

Electricity North West

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23 December 2015

Dear Sir / Madam,

Re: Use of System charges to apply from 1 April 2016 and from 1 April 2017

In accordance with clause 19.1 of the Distribution, Connection Use of System Agreement (DCUSA), this letter provides prior notice of changes to our Use of System charges to take effect from 1 April 2016 and from 1 April 2017 (15 months notice is now required for any charges applicable from 1 April 2017 onwards). We have also provided notice under Standard Licence Condition 14.11 of our distribution licence to the Authority to change Use of System charges from both 1 April 2016 and 1 April 2017. As a result of this letter and the notice, the Use of System charges issued alongside this letter have a final status and will not be subject to further amendments.

We are providing 15 months notice of the final tariffs effective from 1 April 2017 to assist Suppliers and customers by removing an element of unpredictability in Use of System charges. We recognise that this has been an issue in the past and that on occasion there have been large tariff movements between indicative and final tariffs which have been difficult for Suppliers to anticipate.

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 decrease in their charges due to a reduction in our allowed revenue, 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.

The 2 new tariffs introduced from 1 April 2015, to enable all customers to have the option to be settled on a half hourly basis and receive a time of use tariff once they have half hourly

capable metering installed (“LV Network Domestic” and “LV Network Non-Domestic, Non-CT” tariffs), were set up within settlements by Elexon and became available for use from 5 November 2015 following implementation of P300.

There are 7 enclosures that accompany this notice:

1. Notice to the Authority to amend Use of System charges from 1 April 2016 and again from 1 April 2017;
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.

Yours faithfully



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.