

Modification proposal:	EDF Energy Networks¹ ("EDF") Electricity Distribution Use of System Charging Methodology: Housekeeping changes		
Decision:	The Authority ² directs that this proposal be not vetoed ³		
Target audience:	Distribution network operators, Independent distribution network operators, Suppliers, Generators and other interested parties		
Date of publication:	5 January 2010	Implementation Date:	1 February 2010

Background to the proposal

EDF has licence obligations⁴ to have in place three charging statements: the statement of use of system ("UoS") charging methodology, the statement of UoS charges and the statement of connection charging methodology and charges. The statement of UoS charging methodology outlines the method by which distribution UoS charges are calculated. EDF has a requirement to keep the methodology under review and bring forward proposals to modify the methodology that it considers better achieves the relevant objectives⁵. This modification proposal reflects EDF's updating of its methodology to ensure it remains factually correct.

EDF's proposal

On 10 December 2009 EDF submitted a modification proposal to its UoS charging methodology which sought to make various changes in order to update its methodology⁶. The proposal updates website and contact details along with references to the distribution licence and to other charging statements and removes charging for provision of the methodology statement to interested parties. It also includes a new paragraph informing the reader that EDF's line loss factor methodology is published on Elexon's website⁷ in accordance with Balancing and Settlement Code Procedure (BCP) 128.

The Authority's decision

The Authority has decided not to veto EDF's proposal. In coming to our decision the Authority has considered the proposed modification against the relevant objectives and the Authority's wider statutory duties.

¹ EDF Energy Networks owns three electricity distribution licensees – Eastern, London and Southern Power Networks. This letter applies to the three licensees.

² The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

⁴ Standard licence conditions (SLC) 13 -14.

⁵ The relevant objectives for the UoS charging methodology, as contained in paragraph 3 of SLC 13 of EDF's licences are:

- (a) that compliance with the UoS charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Electricity Act 1989 and its licence;
- (b) that compliance with the UoS charging methodology facilitates competition in generation and supply of electricity, and does not restrict, distort or prevent competition in the transmission or distribution of electricity;
- (c) that compliance with the UoS charging methodology results in changes which reflect, as far as is reasonably practicable (taking into account of implementation costs), the costs incurred by the licensee and its distribution business; and
- (d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the UoS charging methodology, as far as is practicable, properly takes account of developments in the licensee's distribution business.

⁶ EDF's modification proposal 030 can be found on Ofgem's website at:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=654&refer=Networks/ElecDist/Policy/DistChrgMods>

⁷ www.elexon.co.uk

The Authority's reasons

The reasons for the Authority's decisions are set out below.

Relevant objective (d) – That, so far as is consistent with sub-paragraphs (a), (b) and (c), the methodology, as far as is reasonably practicable , properly takes account of developments in the licensee's distribution business.

EDF states that its modification proposal aims to ensure the methodology correctly reflects industry changes in respect of licence condition numbering, line loss factor methodologies, the renaming of statements and it also updates website and contact name details.

We have reviewed these changes and agree that the methodology has been updated in line with developments in these areas. The proposed changes therefore better achieves the relevant licence objective (d) in terms of taking account of developments in the licensee's distribution businesses.

Our decision

The Authority has decided **not to veto** this modification to EDF's UoS charging methodology statement.

If you have any questions relating to the issues discussed in this letter please contact Colette Schrier at colette.schrier@ofgem.gov.uk or on 0207 901 7341.

Yours faithfully,

Rachel Fletcher,
Partner, Distribution
Duly authorised on behalf of the Authority