

6<sup>th</sup> October 2004

Mr. John Shine,  
Managing Director,  
ESB Networks,  
27 Lower Fitzwilliam St,  
Dublin 2.

Our ref: 18296

Dear John,

**Distribution Use of System Charges 2005**

I am writing to you pursuant to the Commission's powers under Sections 35 and 36 of the Electricity Regulation Act, 1999.

The Commission hereby approves revenues of €592.29 million to be earned by the Distribution System Operator in 2005. This consists of an approved revenue requirement of €603.7 million less a deferred revenue of €11.41 million. This deferral will be taken into account in the next multi-annual Distribution Price Control which will take effect from 2006.

ESB Networks in its capacity as Distribution System Operator, submitted to the Commission for approval the enclosed statement of Distribution Use of System (DUoS) charges for 2005. The Commission finds that the statement is based on and consistent with the Commission's Determination of Distribution Allowed Revenues for 2001-2005 of 28 September 2001, including the application of the revenue formula in Appendix A and additional costs approved for various programmes including: acceleration of the network refurbishment programme, business separation, bulk supply point metering and load profile project. The statement of charges has also been the subject of consultations by the Commission, and is consistent with the approved revenue of €592.29 million for 2005.

The Commission directs that the charges come into effect on 1 January 2005.

The Commission also approves the ESB Networks document entitled "Rules for Application of DUoS Tariff Group" as published for consultation on the 10<sup>th</sup> September 2004.

Yours sincerely,

Tom Reeves  
Commissioner