



IDNOs, suppliers, generators,
customers and other interested
parties

*Promoting choice and
value for all customers*

Direct Dial: 020 7901 7341
Email: colette.schrier@ofgem.gov.uk

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Dear colleague,

Consultation on common electricity distribution use of system charging methodology

Distribution network operators (DNOs) have been working together on a common charging methodology for their use of system charges at high voltage (HV) and low voltage (LV) since last autumn and on 12 June they published a consultation inviting stakeholder comments on their approach to charging. Appendix B to the document (illustrative charges) was revised on 24 June. These revised charges will take effect from 1 April 2010.

The DNOs' consultation document along with full charging models for each of the 14 DNO areas is available on the Energy Network Association's website at the following link: <http://2009.energynetworks.org/structure-of-charges/>. The consultation closes on **10 July**.

The DNOs' charging models using their proposed common approach show a number of marked changes in charges to certain customer groups. These potential changes are significant. You should note that these charges are illustrative and that there is still further work to be completed on the models. Appendix A to the DNOs' consultation document models the impacts of some different approaches to these outstanding issues.

The illustrative charges set out in the DNOs' consultation are on a 2009 revenue basis. As you will be aware we are currently undertaking the electricity distribution price control review (DPCR5) which will take effect from 1 April 2010 as well. Initial proposals for DPCR5 will be published on 3 August with final proposals expected at the end of November. The DNOs' charging consultation does not take into account any potential impact from DPCR5 on use of system charges.

The DNOs have committed to keep the industry up to date with any further developments on the project and the likely impacts on charges from April 2010. This is vital given the range of potential impacts on charges. If interested parties do not feel informed on developments affecting DNOs' charges then please do not hesitate to contact me.

Yours faithfully,

Colette Schrier
Senior Manager, Commercial Regulation
Networks - Distribution team