

Structure of electricity distribution charges

Approval of United Utilities' charging methodologies: Decision document

February 2005

Summary

This document provides the Gas and Electricity Markets Authority's (the Authority) decision concerning approval of United Utilities' (UU) use of system (UoS) and connection charging methodologies. Distribution network operators are required by their licences to determine these and for them to be approved by the Authority by 1 April 2005.

The document sets out that the Authority approves the methodologies subject to certain conditions which shall be completed by UU by 1 April 2005 unless otherwise indicated. The Authority:

1. Approves UU's UoS charging methodology, pursuant to standard licence condition (SLC) 4(1a), subject to the following condition:
 - ◆ Review the approach on the transition of EHV DUoS charges, in accordance with the timescales set out below.
2. Approves UU's connection charging methodology in accordance with SLC4B(1a), subject to the following condition:
 - ◆ Connections in regeneration areas subject to second comer charging for reinforcement assets for the prescribed period after connection as required by the Electricity Act 1989, as subsequently amended, and the Electricity (Connection Charge) Regulations.

Notice of the Authority's proposed decision was provided to UU on 16 December 2004. UU has had 28 days to make representations on issues pertaining to the charging methodologies where conditional approval was proposed. The Authority has considered UU's representations, and this document constitutes the Authority's decision. Where conditional approval has been granted the Authority will consider enforcement action where the condition of that approval is not met.

The following chapters provide further details on the nature and contents of these decisions along with the timing of relevant action.

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1. Introduction

- 1.1. This document sets out the Authority's decision concerning approval of United Utilities' (UU) charging methodology statements in accordance with standard licence condition (SLC) 4 of the distribution network operators' (DNOs) electricity distribution licence (the licence, as amended in July 2004¹) and following consideration of responses to the October consultation² on this matter.
- 1.2. Notice of this decision was provided to UU on 16 December 2004, and 28 days allowed for UU to submit a representation. UU submitted a representation letter on 12 January 2005, and met Ofgem to discuss the decisions on 13 January 2005. UU sent a follow up email on 14 January to confirm the position agreed at the meeting: namely their acceptance of the conditions, with the exception of EHV, where a letter setting out their position was provided on 14 January 2005. A redrafted Use of system (UoS) methodology statement was subsequently resubmitted on 28 January 2005. These representations have been considered by the Authority in accordance with SLC4(10) and 4B(20).
- 1.3. The decisions in this document are based on the 28 January 2005 UoS methodology statement and the 26 November 2004 connections methodology statement.
- 1.4. This document constitutes formal publication of the Authority's decision and explains the basis of the Authority's decisions, setting out responses to the October 2004 consultation paper, Authority views and the Authority's conclusion on each matter.
- 1.5. The licence requires the DNOs to determine UoS and connection charging methodologies for approval by the Authority by 1 April 2005. In addition, a statement of use of system charges is required which is subject to Authority approval of the form of the document. .

¹ See Section 11A notice, document reference 150/04 (6 July 2004), available on the Ofgem website at www.ofgem.gov.uk under the Licensing (modifications) area of work. This sets out the modification of all distribution licences, to come into effect on 7 July 2004.

² "Structure of electricity distribution charges – Proposed DNO charging methodology statements: Consultation document" October 2004 235/04.

Purpose of this document

- 1.6. The purpose of this document is to set out the Authority's decision on approval of UU's charging methodologies and charging statement. The Authority's conclusions are set out in chapters 4, 5 and 6.

Structure of this document

- 1.7. The structure of this document is as follows:

- ◆ Chapter 2

This chapter sets out the interim charging arrangements and implications for the approval of the methodologies.

- ◆ Chapter 3

This chapter sets out the approvals process, and includes the relevant objectives set out in the licence.

- ◆ Chapter 4

Chapter 4 details UoS issues that have been considered and outlines the Authority's reasoning for approval or non-approval.

- ◆ Chapter 5

Sets out connection charging issues that have been considered and outlines Ofgem's reasoning for approval or non-approval.

- ◆ Chapter 6

This chapter details that the form of the statement of UoS charges has been approved.

2. Interim arrangements

- 2.1. In November 2003 Ofgem proposed that the implementation of revised arrangements for the structure of electricity distribution charges be achieved in two stages. In making this decision Ofgem recognised the comments of interested parties that any attempt to introduce wholesale changes to charging arrangements from 1 April 2005 was extremely challenging.
- 2.2. From 1 April 2005 a new charging regime, 'interim arrangements', will be established predominantly addressing a common connection charging boundary for demand and generation, removing deep charging of generators, and introducing the requirement for DNOs to determine connection and use of system charging methodologies.
- 2.3. In parallel with this further consideration needs to be given to the most suitable longer term methodology. It is still Ofgem's view that the demand and generation regimes should be fully aligned with use of system charges established via charging models based on forward looking long run incremental costs (LRIC). Ofgem expects these models to be developed by DNOs in 2005, with consultation and the resolution of any outstanding issues by 2006. The longer term arrangements will be developed within the charging methodology framework introduced and effective from 1 April 2005.
- 2.4. In making the decisions on the methodologies effective from 1 April 2005 the Authority has recognised this two stage implementation and that some issues are not practicable to rectify by 1 April 2005. Therefore, the charging methodologies approved for 1 April 2005 form a baseline for the interim arrangements, from which the longer term arrangements will be developed during 2005.
- 2.5. In addition to the items that require further time to rectify, the DNOs are obliged to review their methodologies at least once a year for the purpose of ensuring that they continue to achieve the relevant objectives as although the methodologies may achieve the relevant objectives at day one, circumstances may change over time and it is important to continually assess that the charging arrangements are still appropriate. The DNO is also obliged to make modifications to their charging methodologies where improvements can be

identified. This document, in addition to the principles outlined above, identifies some areas where the DNO methodologies could be bettered. Ofgem is keen for the longer term arrangements to be progressed and expects DNOs to actively develop longer term charging arrangements over the coming year.

- 2.6. As detailed above the obligation to develop charging arrangements for the longer term is with the DNO but it is proposed that the Implementation Steering Group (ISG) continues as an industry discussion group to facilitate this process, along with Ofgem led wider consultations with the industry, academia and other interested parties as appropriate.

3. Approvals process

Licence conditions

- 3.1. SLC 4 of the licence requires each DNO, by 1 April 2005, to determine and prepare charging methodologies and statements approved by the Authority that achieve the relevant licence objectives. In considering whether to approve the charging methodologies to take effect from 1 April 2005 the Authority has considered the relevant objectives and its wider statutory duties³.
- 3.2. These obligations, the relevant objectives, are contained within SLC4 and SLC4B of each DNO's electricity distribution licence as amended on 7 July 2004⁴:
- ◆ that compliance with the charging methodologies facilitates the discharge by the licensee of the obligations imposed upon it under the Electricity Act 1989 (the Act) and by its licence;
 - ◆ that compliance with the charging methodologies facilitates competition in the generation and supply of electricity, and does not restrict, distort or prevent competition in the transmission or distribution of electricity;
 - ◆ that compliance with the methodologies results in charges which reflect, as far as reasonably practicable (taking account of implementation costs), the costs incurred by the licensee in its distribution business; and
 - ◆ that so far as consistent with the above objectives, the methodologies, as far as reasonably practicable, will take account of developments in the licensee's distribution business.
- 3.3. The licence specifies that a reader of the methodology should be able to make a reasonable estimate of charges (SLC4A, para 1 and SLC4B, para 4(b)) using the methodology and charging statement.

³ Ofgem's statutory duties are wider than the matters considered by the relevant objectives and include amongst other things having regard to social and environmental guidance provided to Ofgem by the government.

⁴ As set out in document reference 150/04, available on the Ofgem website at www.ofgem.gov.uk.

Consultation process

- 3.4. Ofgem ran a month long consultation on the draft charging methodologies submitted by DNOs on 30 September in its October 2004 consultation document. Prior to this initial draft methodologies were consulted on by Ofgem for a month in July 2004 in an open letter which anonymously set out the DNOs' first draft proposed statements and requested comments on issues raised therein.
- 3.5. Prior to these two consultations focussing on the new DNO methodologies, consultations progressing ideas regarding charging structures were published between December 2000 and April 2004.
- 3.6. The October document invited views on the matters raised in this consultation document and asked for comments on whether the DNOs' draft methodology statements achieve the relevant licence objectives.
- 3.7. Views were invited on the detail of the methodologies, specifically:
- ◆ areas where the methodologies may not achieve the relevant objectives;
 - ◆ whether enough information has been provided to enable users to make a reasonable estimate of charges that they may become liable for; and
 - ◆ areas where the methodology statements could be improved.
- 3.8. Twenty responses were received to the October document⁵. Respondent's views on specific policy areas are included in sections 4, 5 and 6 as appropriate.
- 3.9. Ofgem consulted separately on the issue of the transition of EHV demand charges in December 2004 to ensure that industry views were captured on the issue where the method used to calculate charges has been altered by certain DNOs. A decision on this matter is being published separately.

⁵ Responses to the October consultation document are published on the Ofgem website, www.ofgem.gov.uk under the Electricity Distribution Charges area of work.

4. Use of system charging methodology

- 4.1. This section sets out issues concerning UU's UoS methodology and the Authority's approval of it. For each issue comments received from respondents to the October consultation document are set out along with the Authority's conclusions. The decision of whether to approve the methodology as a whole is based on the consideration detailed below and is provided at the end of the chapter.

DUoS issues

EHV transition – DUoS

- 4.2. UU has used a number of different methods in the past for calculating site specific DUoS charges at EHV. From 1 April 2005 a common methodology is being proposed for all customers. Prior to notice of the Authority's provisional decision on 16 December, UU set out that the move to a common methodology would cause some underlying price disturbance and proposed to allow reductions in charge immediately and to limit year on year increases to RPI plus 5 percent.
- 4.3. Ofgem consulted on this matter as part of the October 2004 consultation on the proposed DNO methodology statements, and again on 17 December 2004⁶ to ensure that industry views were captured.
- 4.4. The Authority notes that UU has removed reference to an EHV transition in its redrafted methodology submitted on 28 January. It views it as prudent to maintain a condition on UU to review its approach in light of the Authority's decision on this matter, as set out below.

Comments received – October consultation

- 4.5. Three respondents to the October consultation raised concerns about the need for transparency in relation to EHV charges, with one of these stressing the need for charges to be cost reflective and the method of calculation to be clear.

Another respondent was concerned over the level of charge disturbance and questioned the classification of assets between connection and UoS. This respondent suggested that it may be better to freeze EHV demand charges until the longer term arrangements are brought in that this would prevent two transitions and the potential for double charging.

Comments received – December consultation

- 4.6. There were 12 responses with the majority showing opposition to the two year transition. One customer supported Ofgem's proposal to allow the full reduction, while a supplier supported Ofgem's approach but felt that if there was to be any cross subsidy then it should be retained within the EHV sector, i.e. reductions phased in line with increases. One DNO did not object to the Ofgem proposal but noted concern over the impact on intensive electricity users. Responses also suggested that major increases could have a significant impact on the economics of their business at the sites and employment in local areas, and that adequate time was needed to budget for the changes. Some customers also noted the need for consistency between the DNOs in their EHV methodologies.

DNO representation

- 4.7. UU's 14 January representation on this matter set out UU's belief that it is reasonable to phase in the effects of any change in approach to calculating charges. This, they stated, would allow customers and their suppliers time to adjust to the new prices. In addition, UU note their work on a new pricing model which they hope would be used to calculate UoS charges within a couple of years and suggest that this model could reverse the price rebalancing being carried out at this time.
- 4.8. As set out above, UU subsequently submitted a redrafted UoS methodology statement on 28 January which no longer mentions a transition.

Conclusion

- 4.9. The Authority's decision on this matter has been taken following consideration of the December consultation responses and the DNO's representation. The

Authority proposes that any increase in charges for EHV demand customers due to the changes in methodology from 1 April 2005 be capped to 15 percent, pending further work and review of the appropriateness of the methodologies in consultation with interested parties. Once that review has been concluded and robust models established, the full effect of the models should be applied. This is expected to be no later than April 2007.

- 4.10. This approach limits the initial impact, but sets a clear timetable to resolve the issue in line with the development of longer term charging methodologies and greater visibility of future likely changes in charges.
- 4.11. Where there are reductions in EHV charges then these should be applied in full from 1 April 2005 but these customers should note that there may be further disturbance as the DNOs develop their charging methodologies further.
- 4.12. A more detailed explanation of this decision is being published in a separate decision document, available from the Ofgem website.
- 4.13. Approval for the UoS methodology is conditional upon UU reviewing their approach in light of this decision and setting out their strategy (if any) for transition of EHV charges effective from 1 April 2005 in its methodology by 1 April 2005 and the transitional approach (if any) for EHV charges effective from 1 April 2006 by October 2005.

DUoS general commentary

Standing charge level

- 4.14. One specific tariff structure issue is the level of standing charges to variable unit charges.
- 4.15. The Authority notes that all DNOs levy a standing charge with the exception of WPD. However, the level of this charge varies widely between DNO areas.
- 4.16. Respondents to the October consultation noted that the split between standing and usage charges affected different users differently and possibly adversely (including microgeneration). The suggestion of reassessing tariffs and charges

based on actual demand (downstream costs) was also raised in a July open letter consultation response.

- 4.17. This issue will be considered further in development of a longer term framework along with wider tariff structures, as set out above.

EHV DUoS model template

- 4.18. UU set out a template which they state will be used for the calculation of EHV charges. The Authority notes that this template needs to be clearer in that all terms within the template need to be explained.

Special terms - EHV

- 4.19. Page 9 suggests that special terms will apply for connections at EHV. The relationship between this statement and the section detailing the EHV methodology should be clear.

Other points raised in October consultation responses

- 4.20. One response to the October consultation document noted that UU is retaining the value of recovered assets and suggested that this is against the licence objectives.
- 4.21. The Authority views that retaining the value of such assets is appropriate because the apportionment rules dividing reinforcement assets between connection and use of system assumes that this benefit will be retained. In addition, it appears appropriate that DNOs continue to recover investment costs efficiently incurred.
- 4.22. The Authority notes respondents to the October consultation who suggest that in order for users to be able to estimate their future charges, full details were needed on the inputs to the model.
- 4.23. Such inputs include operation and maintenance costs and calculations, the derivation of modern equivalent asset values, the calculation of yardsticks, line loss factors and diversity factors, and the treatment of NGC exit charges and rates. One respondent suggested publishing the models in full, and also noted that the publication of tariff classes and line loss factors in a common electronic format would be useful.

- 4.24. The Authority notes these concerns, and considers that the relevant objectives could be better met by increasing the level of detail in the methodology statements. The Authority believes that this issue should be addressed during ongoing review of the methodologies by DNOs, Ofgem and the industry along with consideration over the publication of models/other information.

GDUoS issues

EHV GDUoS charges

- 4.25. UU has set out a methodology for charging new generators for use of system (GDUoS) on a site specific basis at EHV.

Comments received

- 4.26. Four respondents noted the benefits of publishing tariffs for GDUoS charges at EHV, namely that these aided generators at the development stage, and avoided non-transparent bilateral negotiations between DNOs and customers. The majority were in favour of site specific charges at this time for a variety of reasons including uncertainty over year on year tariff movement and consistency with DUoS charges at EHV. One noted that transparency was still a concern with site specific charges, and it would be important that the methodology was clear to allow future charges to be estimated, if these were to be adopted. One response supported the move to tariffs in the future but thought that a site specific charge at this time would be preferable to an area wide tariff.

Authority position

- 4.27. The charges proposed for the interim arrangements for generation were expected to facilitate competition in distributed generation. Whilst noting that this is an interim solution and that GDUoS charges are new, the Authority envisaged that the DNOs would deliver UoS charges on a tariff basis rather than site specific charges which are more representative of the recovery of deep reinforcement costs.
- 4.28. The Authority sees no reason for generator GDUoS charges to match site specific EHV demand DUoS charges in the interim period. The Authority wishes to minimise potential future legacy or transitional issues.

4.29. However, in discussing this issue with the DNOs it is apparent that some DNOs believe that cost reflectivity at this time is better met using site specific charges rather than a tariff. This does not achieve what the Authority envisaged in terms of forward looking, transparent charges. However, this approach does not appear unreasonable in the short term where DNOs believe this is the most cost reflective solution. The Authority notes that customers should be made aware of plans to change the approach over the longer term when a tariff based approach is implemented.

Conclusion

4.30. The Authority agrees to approve the site specific GDUoS charging methodology until the longer term framework is implemented.

GDUoS general commentary

Tariff calculation

4.31. One respondent was unclear on the derivation of UU's listed illustrative GDUoS values from the charging methodology. The Authority believes that the methodology needs further clarity as to the calculation of the charge. This could be achieved by use of an example which would then make it clear how forecast / actual costs are used in the charge calculation and how customer charges relate to allowed revenue for a given customer group.

4.32. The same respondent also questioned whether licence exempt generators would have to be party to the BSC or CUSC, and suggested that UU's UoS methodology statement implied this was necessary for all users. The Authority is satisfied that the methodology is clear that the BSC and CUSC registration is required in the case of central volume allocation (CVA) registered generators only, as set out in the contractual process diagram on page 5.

4.33. A respondent praised UU's decision not to commence running its GDUoS model for LV connections until penetration increased.

4.34. UU state that they are reserving the right to amend generation tariffs. There does not appear a need to specifically set this out in the methodology when the licence sets out a charge change process and a methodology change process.

Microgeneration

- 4.35. The methodologies include the capability for GDUoS charges to be collected from microgenerators or small scale embedded generators (SSEG).
- 4.36. Responses to the consultation noted the need for any microgeneration charges to reflect actual costs on the system. It was also felt that benefits to the system should be taken into account, but the difficulty of identifying such benefits was noted, given that take up is still low. In general, respondents stressed the need to avoid disincentivising or prohibiting microgeneration connections in the next few years. For example WPD's charges for LV generation connections were mentioned in particular by one respondent, who was concerned that they did not represent identifiable costs on the system. One respondent also raised the concern that tariff structures (where standing charges are high and variable charges are low) can offset the benefits of installing microgeneration.
- 4.37. The Authority considers that charges should reflect the cost or benefits a user imposes on the system. Where DNOs have identified costs associated with LV connected generators, it is appropriate that these customers are charged. DNOs should continue to monitor costs incurred associated with microgeneration connections and adjust charges as necessary.

Incentives for ongoing network access

- 4.38. UU has set out the new regime for providing interruption payments and states that HV and EHV firm generation customers that have a firm connection to the network will qualify.
- 4.39. More information is required on this, for example, when payments will be made. The methodology also needs to set out the arrangements for payments for prearranged outages (where payments are made in respect of 50 percent of the total duration) and provide more specific details of contractual arrangements that would preclude payment to a generator.
- 4.40. UU mentions that LV customers are covered for interruption payments by a proposed Statutory Instrument (SI) that is currently 'under construction'. Once the instrument has been completed then the methodology should be updated.

Reactive charges

- 4.41. Responses to the October consultation strongly supported the imposition of reactive charges on users operating at poor power factors. However, two respondents suggested that charges for poor power factor should be matched by payments for generators who reduced costs on the system. One other respondent queried the appropriateness of generator reactive charges all together, noting that Grid Code restrictions could force generators to operate at particular power factors, and suggesting that this matter needed further consideration.
- 4.42. The Authority supports reactive charges, but agrees that the appropriateness of levying such charges on generators is a matter for further consideration, which will be dealt with further as part of the development of post April 2005 charging structures.

Other GDUoS issues

- 4.43. The Authority also notes that there are further issues to consider on the structure of generator charges, and that enduring solutions for some issues may be different from the interim approved methods. DNOs' GDUoS charging methodologies should increase in sophistication and cost reflectivity as knowledge of actual costs increases.
- 4.44. These issues include appropriate tariff structures, contractual issues and the reflection of deferred costs on the system. These will be addressed for the longer term framework during 2005.

Decision on use of system charging methodology

- 4.45. Based on the above issues the Authority has decided to approve UU's UoS charging methodology, subject to the following condition, to be completed by 1 April 2005:
- ◆ Review of the method of transition for EHV charges in accordance with the timescales set out above.
- 4.46. UU should also review the other comments made and note that further work will be required on certain areas now and as the methodology evolves over

time. Items for review include the GDUoS tariff methodology which will be considered as part of the development of the longer term framework as well as consideration of standing charges.

5. Connection charging methodology

- 5.1. This section sets out issues concerning UU's connection charging methodology and Ofgem's approval of it.

Connection issues

Regeneration zones

- 5.2. UU is proposing in its methodology to charge subsequent comers in regeneration zones for reinforcement assets for up to ten years.

Comments received

- 5.3. No comments have been received on this issue from parties other than UU.

Authority position

- 5.4. The Authority recognises that the DNO could agree terms with a subsequent comer to affect charges of this nature. However where a connection is a statutory connection under section 16 of the Act the DNO would only be able to recover expenditure for a period of 5 years⁷ after the provision of the line or plant. The Authority therefore believes that a statement requiring payment of these charges in the methodology would be misleading because a DNO has no legal right to charge beyond a five year period.

Conclusion

- 5.5. The Authority concludes that there is currently no provision for a connection charge to be levied on assets after five years. Hence, UU cannot include a clause referring to a 10 year period in their methodology since there is no legal basis for doing so.
- 5.6. UU is therefore required to remove references to 10 years and replace them with 5 year terms.

⁷ Regulation 4 of The Electricity (Connection Charges) Regulations 2002
Structure of electricity distribution charges – approval of United Utilities' charging methodologies:
Authority decision
Office of Gas and Electricity Markets

Connection general commentary

Special conditions

- 5.7. The connection charging methodologies described by the DNO applies to almost all possible connection scenarios but the DNO has recognised that there may be special cases where the rules do not apply. For example, UU sets out that they reserve the right to apply special terms where a proposed connection would reduce the system security below the level required by relevant legislation. UU also sets out that the methodology is not a reliable guide to the charges that will apply to connections at EHV or with a greater security of supply than normal.
- 5.8. To ensure transparency of charge application the basis of all charges should be set out in the methodology to the extent that this is possible. Where 'special conditions' apply it would be useful for the methodology to list what charges may apply in such cases and the principles involved.

Levels of service

- 5.9. It is noted that the UU connection charging methodology refers to levels of service being set in accordance with Guaranteed Standard EGS3 and Overall Standard of Performance Service 3. The Authority notes that the Overall Standard of Performance is being incorporated in to the price control reporting regulatory instructions and guidance (RIGs) and expects UU to update the methodology once this takes effect.
- 5.10. The Authority views that it would be useful to set out where these documents can be read, i.e. on UU's website.

Transition – connection offers

- 5.11. UU states in the use of system charging methodology under generation charges that connection offers provided prior to 1 April 2005 will be based on the charging methodology applicable at the time. UU recognises that a customer may accept an offer after April 2005 that is based on the pre-April 2005 methodology.

- 5.12. The Authority views that it would be appropriate to offer customer choice of terms in the move towards the new generation methodology on 1 April 2005.

Worked examples

- 5.13. UU should note that Ofgem has suggested a range of connections scenarios and a template format to serve as common worked examples for all of the connections statements, in the interests of providing transparent and understandable estimates of costs to prospective users. Consideration of whether and how these can be included in the statements, and whether these can be presented in a common format, will continue as part of the ongoing review of the connections methodology statements.

Metering charges

- 5.14. SLC4B(5) states that any charges for the provision of special metering or telemetry or data processing equipment which are not covered by the charges in the SLC36 statement of Metering and Data Services charges should be included in the connections statement. If any charges are to be levied for these items as connection charges details would need to be included in the statement.

Drafting

- 5.15. Point 6.8 refers the reader to paragraphs 6.18 and 6.25. It is noted that these references are wrong.
- 5.16. The connection charging methodology also contains links to Ofgem documents. It is noted that the link on page 18 does not work.
- 5.17. The connection charging methodology section refers to meetings to discuss connection requirements, and states that charges may be levied if more than one meeting is required. The Authority views that reference should be made here to section 7 which sets out that a two-hour meeting costs £250.
- 5.18. Similarly, the methodology states that UU reserves the right, in general, to recover the costs of determining a solution for connection requests. Again, it would be useful for UU to refer to section 7 which sets out charges for items such as system studies.

- 5.19. There are also errors on pages 25 and 48. Page 25 refers to three exceptions to the cost apportionment rules when there are four and page 48 states:

Engineering Recommendation G83/1 is to purchase from the Energy Networks Association website at www.energynetworks.org/dg01.asp

This misses out the word 'available' before 'to purchase'.

Decision on connection charging methodology

- 5.20. The Authority approves UU's connection charging methodology subject to the following condition, to be completed by April 2005:

- ◆ The period of tie in on regeneration zones being reduced to the prescribed period in line with legal requirements.

- 5.21. The Authority notes that there are various other issues that UU should consider now. Further work will be required once the methodology has been approved such that UU better meets the relevant licence obligations. For example, improvements to the clarity of explanation of special conditions as mentioned above.

6. Statement of UoS charges

- 6.1. In November 2004, UU submitted a charging statement for charges effective from 1 April 2005 that is not significantly different in form from the statement submitted for charges from 1 April 2004. Authority approval of the form of the statements was provided on 16 December 2004 together with notice of the Authority's intentions concerning approval of the charging methodologies. The form of the statement is approved.
- 6.2. It is noted that Schedules 2, 3, 4 and 6 were left blank 'for the use of system charging methodology approvals process'. The approval of the form of the statement was made on the assumption that the form of these sections will not be substantially different from the equivalent schedules in the April 2004 charging statement.