

# Gas Customer Forum (April 06): National Grid Update

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# Ofgem Consultation on Distribution Charges

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## Conclusions (1)

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- ◆ Output from a long consultation process
- ◆ Strikes the balance between cost reflectivity and pragmatism
- ◆ Appropriate time scales for change
- ◆ Encourages consistency across all of the DN's
- ◆ Significant amount of work to be done by the DN's
- ◆ Industry wide consultation and open forums during review

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## Conclusions (2)

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- ◆ Ofgem wants DN's to collaborate
- ◆ Staged implementation
  - ◆ October 2006
    - ◆ Review the level of the CSEP Admin Charge
    - ◆ Update the Economic Test for new connections
  - ◆ October 2007 (consult by October 2006)
    - ◆ Amend the Customer Charge
  - ◆ October 2007 (consult by February 2007)
    - ◆ Increase the Capacity related element of the Allowed revenue and collected income. Must be in parallel to DN interruption reform
  - ◆ October 2008
    - ◆ Update the data that supports the System usage charges

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## Conclusions (3)

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- ◆ Progress to date

- ◆ Forum of all DN pricing teams established and meeting on a regular basis
- ◆ Work started on
  - ◆ CSEP Admin charge
  - ◆ Economic test

- ◆ Next Steps

- ◆ Devise structure for industry involvement in the review process for significant changes