

Nicholas Rubin  
Distribution Policy  
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Monday 16 August 2010

**Charges for pre-2005 Distributed Generators' use of DNOs' distribution systems**

Dear Nicholas

Thank you for the opportunity to comment on the above consultation.

Central Networks (CN) has comments on the issue of compensation in general and the precedence which could be set by paying it. However, in line with your request, this letter sets out CN's response only to the specific issues raised in chapter three of the consultation. Our full comments will be included as part of the formal consultation response by 1 September 2010.

Ofgem's minded to position to adopt an 'unbundled' approach to compensation is pragmatic in light of the need to submit the EDCM by 1 September. However, CN is aware that some protection for DNOs is lost by opting for an unbundled approach and we therefore expect clear and fair criteria to be agreed for the logging up mechanism such that where these criteria are satisfied any compensation payments are fully recovered. In answer to the specific questions set out in chapter three;

- CN supports Ofgem's overall assessment and feels that Ofgem have identified the relevant considerations that influence the decision whether to adopt a bundled or unbundled approach, and
- CN agrees with the basis for Ofgem's decision and supports its minded to position to adopt an unbundled approach for the EDCM.

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Should you wish to discuss this response or the issues raised in the full consultation please don't hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Neves", with a horizontal line underneath.

Andrew Neves  
Tariff and Income Manager