



Company Secretary
Electricity Northwest Limited
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*Promoting choice and value for
all gas and electricity customers*

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Date: 28 June 2012

Dear Company Secretary,

Low Carbon Network Fund – amendments to Electricity North West Limited’s Capacity to Customers Project

This letter contains our agreement to amend the dates for evidence to be provided on customer engagement for Electricity North West Limited (“ENWL”)’s Capacity to Customers Project (“the Project”).

Background

On 19 December 2011, the Gas and Electricity Markets Authority (the “Authority”) issued a Project Direction¹ to ENWL². The Project Direction set out the terms to be followed in relation to the Project as a condition of it being funded under the Second Tier and Discretionary Funding Mechanism³.

Table 2 in section 11 of the Project Direction set out the Successful Delivery Reward Criteria (SDRC) by which the Authority will judge the Project. Due to delays in the approval of the Customer Engagement Plan outside the control of ENWL, it will not be able to meet two elements of the demand response customer engagement SDRC. We consider that the delay to the approval of the Customer Engagement Plan was outside ENWL’s control and therefore amounts to an exceptional circumstance.

1. As a consequence of this delay, the Schedule to the Project Direction now needs to be amended to reflect the delayed approval of the Customer Engagement Plan.

The Schedule to this Direction contains the amendments to the Schedule to the Project Direction.

NOW THEREFORE:

In accordance with section 13 of the Project Direction, and in particular section 13 (i), the Authority hereby amends the Schedule to the Project Direction in the manner set out in the Schedule to this Direction.

¹

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=97&refer=Networks/ElecDist/lcnf/stlcnp/year2/capacity-to-customers>

² This was pursuant to the LCN (Low Carbon Networks) Fund Governance Document issued pursuant to Part E of Charge Restriction Condition 13 (“CRC13”) of the Electricity Distribution Licence.

³ Second Tier and Discretionary Funding Mechanism has the meaning given in CRC 13.3(b).

This constitutes notice of reasons for the Authority's decision pursuant to section 49A of the Act.

A handwritten signature in blue ink that reads "Andy Burgess". The signature is written in a cursive, flowing style.

Andy Burgess
Associate Partner, Transmission and Distribution Policy
For and on behalf of the Authority

Schedule to Direction

1. Amend existing section 11 (Successful Delivery Reward Criteria)

Amend existing section 11 of the Schedule to the Project Direction in the following manner:

11. SUCCESSFUL DELIVERY REWARD CRITERIA

The Project will be judged by the Authority for the purposes of the Second Tier Successful Delivery Reward against the Successful Delivery Reward Criteria set out in Table 3⁴ below (that comply with paragraphs 3.27 and 3.28 of Section Two of the LCN Fund Governance Document).

Table 2. Successful Delivery Reward Criteria

Successful Delivery Reward criterion	Evidence
Demand response customer segmentation methodology 1. Update and enrich customer data for I&C customers on selected HV circuits. 2. Undertake customer survey of I&C customers on selected HV circuits. 3. Create customer segmentation model.	Demand response customer segmentation methodology 1. Customer data updated in April 2012. 2. Customer survey completed in June August 2012. 3. Demand response customer segmentation model completed and published on C ₂ C Project's website in July August 2012.

⁴ These are the Successful Delivery Reward Criteria set out in the Implementing DNO's Full Submission