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Rachel Fletcher
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4th December 2008

Dear Rachel,

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

Scottish and Southern Energy welcomes the opportunity to comment on Ofgem's consultation letter dated 3rd November 2008, inviting views on the notice period associated with amendments to IDNO and DNO out of area use of system charges.

As you are aware, we own and operate electricity networks in all Distribution Service Areas. Our use of system charges in these areas replicate the host DNO charges in order to comply with the relative price control in place under special condition G1 of our licences. We believe the requirement under SLC 14.20 to provide details of charge changes with not less than three months' notice is unreasonable where this applies to our out of area networks, where we receive the minimum notice of charge changes from the host DNOs. In these circumstances it is virtually impossible to comply with both our internal control procedures for amending charges and SLC 14.20 due to the very short time span in which to complete all the requirements.

We fully support the view that this is an issue which needs addressing. The current arrangements where some IDNOs have been granted temporary licence consents under SLC 14.20 allowing them to provide two months' notice of use of system charge changes where these changes replicate the host DNO charges seem reasonable and appropriate. We fully support the view that the temporary consents should be made enduring and apply to all IDNOs and DNOs operating out of area. In our view, where charge changes do not reflect the host DNOs charges, then the current requirement of providing not less than three months' notice should remain.

If you have any queries on the above or wish to discuss any of the issues raised please do not hesitate to contact my colleague, Ian Bruce, on 07767 850357.

Yours sincerely,

Malcolm J Burns
Regulation Manager