



Making a positive difference
for energy consumers

Company Secretary
Northern Powergrid
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NE1 6AF

Direct Dial: 020 7901 7165
Email: hannah.nixon@ofgem.gov.uk

Date: 14 February 2014

Dear Sir/Madam,

Request for Consents under Standard Licence Condition (SLC) 14.2 and 14.12 for 2015-16 (and potentially from then to 2022-23)

Your email of 2 December 2014 requested consent under Standard Licence Condition 14.2 for your Use of System Charging Statements from 2015-16 (potentially up to and including 2022-23) and to be prepared in a way other than in accordance with your approved charging methodologies. This is so that you can recover revenue resulting from the rebate you provided to domestic customers from current year charges in December 2013 following government's announcement of 2 December 2013.

As your proposal involved making the rebate from 2013-14 charges, you also requested consents related to making charge changes without the usual notice period. This is consent under SLC 14.12 giving permission to not provide the required notice period as set out in 14.11. You also highlighted the related DCUSA notice period.

Your proposal involved providing a discount of around £7.00 per domestic customer (Yorkshire) and £11.00 per domestic customer (North East) in the current year. This consent extends to facilitate the adjustment of the same charges for the same customers in 2015-16 and as necessary to 2022-23, to recover the lost revenue through the normal under-recovery arrangements.

We have considered your request and are satisfied that on this one off basis we will grant both forms of consent. We recognise that the same classes of customers are affected by both the current year's rebate and the later adjustment. Therefore, in accordance with SLC 14.2(a) we consent to the proposal to not comply with the approved charging methodology for 2015/16 as set out in your request. We request that you publish details of your approach along with this consent on your website.

We have also considered your request to the Authority to grant permission for normal collection of 2014-15 under-recovery in 2015-16 (and if necessary in later years of RIIO-ED1). We agree in these circumstances for this to be the case.

We recognise that the Government confirmed in its statement of 2 December 2013 that it had talked to major suppliers who had undertaken to pass the impacts onto end customers. We are mindful that the benefit to customers is wholly dependent upon the discount being passed through to the customers by their respective suppliers. This is why we are keen that you are fully transparent about the change.

Please note that this change sets no precedent for future regulatory decisions and is made specifically in the context of the recent Government announcement and the positive way DNOs and others have responded to this arrangement. We are effecting the change through minimal changes in order to facilitate this brought forward benefit to domestic consumers in some DNO areas.

If you wish to discuss this consent please contact Iain Morgan (ian.morgan@ofgem.gov.uk) in the first instance.

Yours,

Hannah Nixon
Senior Partner - SG&G: Distribution, Ofgem

cc Iain Morgan, Ofgem