To generators, distribution
network operators, suppliers and
other interested parties

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

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Dear colleague

Use of system charges for distributed generators: publication of consultations on a time-limited exemption for pre-2005 generators and the way forward on higher voltage generation charging

Today we have published two consultations in relation to use of system charges for distributed generators (DG). These are available at: http://www.ofgem.gov.uk/Networks/ ElecDist/Policy/DistChrgs/Pages/DistChrgs.aspx.

The first consultation sets out our rationale for implementing a time-limited exemption for pre-2005 connected DG and consults on the proposed length of such an exemption. We also discuss the arrangements for implementing a time-limited exemption.

The second consultation explains that we are reconsidering the Distribution Network Operators' proposed Extra High Voltage Distribution Charging Methodology (EDCM) for DG due to the impact of a time-limited exemption on charges for pre-2005 DG and due to the responses we received to our previous consultation. It outlines options for how the proposed EDCM could be amended. We also set out a proposed timetable for further developing the methodology in consultation with stakeholders, before ultimately making a decision on the EDCM for DG.

These consultations follow on from our letter of 11 August 2011 where we set out our current thinking to apply a time-limited exemption for pre-2005 DG and to defer implementation of the EDCM for DG to 1 April 2013 (or possibly later).

Both consultations close on **5 December 2011**. We welcome comments from all industry stakeholders on the proposals and thoughts outlined in these documents.

If you would like discuss any particular issues in relation to these consultations please contact Guy Donald at guy.donald@ofgem.gov.uk or on 020 7901 7430.

Yours faithfully,

Geoff Randall