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4 December 2009

Dear Rachel,

Electricity distribution structure of charges project: Direction to approve the common distribution charging methodology at lower voltages subject to conditions and Notice of approval subject to conditions

CE Electric UK Funding Company (CE) is the UK parent company of Northern Electric Distribution (NEDL) and Yorkshire Electricity Distribution plc (YEDL). This letter constitutes the response to the above Ofgem notice.

We note the publication of the decision to approve the DNOs' common electricity distribution charging methodology (CDCM) subject to five conditions. Whilst we have a concern about the timeframe for achieving particularly one of the conditions (set out below) we do not believe this is sufficient grounds for us to raise an objection to the notice.

We applaud the Ofgem decision to approve the CDCM (with conditions) as this represents a good deal of work and progress by the DNOs and Ofgem to bring use of system charges at the lower system voltages together in a single methodology. We recognise the efforts of the Ofgem team involved in this work and encourage you to maintain this level of involvement in the EHV working groups.

We do wish to make a representation about the second condition in your letter entitled "*the methodology behind the calculation of HV tariffs for IDNOs*". This sets out that DNOs should bring forward a robustly evidenced HV split which leads to an appropriate allocation of HV cost to HV connected IDNOs. For this piece of work to be completed thoroughly we will need the continued co-operation of the IDNO networks in bringing forward information regarding their networks. So far we have had co-operation from these companies and we have no reason to suppose that this will not continue. However, it does not seem to us to be reasonable to hold DNOs responsible if they are unable to meet the timetable as a result of the behaviour of other parties.

Yours sincerely,



John France
Regulation Director

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