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29 June 2011

Dear Joanna,

**Open letter consultation on equalising the efficiency incentive rate for electricity distribution network companies under common ownership following PPL's purchase of E.ON's Central Networks business**

I am responding to your open letter of 17 May 2011. This response is on behalf of CE Electric UK Funding Company (CE), Northern Electric Distribution Ltd (NEDL) and Yorkshire Electricity Distribution plc (YEDL).

We agree with the option preferred by Ofgem (i.e. option three, involving a recalculation of the IQI to give a new rate). All three options have their merit but we consider that option three is the best approach for the reasons that Ofgem states relating to consumers' exposure and the overall strength of the incentive remaining relatively constant.

If you wish to discuss please make contact.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jim Cardwell", with a stylized, flowing script.

**Jim Cardwell**  
**Head of Regulation & Strategy**

**CE ELECTRIC UK FUNDING COMPANY**

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