

Rachel Fletcher
Ofgem

Your ref
Our ref
Name Rachel Fowler
Phone 07825676079
Fax 0121 336 5250
E-Mail rachel.fowler@npower.com

26th August 2010

Dear Rachel,

Consultation on EDCM timelines

RWEnpower welcomes the opportunity to comment on these proposals. This response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Supply and Trading GmbH and RWE Npower Renewables Limited, a fully owned subsidiary of RWE Innogy GmbH.

Although we recognise the work that has been undertaken by the DNOs and other parties on the EDCM in order to meet the 1st September 2010 deadline we very much welcome the fact that Ofgem are consulting on appropriate timelines for implementation. We have had concerns regarding the implementation date for the EDCM for some time, especially due to the potential impact the methodology changes will have on customer's tariffs and the short timescales allocated to providing notice of these changes. Consequently, we feel that delaying the implementation of the EDCM is the best way forward. This will enable the DNOs to complete the work on issues such as scaling and identifying customers affected by the boundary decision. Delaying the implementation will also allow customers to have greater visibility of these changes and be able to better plan and budget for them.

Changing the submission deadline to 1st February allows more time for the DNOs to complete the required work and we appreciate that conclusion of the consultation and impact assessment by the 1st May should allow notice of illustrative charges for EDCM customers to be available in advance of the October pricing round. However, as an October 2011 implementation date will result in an October price change for all customers, including those charged under the CDCM, we are concerned about the potential impact on contracts where DUoS charges are not a pass-through cost. Given that the magnitude of the change in October 2011 is likely to be more than usually seen when October price changes are solely driven by the recovery position of the DNOs, additional risk premium may have to be factored into these contracts by suppliers. We are also concerned that customers for whom DUoS is a pass-through cost may not have the information required to plan for these costs in their budgets for 2011. Therefore we feel that an April 2012 date implementation would be more appropriate.

We request further clarity on how pre-2005 connected distributed generation will be affected by this proposed delay, particularly now that Ofgem are consulting on this issue independently from the EDCM. In light of the obvious connection between these issues in order to provide cost

www.rwenpower.com
Registered office:
RWE Npower plc
Windmill Hill
Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB
T +44 (0)1793 833831
F +44 (0)1793 832831

reflective charges to all EHV customers, we would suggest that it may be sensible to consider the timeline of implementation of charging arrangements for all types of EHV customers, including distributed generation connected pre-2005.

Finally, we would also like to understand the effect any delay to the implementation date will have on the decision on the boundary between the CDCM and EDCM for April 2011.

In summary, we welcome the fact that Ofgem are considering changing the timelines for implementation of the EDCM. However, we feel that an April 2012 implementation date would be most appropriate for the reasons highlighted above. We would also like some clarity regarding the effect that changing the implementation date of the EDCM will have on pre-2005 connected Distributed Generation and how any delay to the implementation date of the EDC affects the boundary decision made by Ofgem.

Please feel free to contact me if you wish to discuss this response in more detail.

Yours sincerely,

By email so unsigned

Rachel Fowler,
Forecasting Senior Analyst- Network Charges