

From: Brooke, Simon [Simon.Brooke@uuplc.co.uk]

Sent: 29 June 2007 11:33

To: COMMERCIAL

Subject: United Utilities' response to the G3's Joint consultation on the longer term charging arrangements

Dear Tony, Max and Andrew,

Thank you for the opportunity to comment on the G3's consultation. The group are to be commended on the openness of its consultation process, especially on the quality of the presentations and material delivered at its recent workshop. Many of my comments and queries were expressed at your recent workshop but I'd like to add a few additional comments specifically answering some of the questions raised in the consultation document.

Chapter 3

- United Utilities doesn't believe that it is appropriate to apply different methodologies for determining the costs attributable to demand and generation. This is a fundamental principle for the equitable treatment of demand and generation.
- It is likely that in some circumstances the capping of the demand increment at 15% will not replicate the growth on a network group.
- Using a single year's data as the basis for forecasting is unreliable and will likely deliver a greater volatility in charges than using several years' data.

Chapter 4

- The recovery period should be the same for demand and generation.
- Where data is available, calculated contribution factors should be applied to generation connecting at any voltage levels.

Chapter 5

- Using a single year's data as the basis for forecasting is unreliable and will likely deliver a greater volatility in charges than using several years' data.
- In principle it is right to apply negative charges.
- Your proposed reactive power methodology does not reflect the additional costs caused on your network by energy consumption with a poor power factor.

Chapter 6

- Sole use assets should not form part of the network for the marginal costs calculation, as the asset will likely have been paid for by the connector and are unlikely to requiring reinforcement over the life of the connection. If reinforcement is required then this can be dealt with under the connection charging methodology. Therefore the nominal life of sole use assets should be its expected asset life i.e. 40 years.

I hope you find this comments useful and if you wish to discuss further any of the above please do not hesitate to contact me.

Regards, Simon.

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