

Electricity North West

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Ynon Gablinger
Distribution Policy
Ofgem
By email: distributionpolicy@ofgem.gov.uk

22 June 2011

Dear Ynon,

Electricity North West's Response to Ofgem's Consultation on the Extra High Voltage Distribution Charging Methodology.

We are writing in response to the consultation on the Extra High Voltage Distribution Charging Methodology. You requested an early response to question 2.2 which asked:

Question 2.2: Should we approve the methodology, do you agree with our proposal to implement it in full from 1 April 2012? If not, why is phasing-in charges or delaying implementation appropriate?

Electricity North West agrees with the proposal to implement the EDCM in full from 1st April 2012. Phasing in the new methodology could be considered discriminatory as all CDCM and EDCM customers would incur an extra charge as a result of those customers who are not moved into the EDCM. Applying a consistent rule for phasing in would also be problematic as there are likely to be customers who just fall outside the set criteria. These customers will face an increase in their charge and also have to contribute towards subsidising those customers who fall within the phasing in criteria. We do not consider phasing in to be a valid approach for these reasons.

A delay to the implementation date of the methodology would extend further the structure of charges project which has already been ongoing for many years and we feel this is unnecessary and not in the best interest of customers. The new methodology brings a number of benefits to customers and suppliers and should be implemented in April 2012 to ensure these benefits are realised as quickly as possible.

DNOs have fully engaged with stakeholders regarding the development of the EDCM and the likely impact on their charges. Customers have had several years to prepare for the impact of charges under the new charging methodology and a further delay is unlikely to change their actions. Consequently, we do not feel that a delay or phased in approach would be beneficial or justifiable.

The other issues raised within the Ofgem EDCM consultation document are being considered within Workstreams A and B. We are actively participating in these working groups and a joint response will be submitted to the questions raised in the consultation.

I would be happy to discuss any of our responses in more detail if necessary.

Yours sincerely

A handwritten signature in blue ink that reads "Tony McEntee".

Tony McEntee

Head of Commercial Policy

Electricity North West