



**Statement of Charging Methodology for Use of ESP
Electricity's Distribution System
(Effective from 1st October 2009)**



This statement has been prepared in a form approved by Ofgem

**ESP Electricity
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VERSION CONTROL

Version Number	Revision Details	Prepared By Date	Approved By Date
1.0	First issue	DMTownsend 07/09	VSpiers 07/09

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1. Introduction

1.1. The ESP Electricity Distribution Business

ESP Electricity is an independent electricity distribution business, licensed to design, build, adopt, operate and maintain electricity distribution networks in Great Britain.

This statement has been approved by the Office of Gas and Electricity Markets (Ofgem). Any future modifications to this statement will require approval from Ofgem.

1.2. Licence Obligations

This statement sets out ESP Electricity's Distribution Use of System (DUoS) Charging methodology. It is prepared in accordance with the requirements of ESP Electricity's distribution licence issued under the Electricity Act 1989, as amended by the Utilities Act 2000 ('the Act').

ESP Electricity is required by Licence Condition 13 to prepare a statement approved by the Authority setting out the methodology upon which charges will be made for the use of its distribution system. ESP Electricity is also required to review this statement annually to ensure that the objectives of the licence condition continue to be achieved. The relevant licence obligations are as follows:

- (a) that compliance with the use of system charging methodology facilitates the discharge by ESP Electricity of the obligations imposed on it under the Act and by the Distribution Licence;
- (b) that compliance with the use of system charging methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity;
- (c) that compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by ESP Electricity in its distribution business; and
- (d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the ESP Electricity's distribution business.

In addition, as an Independent Distribution Network Operator (IDNO), ESP Electricity is required by its Licence to set its DUoS charges so that, except without prior written consent of the Authority, the standing charge, unit rate and any other component of charges shall not exceed the distribution use of system charges to equivalent domestic customers.

2. Charging Methodology

2.1. Methodology

ESP Electricity will replicate the DUoS charges and associated Line Loss Factors in each host DNO's service area to ensure that all demand and generation customers connected to our systems pay no more for their Use of System Charges than if they were connected directly to the host DNO's distribution system for that distribution services area.

2.2. Distribution Use of System Charges

ESP Electricity's DUoS charges are published in our Licence Condition 14 Statement which can be found at www.espelectricity.com.

3. General

3.1. Contact Details

ESP Electricity may be contacted at:

ESP Electricity Limited
Hazeldean
Station Road
Leatherhead
Surrey
KT22 7AA

or by telephone/fax:

Tel: 01372 227560
Fax: 01372 377996

or by email to:

electricity@espipelines.com

3.2. ESP Electricity Website

ESP Electricity has its own website which can be found at www.espelectricity.com. The site contains other useful business/customer information and a link to www.espipelines.com which provides information on our gas connections business.