

Rachel Fletcher
Partner – Distribution
Ofgem

1st September 2010

Dear Rachel,

CDCM approval - condition relating to the methodology for generator tariffs in generation dominated areas

When the Authority approved the CDCM, on 20 November 2009, it attached a condition relating to the methodology for generator tariffs in generation dominated areas.

Following a review of this aspect of the methodology, the joint DNOs have prepared a report to the Authority that details our conclusions (see attachment).

The conclusions of this report do not support a change to the CDCM at this time. However, due to interactions with factors outside the direct control of the DNOs, we are proposing a further study by external consultants, working under the direction of the CMG and utilising the DCMF for the initial consultation process, to be concluded with a report submitted by 31st July

2011.

We believe that the requirements of the CDCM's conditional approval have now been met, and seek confirmation from the Authority that this is the case.

Please do not hesitate to contact me if you require any further information.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink. It consists of a stylized, circular scribble on the left, followed by the name "Neves" written in a cursive-like font. A long horizontal line extends from the end of the signature to the left.

Andrew Neves

CMG Chair