

Avonbank
Feeder Road
Bristol
BS2 0TB

Telephone 0117 9332000
Fax 0117 9332001

Rachel Fletcher
Partner, Distribution
Ofgem
9 Millbank
London
SW1P 3GE

<i>Our Ref</i>	<i>Your Ref</i>	<i>Direct Line</i>	<i>Date</i>
AJS/NT	112/10	0119 933 2175	23rd August 2010

Dear Rachel,

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

Consultation pursuant to standard licence condition (SLC) 50A.38 of the electricity distribution licence in relation to proposals for the Authority issuing a derogation against licensees' obligations in Part C of SLC 50A

We are writing in response to the above consultation. WPD agree that there has been substantial change to the proposed EDCM since it was last consulted on, namely boundary decision, capping arrangements for LRIC, demand scaling and generator scaling. The timing of these decisions has not allowed us to communicate the impact of these to customers. They have also made issues such as declared capacity significant to customers and their options in this regard have not been explained.

We have concerns with the significant price disturbance to prices that the proposals currently make and have yet to identify that these are justified in terms of costs incurred and hence work on justification and assessment of different approaches to demand scaling is necessary. The particular case of customers connected to GSPs via only sole use assets is a particular concern where the resulting annual charge can significantly exceed the installed cost of the assets involved in their connection. The demand scaling decision is especially important as the charges to demand customers are totally dominated by this.

Consideration should also be given, as part of the decision on dealing with pre April 2005 DG; whether it is sensible to align the introduction of charges to pre April 2005 EHV generators with any revised date for the introduction of the EDCM.

WPD are supportive of Ofgem's proposal to delay implementation of the EDCM project for the specific reasons identified in the letter. We have also contacted all the relevant demand and generation customers within our operating area to make them aware of Ofgem's consultation

and also to confirm arrangements for the third WPD EDCM stakeholder workshop which we are planning to hold on October 14th 2010.

I hope that this letter, together with our actions so far, continue to demonstrate our continuing commitment to the electricity distribution structure of charges project.

Should you wish to discuss any aspect of this response, please do not hesitate to contact either myself or Nigel Turvey (0117 933 2435 or nturvey@westernpower.co.uk)

Yours sincerely

A handwritten signature in black ink, appearing to be 'AS', written in a cursive style.

ALISON SLEIGHTHOLM
Regulation and Government Affairs Manager