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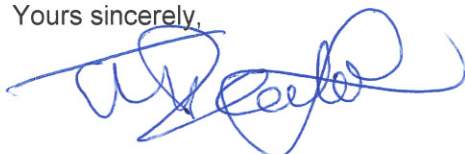
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Dear Rachel

Consultation on revised submission and implementation dates for the EHV Distribution Charging Methodology

1. Thanks for consulting on the issue of timelines for the introduction of the EHV Distribution Charging Methodology (EDCM). This is the Centrica response to the consultation letter, and is not confidential.
2. We are in full agreement with you that the DNOs' proposals for EHV methodologies have been changing significantly since their initial consultation in June 2010. We have some concerns that the reasons for the recent changes in charges (including to pre-2005 EHV-connected generators) are not well understood. Affected parties should have more time to examine the proposals in detail. We can also see little benefit to consumers from rushing through a set of EDCM proposals that may need to be revised at a later date.
3. However, we do not see any significant benefits to consumers from a mid-charging year implementation date. We would therefore urge Ofgem to consider an implementation date of 1 April 2012. This would minimise the risk of any further delay to the project (and associated uncertainty that this would cause). It would also give all stakeholders confidence that all issues with the new methodologies would be fully resolved by the revised implementation date (including associated issues, such as compensation for pre-2005 EHV-connected generators).
4. An implementation date of 1 April 2012 would also ensure that CDCM consumers will not be affected by EDCM implementation. In the event that a 1 October 2011 implementation date is chosen for EDCM, it is important that the impact on CDCM consumers is minimised. We believe this would best be achieved by ring-fencing revenue recovered from CDCM customers, and rolling-over changes to overall revenue recovered resulting from EDCM implementation until April 2012. This would have the effect of avoiding unnecessary price disturbances for non-EDCM consumers (yet still leave networks revenue neutral).
5. I hope this short response is helpful. Please let me know if you would like to discuss this issue in more detail.

Yours sincerely,



Tim Dewhurst
Head of Network Regulation and Market Design
British Gas