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Rachel Fletcher  
Director, Distribution  
Ofgem  
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8<sup>th</sup> June 2009

Dear Rachel,

**Statutory Consultation on Collective Licence Modification proposal  
for a Common Distribution Charging Methodology for High and  
Low Voltage networks**

Scottish and Southern Energy (SSE) welcomes the opportunity to comment on Ofgem's proposal to introduce a Collective Licence Modification (CLM) for a Common Distribution Charging Methodology (CDCM) for High Voltage (HV) and Low Voltage (LV) networks. We recognise that the CLM proposal represents an important step forward in the delivery of the industry's long running structure of charges project and support Ofgem's view that the CLM is an appropriate way to take forward the implementation of a common methodology for calculating use of system charges in conjunction with new governance arrangements for HV and LV networks by 1 April 2010.

We welcome Ofgem's commitment to continue working with the Common Methodology Group (CMG) and other industry parties to deal with methodology issues as they arise. This close working relationship will be essential if we are to avoid delays in the decision making process. We will also continue to work constructively with colleagues on the CMG to progress the outstanding issues in order to delivery the CDCM arrangements for April 2010.

However, the timeframe in which to deliver the new arrangements is extremely tight. This is particularly true for implementing changes to billing systems. Early indications from the work being carried out by the CMG workstreams suggest that it may be necessary to make significant changes to these systems. The full implications will not be known until the final common methodology and tariff specifications have been agreed. It is therefore vital that the work to finalise these details is progressed with a great deal of urgency, which will require continual and concerted focus by both the Distribution Network Operators and Ofgem.

On this basis we support Ofgem's proposal to introduce a Collective Licence Modification for a Common Distribution Charging Methodology for HV and LV networks.

If you have any queries on the above please do not hesitate to contact me.

Yours sincerely,

Rob McDonald  
**Director of Regulation**