



SP Transmission & Distribution

MODIFICATION REPORT

SP DISTRIBUTION

**Amendment Proposal COM-05-006
Metering Changes to IDNOs**

Date of Issue: 7th November 2005

For approval by the Authority



1. SCOPE

This report sets out the proposed modification to SP Distribution's Use of System Charging Methodology, in respect of metering charges to IDNOs.

2. ISSUE RECORD

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3. ISSUE AUTHORITY

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5. PROPOSED MODIFICATION

5.1 Proposed Changes to the Use of System Charging Methodology

5.1.1 Introduction

SP Distribution is obliged under the Distribution Licence to:

- to make revisions to the Charging Statements in order that the information set out in these statements shall continue to be accurate in all material respects;
- to keep the Use of System Charging Methodology at all times under review;
- to make such modifications of Use of System Charging Methodology as may be requisite for the purpose of better achieving the relevant objective.

In accordance with SLC4 Paragraph 2(a) of our Distribution Licence, SP Distribution has reviewed its charging methodology for use of system. The review was undertaken by taking account of the objectives set out in SLC4 Paragraph 3. One of the outcomes of this review was to clarify the metering charges to IDNOs.

5.1.2 Background

Whilst our existing methodology and agreements with IDNOs allow for the charging of metering services in respect of boundary metering, we have provided additional clarification by expanding Section 2, paragraph 4 of our methodology statement.

5.2 Justification for Proposed Modification

The proposed modification change will allow the methodology to better meet the relevant objectives as set out in SLC4 Paragraph 3(a), (b), (c) and (d), which are:

- that compliance with the use of system charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence;
- 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;
- 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 the licensee in its distribution business; and

- 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 licensee's distribution business.

The modification will achieve these objectives in the following manner:

- the proposed changes will facilitate greater accuracy in measuring the use of our system by another licensed distributor, and so help to ensure that charges reflect our costs.
- The proposed changes take account of the significant growth in the number of independent networks connected, or proposed to be connected, to our distribution network.

5.3 Implementation Date

This modification is proposed for implementation on 1st April 2006.

5.4 Proposed Changes to the Use of System Charging Methodology

It is proposed that the Statement of Use of System Charging Methodology be modified in line with the agreed methodology. The additional wording to be included within the methodology statement, section 3.4, to expand on the definition of charges to IDNOs would be *'Where the User is a Licensed Distribution Network Operator (LDSO) they must ensure that a half hourly metering system is installed and sufficient technical details provided to meet SP Distribution's requirements for use of system billing purposes. Where the User does not install an appropriate half hourly metering system SP Distribution shall arrange to install this and shall charge the User for this service. SP Distribution shall provide or procure provision of meter operation, communications link, data collection, and data provision services to meet SP Distribution's requirements for Use of System billing purposes and shall charge the user for these services. Use of System charges exclude the costs of meter system provision, meter operation, communications link, data collection and data provision which shall be charged separately as detailed in the Users Connection and Use of System Agreement'*.

5.5 Indicative Impact on the Use of System Charges

This expansion of the definition of metering charges to IDNOs has no impact on the use of system charges; therefore, no illustrative charges have been included within this modification report.



5.6 Impact on Other Industry Documents

No amendment is proposed to Industry Documents as they already include the information contained within this proposed modification, therefore it is not anticipated that any changes are needed to contract documents.

5.7 Consultations

This proposed modification is only an expansion to the existing definition of metering charges to IDNOs, therefore this minor change does not necessitate an industry consultation.