

F.A.O Mr Mark Cox

Office of Gas and Electricity Markets,
9 Millbank,
London,
SW1P 3GE.

19 January 2007

Dear Mr. Cox,

Reference: Impact assessment and consultation on Western Power Distribution's Modification Proposal to change their Electricity Distribution Use of System Charging Model – Ref. WPD/WALES/WEST/UOS002A

Thank you for the opportunity to provide a response to the above. Having now had the opportunity to review the contents of the WPD Proposal, I am writing today to provide RWE npower's comments for your consideration as part of this Impact Assessment.

RWE npower note and understand the reasoning behind WPD's decision to review the current charging methodologies employed and are in favour of changes that inevitably bring with them the benefits of transparency and 'equity' for all those concerned. Indeed, we believe that it is highly desirable that such charges should be developed on the basis of economic efficiency. We are comfortable with the fact that such charging methodologies that underpin tariff structures should be allowed to vary. However, from an operational perspective, we would ask that if the outlined methodology does prove acceptable then this will not affect the way in which tariffs are structured.

We would also ask that a consistent tariff structure for all DNOs should prevail otherwise this could lead to suppliers incurring unnecessary operational costs. In addition, we ask that Ofgem be minded in their deliberations to ensure that adequate time is given to allow suppliers to make the necessary changes to their systems and processes as this could also lead to suppliers incurring unnecessary additional costs as part their involvement in implementing these changes.

Finally, it would be most beneficial for us, as a supplier, to be able to fully understand the functionality of the proposal and as such would anticipate that such a model, once accepted, would be suitably published.

I hope that this letter provides you with an appropriate response from RWE npower as part of this consultation process. Please do not hesitate to contact me should you require any further information or clarification on any aspect.

Yours faithfully,

Carl Wilkes
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