



**SSE Power Distribution
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Our Reference:
Your Reference:

Date: 16th December 2009
If telephoning or calling please ask for:
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Dear Stakeholder

Electricity Distribution Charges Stakeholder Update: 16th December 2009

This letter and enclosures are intended to provide a further update on SSE Power Distribution Use of System ("DUoS") charges that will affect our customers from 1st April 2010.

Introduction

On 30th November 2009 we held a stakeholder teleconference to aid understanding of the potential impact of both DPCR5 and the CDCM as well as updates on other charging matters. We also provided illustrative charges (based on Ofgem's October 2009 DPCR5 Initial Proposals and as updated on 23rd October 2009). The pack of information provided to the teleconference participants and notes of the teleconference are now published on our website (www.ssepd.co.uk).

Subsequently, on 7th December 2009, Ofgem published its DPCR5 Final Proposals which provided the SEPD and SHEPD allowed revenues for setting distribution use of system charges for both demand and generation. Details of these Proposals can be found on the Ofgem website (www.ofgem.gov.uk).

Information Update

On 11th December 2009 all DNOs submitted to Ofgem an updated CDCM which incorporated changes to address their conditions for approval. The CDCM also reflected the DPCR5 Final Proposals information.

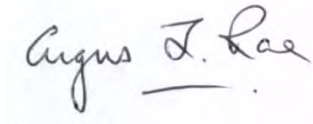
The attached updated illustrative DUoS charges for 2010/11 are now based on this submission.

Next Steps

Indicative Charges, as required by our Electricity Distribution Licence, will be published on our website by 31st December 2009. These will be based on the 11th December 2009 CDCM but updated with e.g. the latest RPI forecasts.

We hope that this continuing information update is helpful and we look forward to speaking with you on these matters in due course. It is envisaged that there will be further stakeholder updates in January 2010.

Yours sincerely,

A handwritten signature in black ink that reads "Angus J. Rae". The signature is written in a cursive style with a horizontal line underneath the name.

Angus Rae
Commercial Policy Manager
SSE Power Distribution