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Dear Anna

I am responding to the Notice under CRC13 of the Electricity Distribution Licence to issue the Low Carbon Network (LCN) Fund Governance Document for the first tier. The Environment Working Group meetings that have shaped the tier one governance document have been both productive and worthwhile. I would however like to make the following representations on the draft first version.

Paragraph 3.12

The phrase 'combined carbon and financial net benefits' does not seem appropriate. It assumes that low carbon and low cost are automatically associated which is unlikely to be the case. A more appropriate phrase would be 'economic carbon benefits'.

Paragraph 3.28

Paragraph 3.28 sets out the circumstances when DNOs must seek Ofgem approval for tier one projects. One of these applies when a DNO intends to make payment to a related undertaking. This requirement unnecessarily disadvantages DNOs which, for efficiency reasons, have a corporate shared services business model for technical expertise rather than an in house R&D team. A DNO in this position faces a delay in starting a project while Ofgem consider the project for approval. This uncertainty is particularly problematic if the project involves other partners and restricts the DNO's ability to commit to the project. In view of the relatively small sums involved and the other requirements to share learning this circumstance should be removed from the list that requires Ofgem approval. If the related undertaking is involved for reasons other than technical expertise then it is appropriate for DNOs to seek Ofgem approval in advance.

Paragraphs 4.13 and 4.14

DNOs have an ongoing relationship and interaction with customers and a wide range of third parties. Condition nine of the electricity distribution licence places an obligation on



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DNOs when employees visit customer premises. Any interaction with customers as a result of LCN fund projects is no different to any other customer interaction and is subject to this licence condition. The requirements for a mandated communication plan or 'a statement of good practice in respect of such engagement with customers' are superfluous and should be dropped.

I hope that you will give full consideration to these representations and if you have any questions about them then please contact me.

Yours sincerely

Sean Gauton
Regulatory Strategy Executive