

25 August 2009

Dear Rachel,

### **Common Distribution Charging Methodology**

I am pleased to submit the attached documents, which together fulfil the fourteen DNOs' licence obligation to submit the CDCM to the Authority by not later than 1 September 2009 in a form that is capable of being approved by the Authority.

As I am sure you are aware this is the culmination of a long and complex project, which has involved representatives from all seven DNO groups, our consultants Reckon, ENA staff, suppliers, IDNOs, and several members of your team.

Throughout the project we have actively encouraged input from representatives of other parts of the electricity industry and its wider stakeholders. We have been heartened by the numbers attending our workshops and DCMF meetings, the quantity and quality of responses to our formal consultations, and the levels of participation in the CMG's various workstreams.

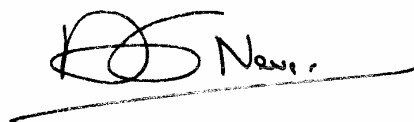
We believe the resulting CDCM is more than capable of approval by the Authority.

The documents attached are as follows:

- a CDCM report
- a summary of responses to the June/July 2009 Consultation
- a CDCM methodology statement
- tables of illustrative tariffs and time bands for each DNO
- an appendix detailing significant tariff movements for each DNO
- an appendix detailing 'areas of risk' for each DNO
- populated CDCM and IDNO models
- individual letters from each DNO group 'signing on' to the CDCM

Please contact me if you require further information.

Yours sincerely



Andrew Neves - CMG Chair