

Date: 23rd January 2013Simon Cran-McGreehin
Senior Manager
Ofgem
Networks Policy
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Dear Simon

Electricity distribution charging: consultation on a derogation under SLC13.A14 to relieve Southern Electric Power Distribution plc of its obligation to charge a customer under CDCM; and seeking view on treatment of certain types of CDCM customers

Thank you for the opportunity to comment on this consultation. This response should be regarded as a consolidated response on behalf of Southern Electric Power Distribution plc (SEPD) and Scottish Hydro Electric Power Distribution plc (SHEPD) collectively referred to as Scottish and Southern Energy Power Distribution (SSEPD).

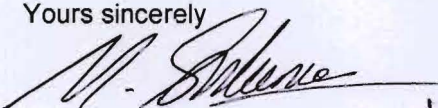
In general, SSEPD supports Ofgem's proposal to grant derogation such that SEPD is relieved of its obligation to charge one specific customer under the CDCM and can instead charge it under EDCM for a period of two years from 1 April 2012. This period should allow time to seek an industry based enduring solution for similar types of customer connections and consider the wider implications of any proposed changes. This customer is supplied via short direct 11kV circuit from a single 132/11kV transformer but the 11kV metering circuit breaker is located remote from the substation where the transformer is located. The assets are all located within the customer site which is also a restricted area. The connection is pre 1990 and had been subject to legacy site-specific methodology prior to the introduction of EDCM. During the development of the EDCM and CDCM, the treatment of HV metered customers connected from a 132/11kV (66/11kV or similar) were considered in determining the EDCM/CDCM charge boundary including a 132/11kV CDCM tariff but no specific arrangements were put in place. We agree with Ofgem that it is appropriate for the industry parties to review the common charging arrangements for similar type of connections including the wider impact of any proposed changes. As this customer is in our area, we have already taken the opportunity to formally raise a DCMF-MIG issue on the 17th January 2013, copy attached.

In SEPD there are thirty 132/11kV and 66/11kV substations whilst in SHEPD there are twelve 132/11kV substations. There are over 1600 HV MPANs and 500 HV MPANs in SEPD and SHEPD areas respectively. We will require more time to undertake individual assessment of each CDCM HV site to determine whether the connection is supplied via a 132/11kV (or 66/11kV) substation and if so, identify how it is supplied and the location of the metering. We will contact you separately to determine delivery timescales for the provision of this information.

As Ofgem is minded to make the derogation retrospectively, it needs in its eventual direction to make it clear the mechanism of any overcharging to date.

If you have any queries regarding this response please do not hesitate to contact me.

Yours sincerely

Mo Sukumaran
Pricing Manager