

Grant McEachran
Transmission Policy
Ofgem
9 Millbank
London
SW1P 3GE

17 July 2006

Your Ref: TCH

Dear Mr McEachran

Proposal to modify Standard Licence Conditions C5 ("Use of system charging methodology") and C6 ("Connection charging methodology") of the electricity transmission licence and Standard Special Condition A5 ("Obligations as regard charging methodology") of the gas transporters licence

energywatch welcomes the opportunity to respond to the issues raised by this proposal. This response is non-confidential and we are happy for it to be published on the Ofgem website.

We agree that, when Ofgem considers it necessary to undertake a regulatory impact assessment (RIA), there should be adequate time for the RIA to be consulted upon widely with all interested parties. We support consultation on important issues and consider that some changes to the relevant transmission and transportation charging methodologies may fall into this category. Consumers expect effective scrutiny of the charging methodologies when necessary prior to approval.

We agree with the proposed extension to the period during which Ofgem can consider whether to approve a change to the charging methodologies to three months, although we would expect Ofgem to issue a RIA promptly to maximise the time for consultation. Other than in exceptional circumstances, six weeks is an appropriate period for undertaking a RIA.

We would appreciate being kept informed of progress on this issue to enable us to comment further if the need arises.

If you do wish to discuss our response further please do not hesitate to contact me on 0191 2212072.

Yours sincerely

Carole Pitkeathley
Head of Regulatory Affairs