

Mark Askew
Ofgem
9 Millbank
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9 November 2008

By email only

Dear Mark

RE: Consultation on IDNO and DNO out of area use of system charges: reduction of the 3 month notice period for amending charges under SLC 14(20)

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Thank you for the opportunity to respond to your letter of 3 November. Please find below a short reply in support of Ofgem's position in this matter.

ESP Electricity ('ESPE') supports Ofgem's view that no impact assessment is necessary in this case. As you correctly note, the impact of the proposed changes would be minimal on all parties; nevertheless this is an issue that needs addressing on a longer-term basis than the current temporary measures that ESPE has in place.

ESPE mirrors the tariffs set down by the upstream operator. We believe that there is already an acknowledgement that we require a period of time to respond to any changes made to those tariffs. The fact that this is not reflected in the now out-of-date licence condition is to a large extent an administrative inconvenience rather than a practical problem. Whilst ESPE does not argue against a change to the relevant licence condition, it may be that some form of enduring consent would bring the same result more efficiently. At the same time, it may be that Ofgem wishes to bring this out-of-date licence condition into line with the realities of the current market.

ESPE supports either proposed approach, be it a simple licence change to allow a shorter notice period (of two months, for example), or an enduring consent. If Ofgem considers enduring consent to be the more proportionate response, ESPE sees no reason why this would not be perpetual, as long as the licensee continues to mirror the upstream operator's tariffs.

In anticipation of a swift decision, ESPE will be making a request for enduring consent in the very near future. This can of course be ignored if this is not the option chosen.

I hope you find these comments helpful. If you have any questions please do not hesitate in contacting me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DSpeake', written in a cursive style.

David Speake
ESP Electricity