

All Electricity Distributors



*Promoting choice and value for
all gas and electricity customers*

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Date: 1 April 2011

Dear Colleague,

Publication of the Low Carbon Networks (LCN) Fund Governance Document v.4, in accordance with Charge Restriction Condition (CRC) 13 of the Electricity Distribution Licence

On 2 March 2011 we published notice of the Authority's intent to issue the LCN Fund Governance Document v.4. This document sets out the regulation, governance and administration of the LCN Fund. We requested representations or objections to the Notice on or before Wednesday 30 March 2011.

We received seven responses – which are available in full on our website as an attachment to this letter. No objections were received. We have reviewed the responses and concluded that none were recommending substantive changes. We have considered the comments made, and have made the following clarifications to the Governance Document:

- we have amended the definition of 'Method' in paragraph 1.18 of the introduction to clarify that it is the 'proposed' means of solving the Problem. We have mirrored this amendment in the Definitions chapter,
- we have added a row in table 2.1 on page 14 which requires an identification of the specific DNO which is seeking to register a First Tier project and recover the Allowable First Tier Expenditure from Customers. We consider that this improves transparency,
- we have clarified the wording in table 2.1 on page 37 to ensure consistency with the remainder of the document,
- we have amended paragraph 3.6 of the Full Submission chapter to reference that the relevant charging objectives are also found in Standard Licence Condition 22A,
- we have edited paragraph 3.61 of the Full Submission chapter to remove the use of the term 'Direct Impact' and replace it with 'an impact' to improve consistency,
- we have modified paragraphs 3.85 and 3.90 to refer to a 'Project' rather than an 'Eligible LCN Fund Project' to improve clarity and provide consistency.

Two respondents raised some concerns over the requirement to submit customer engagement and data protection plans two months in advance of engaging with any customers or commencing the project. We consider that this period is required to allow us to scrutinise DNOs' plans as appropriate and to allow sufficient time for DNOs to make revisions as required.

We have considered the representations made. In accordance with CRC 13 we have published the LCN Fund Governance Document v.4 today, 1 April 2011.

Yours faithfully,

Rachel Fletcher
Partner, Distribution
For and on behalf of the Gas and Electricity Markets Authority