

Electricity North West

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23 December 2015

Maxine Frerk
Senior Partner – Smarter Grids and Governance
The Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Dear Maxine,

Notice under Standard Licence Condition (SLC) 14.11

This letter constitutes a notice under SLC 14.11 of our distribution licence, setting out our proposals to amend Use of System charges from 1 April 2016 and again from 1 April 2017. We have also written to Suppliers to provide notice of the change to Use of System charges in accordance with clause 19.1 of the Distribution, Connection Use of System Agreement (DCUSA). As a result of this notice and the letter, the Use of System charges issued alongside this letter have a final status and will not be subject to further amendments.

We are providing 3 months notice of final tariffs for the 2016/17 charging year and 15 months notice of final tariffs for the 2017/18 charging year, in compliance with the new notice period set out under DCP178, to assist Suppliers and customers by removing an element of unpredictability in Use of System charges.

We would like to bring to your attention that for the 12 month period from 1 April 2016, most customers will see an increase in their Distribution Use of System charges due to an increase in our allowed revenue, which is driven by an adjustment for the cumulative under-recovery of allowed revenue, of £31m, as at 31 March 2015. Under RIIO a two year time lag was introduced for correction factor “true-ups”. The average price increase for Low Voltage (LV) and High Voltage (HV) demand customers is 8.8%.

In the following 12 month period from 1 April 2017 most customers will see a related decrease in their charges, which reflects the removal of the prior year increase combined with the reimbursement to customers of a forecast over-recovery of allowed revenue during 2015/16. The average price reduction for LV and HV demand customers is 6.3%. The net average price impact over the two year period for LV and HV demand customers is a marginal increase of 0.9%. A summary of the impact of these charges by tariff can be seen in Appendix 1.

There are 7 enclosures that accompany this notice:

1. Tariff change letter;
2. Use of System Charging Statement from 1 April 2016 to 31 March 2017;
3. Use of System Charging Statement from 1 April 2017;
4. Schedule of Charges summary spreadsheet from 1 April 2016 to 31 March 2017;
5. Schedule of Charges summary spreadsheet from 1 April 2017;
6. Tariff Movement Explanation spreadsheet for 2016/17; and,
7. Tariff Movement Explanation spreadsheet for 2017/18.

The latest CDCM pricing models and Annual Review Pack plus the attachments listed above are available on our website at the following address:

www.enwl.co.uk/our-services/use-of-system-charges

Charges for miscellaneous services, legacy meter asset provision and Metering Point Administration Services will be published in February 2016 in accordance with the requirement of 19.1 of DCSUA to provide 40 days notice.

Please direct any queries regarding these charges to the following email address:

electricitycommercialpolicy@enwl.co.uk.

A copy of this notice will be sent to all suppliers.

Yours sincerely



Rob O'Malley
Head of Strategic Planning

Appendix 1: Change in Use of System Charges

The table below shows the absolute and percentage changes expected for HV and LV demand customers, based on a typical bill, for both 2016/17 and 2017/18.

Tariff	Average Bill 2015/16	% Inc/(Dec) 2016/17	Average Bill 2016/17	% Inc/(Dec) 2017/18	Average Bill 2017/18	% Inc/(Dec) Net
Domestic Unrestricted ¹	£91	9.2%	£99	-16.8%	£83	-9.2%
Domestic Two Rate ¹	£96	0.3%	£96	-11.6%	£85	-11.3%
Domestic Off Peak (related MPAN)	£9	-5.1%	£8	-7.5%	£8	-12.2%
Small Non Domestic Unrestricted	£288	6.2%	£305	-9.0%	£278	-3.3%
Small Non Domestic Two Rate	£393	11.4%	£438	-11.6%	£387	-1.6%
Small Non Domestic Off Peak (related MPAN)	£11	-9.0%	£10	-5.0%	£9	-13.6%
LV Medium Non-Domestic ²	£1,882	3.7%	£1,951	-100%	-	-100%
LV Sub Medium Non-Domestic ²	£1,946	-7.2%	£1,805	-100%	-	-100%
HV Medium Non-Domestic	£2,191	-3.9%	£2,104	-13.9%	£1,812	-17.3%
LV Network Domestic ³	-	-	-	-	-	-
LV Network Non-Domestic Non-CT ³	-	-	-	100%	£1,887	100%
LV Half Hourly Metered	£6,115	7.3%	£6,562	-33.0%	£4,395	-28.1%
LV Sub Half Hourly Metered	£12,001	10.2%	£13,217	-18.2%	£10,807	-9.9%
HV Half Hourly Metered	£28,609	14.3%	£32,686	-11.9%	£28,781	0.6%
Non Half Hourly Unmetered Supplies – Continuous	£4,779	-3.2%	£4,623	-7.3%	£4,285	-10.3%
Non Half Hourly Unmetered Supplies – Dusk to Dawn	£1,374	-17.5%	£1,133	-9.6%	£1,025	-25.4%
Non Half Hourly Unmetered Supplies – Part Night	£394	394.3%	£1,949	-9.4%	£1,766	348.1%
Non Half Hourly Unmetered Supplies – Dawn to Dusk ⁴	-	-	£2	-3.3%	£2	100%
LV Unmetered Supplies (Pseudo Half Hourly Metered)	£408,236	2.2%	£416,992	-7.5%	£385,727	-5.5%

¹The typical bill for domestic tariffs includes an additional £5 charge in 2015/16 to recover the domestic customer discount applied in 2014/15.

²It is assumed that all profile class 5-8 CT metered customers are migrated to half hourly billing by the deadline of 31 March 2017 as per P272.

³New tariffs introduced to enable all customers to be settled on a half hourly basis.

⁴There were no customers previously on this tariff.