



**E.ON UK plc**  
Westwood Way  
Westwood Business Park  
Coventry  
West Midlands  
CV4 8LG  
eon-uk.com

Glenn Sheern  
T 07834 621647  
F  
glenn.sheern@eonenergy.com

Monday 26 October 2009

**Customer Reference: CDCM Consultation**

Dear Ynon,

Thank you for the opportunity for final comment on the proposals for a common methodology for structure of Distribution charges at lower levels. We feel at this stage we have just a few points we would like to make.

Firstly we understand that up to 80% of costs will now be variable as opposed to fixed. We feel this is likely to cause unstable and unpredictable charge to customers. We believe that loading costs into unit rate 1 will also volatility in the value of k in the model leading to uncertainty in DUoS prices. We would question if the price signal being sent to customers is worth such unpredictability as many customers would be unable to react to these signals. If customers did in any significant way react to these price signals this again would lead to changes in the tariff time bands so penalising those customers who have switched their load.

There are a number of significant tariff changes to customers and we would suggest that some of these increases should be phased in to reduce their impact.

Finally we would like to comment on the derogations being sought by Electricity Distribution businesses. Whilst undoubtedly Distributors will face changes to the processes and systems as a result of a common methodology, we believe that their failure to act in a timely manner is not sufficient grounds for derogation. The work on a common

E.ON UK plc  
Registered in  
England and Wales  
No 2366970

Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG



methodology has been ongoing for some considerable time and as a Supplier we have been mindful of the changes that would be necessary to our own systems for implementation in April 2010. As it stands if all derogations applied for are granted, we will be left with having to implement changes in a piecemeal fashion as Distributors finally ready themselves for the common methodology. Whilst we have the ability to cope with this situation we feel that Distribution businesses have not acted in a timely fashion with consideration of the impact on other industry participants and customers. If you have any questions on the points we have made above please do not hesitate to contact me.

Yours sincerely

Glenn Sheern