

Notice of reasons for decisions under Section 49A of the Electricity Act 1989

Approval of Scottish Hydro-Electric Power Distribution Limited (SHEPD) use of system and connection charging methodologies under Standard licence conditions 4(1) and 4B(1)

1. Standard licence condition (SLC) 4(1) of the electricity distribution licence (as amended on 7 July 2004) requires distribution network operators (DNOs) to determine a use of system (UoS) charging methodology approved by the Gas and Electricity Markets Authority (the Authority) by 1 April 2005.
2. SLC4B(1) of the electricity distribution licence (as amended on 7 July 2004) requires DNOs to determine a connection charging methodology approved by the Authority by 1 April 2005.
3. On 11 February 2005, in accordance with SLC4(1) and 4B(1), the Authority:
 - a. Approved SHEPD's UoS charging methodology, subject to one condition; and
 - b. Approved SHEPD's connection charging methodology.
4. On 16 December 2004, in accordance with SLC4A(1), the Authority approved the form of the SHEPD statement of use of system charges.
5. Where conditional approval has been granted on the charging methodologies the Authority will consider enforcement action where the condition of that approval is not met.
6. Reasons for all these decisions are set out in the document *Structure of electricity distribution charges – Approval of Scottish and Southern Energy's charging methodologies: Decision document*, published on 11 February 2005, available from the Ofgem website at <http://www.ofgem.gov.uk/ofgem/work/index.jsp?section=/areasofwork/distributioncharges>.

Signed on behalf of the Authority

Martin Crouch
Director, Distribution