

Electricity distribution charging boundary between higher (EDCM) and lower voltages (CDCM) - Impact Assessment.  
Consultation - Ofgem ref. 72/10

Dear Mr Chow

I am writing to you on behalf of the Major Energy Users Council (MEUC) in response to the consultation on the distribution charging boundary between higher (EDCM) and lower voltages (CDCM).

As you will be aware MEUC is an independent body representing the interests of a large number of industrial, commercial, retail and public sector organisations for which the use of electricity and gas are significant factors in their operations. Its principal objectives are to keep members informed of developments within the industry and reflect their views and lobby government and regulatory bodies where appropriate.

Running in parallel with your boundary impact assessment is the ENA consultation on EHV distribution charging methodologies (EDCM).

Several of our members have brought to our notice the fact that the ENA consultation is full of almost impenetrable detail, making it almost impossible to make rational comments. They are also highly critical of the fact that customer involvement has come about at a very late stage. It has been acknowledged by the ENA that stakeholder involvement has not been directed to consumers.

However the key issue for the consumer is the effect upon distribution charges depending upon which option is proposed. The amount of increase depends upon so many different factors that each organisation is likely to be subjected to a different figure. However several users have brought to our notice that if the proposals are implemented as proposed they will have to pay a massive increase (several million pounds has been indicated in one case).

As far as the boundary issue is concerned the consequences cannot be calculated for any individual customer as it will be bound up with the EDCM process. A significant realignment of the boundary could also affect HV customers some of whom had very large increases last April.

We appreciate your desire to introduce more cost reflective charging methodologies and can appreciate the need to do this for new generation plant. However we question the benefits for existing and well established industrial and commercial establishments. As a result we strongly recommend that to ensure that there are not unseen consequences from any changes the status quo should remain for existing customers or at least they be given transitional relief.

Yours sincerely  
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Electricity Group Chairman  
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