reference is made to “the invoices” with no prior introduction;
- In 2nd line under “Depreciation” on p9, there should be a comma after “payers”;
- In 1st line on p10, there should be a comma after “payers”;
- In 3rd line on p10, the full stop after “programme” should be deleted.
- In 7th line of 1st para under “Redundancy” on p10, “individual” should be “individuals”;
- In 1st line of 2nd para under “Redundancy” on p10, “large” and “scale” should be hyphenated;
- In final line of “Allowable Costs” section on p10, there should be a comma after “Committee” and a hyphen between “pass” and “through”;
- In the heading of “Year End Flexibility ...” on p10, the 1st two words should be hyphenated;
- In 2nd line below this heading on p10, “we” should be “it” and “expect” should be “expects”;
- In 4th line of 2nd para on p11, “five” and “year” should be hyphenated;
- In 5th line of 2nd para on p11, “is” should be “will be”;
- In 4th line of 1st para under “Major Unexpected Projects” on p11, “high” and “cost” should be hyphenated;
- In 5th line of 1st para under this same heading “to” should be “for”;

- In 1st line of 2nd para under this same heading on p11 “high” and “cost” should be hyphenated, as should “5” and “year”;
- In 4th and 6th lines of 1st para on p12, “we” should be “Ofgem”;
- In 4th line of 2nd para on p12, “paragraph” should be “paragraphs”;
- In 2nd line of final para on p12, “have” should be “has”;
- In 3rd line under “Monitoring” on p13, “year” and “end” should be hyphenated;
- In 1st line on p14, “five” and “year” should be hyphenated;
- In 2nd line on p17, “Information and Incentives Project” should be “Quality of Service”; and
- In 4th line on p17, “SLC49” should be “SLC45” and “Incentive Scheme and Associated Information” should be “Incentive scheme for quality of service”.