



Customers, suppliers, generators,  
IDNOs, and other interested  
parties

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*Promoting choice and  
value for all customers*

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Date: 7 January 2011

Dear colleague

**DNO consultation on common electricity distribution use of system charging methodologies – EDCM proposals**

Distribution network operators (DNOs) have been working together on common charging methodologies for their use of system charges at extra high voltage. DNOs published a consultation on 21 December 2010 inviting stakeholder comments on their approach.

The DNOs' consultation document along with illustrative prices for each of the 14 DNO areas is available on the Energy Network Association's website at the following link: <http://energynetworks.squarespace.com/edcm-file-storage/6-consultations/>.

A key area still under debate concerns the scaling of charges from modelled outputs to final allowed revenue. Different scaling approaches drive different end charges to customers and DNOs are seeking views in the consultation on the best approach to take.

Following this consultation the DNOs must submit their final proposals to us by 1 April 2011. Revised charges will then take effect from 1 April 2012, subject to Authority approval.

The DNOs' consultation closes on **1 February 2011**. The potential changes in charges from existing levels are in some cases significant. DNOs are planning a workshop on 13 January 2011 to explain and discuss their new methodologies. Individual DNOs are also planning workshops to further explain their proposals. Details of the workshops including contact information are set out in Appendix 1 below, should you wish to discuss the proposals in more detail.

The charges included in the consultation are illustrative and there is still further work to be completed on the models. The DNOs have committed to keep the industry up to date with any further developments on the project and the likely impacts on charges from April 2012.

We encourage interested parties to respond to the DNOs' consultation. If you require further details please contact me using the details above.

Yours faithfully

Geoffrey Randall  
Head of Network Special Projects

**Appendix 1 – Contact information and proposed January 2011 workshop dates**

<b>Company</b>	<b>Email</b>	<b>Telephone</b>	<b>Proposed workshop</b>
CE Electric	<a href="mailto:Pat.Wormald@ce-electricuk.com">Pat.Wormald@ce-electricuk.com</a>	01977 605934	17 January
Central Networks	<a href="mailto:George.Moran@central-networks.co.uk">George.Moran@central-networks.co.uk</a>	02476 185768	21 January
UK Power Networks	<a href="mailto:Distributionpricing@ukpowernetworks.co.uk">Distributionpricing@ukpowernetworks.co.uk</a>	01293 657922	19 January
Electricity North West	<a href="mailto:electricitycommercialpolicy@enwl.co.uk">electricitycommercialpolicy@enwl.co.uk</a>	01925 846855	24 January
SSE Power Distribution	<a href="mailto:Angus.rae@sse.com">Angus.rae@sse.com</a>	01738 456308	14 January (South) 20 January (Hydro)
Scottish Power Energy Networks	<a href="mailto:commercial@scottishpower.com">commercial@scottishpower.com</a>	0151 609 2359	18 January (Manweb) 25 January (Scotland)
Western Power Distribution	<a href="mailto:wpdpricing@westernpower.co.uk">wpdpricing@westernpower.co.uk</a>	0117 933 2349	11 January
Energy Networks Association	<a href="mailto:EDCM@energynetworks.org">EDCM@energynetworks.org</a>	020 7706 5100	<b>13 January</b> – joint DNO workshop
Ofgem	<a href="mailto:DistributionPolicy@ofgem.gov.uk">DistributionPolicy@ofgem.gov.uk</a>	020 7901 7000	