

**Annex C**  
**Response from Energy Networks Association**

**Email received from Energy Networks Association, 11 March 2008**

Joanne

Please find attached a briefing document for the Chair. I hope you find it useful. If you need any more information please do not hesitate to contact me.

Best wishes

Tony

Tony Glover

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**Email received from Energy Networks Association, 3 March 2008**

Hi Joanne

We are preparing a more detailed response now but I can confirm now that we will not be able to appear at the Committee. I will let you have our response as soon as I can.

Thanks

Tony

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## **ENA BRIEFING ON DISTRIBUTION CHARGES IN WALES**

### **Electricity Distribution charges**

- Regional variations in electricity distribution charges occur throughout the whole of the UK.
- The rural nature of the South Wales Network means that the level of assets per customer (e.g. length of circuit per customer) is significantly higher than the national average.
- Coupled with these geographic factors the levels of investment required and the historic development of the networks in Wales does mean that distribution charges are higher than some other regions of the UK, but also still cheaper than others.
- Distribution charges typically represent 15-20% of the customer bill in Wales, on average representing a weekly cost of £1.15 to £1.35 to Welsh families.
- Distribution charges do not reflect the total increase in customer bills currently being experienced.
- Distribution charges are regulated by Ofgem.
- Energywatch have been quite happy with the nature and level of distribution charges in Wales.

### **Gas Distribution charges**

- There are slight regional differences in distribution costs reflecting the cost of maintaining the gas network in those areas – often due to historical antecedence and topography - but this is a very small part of the distribution costs.
- Distribution charges represent about 20% of the customer Bill in Wales, on average representing a weekly cost of £2.19 to Welsh families.
- Distribution charges do not reflect the total increase in customer bills currently being experienced. There can be significant differences between what an energy retailer labels 'regional variation' when charging its customers across the UK different prices and the actual cost of the regional variation due to the distribution charge.

- Ofgem's recent review of gas distribution charges will mean an increase of £2 a year to that charge on the average gas bill, or under 4p per week, to develop improvements to the gas networks.
- Although distribution charges are higher in Wales than some other places in the UK, they are still lower than many other regions including London.