



SP Transmission & Distribution

MODIFICATION REPORT

SP DISTRIBUTION

**Amendment Proposal COM-05-007
Housekeeping Changes**

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, for housekeeping changes.

2. ISSUE RECORD

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Issue Date	Issue No	Author	Amendment Details
Nov 2005	1	Claire Campbell	

3. ISSUE AUTHORITY

Author	Owner	Issue Authority
Name: Claire Campbell Title: Commercial Analyst	Name: Tony McEntee Title: Commercial Manager	Name: Marion Venman Title: Legal and Commercial Director



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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 update the methodology statement with housekeeping changes.

5.1.2 Background

Firstly, throughout the methodology statement we have changed ‘declared capacity’ to ‘maximum capacity’ this change is necessary to be consistent with the use of system charging statement. Secondly, the statement needs to be updated following the name change from NGC to NGET. Thirdly, we have made it clear that where an unfirm capacity has been agreed with a customer (i.e. where variation of demand above or below the maximum capacity may be permitted, or required), the customer will still pay capacity charges based on the higher of maximum capacity or recorded demand.

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;



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- 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:

- Greater clarity in charging arrangements will help to facilitate competition, and also charging arrangements that are cost reflective.

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 suggested wording to be included throughout the methodology statement is:

'Declared capacity' will be changed to '*maximum capacity*'.

Maximum capacity is to be added to the glossary and described as '*the amount of electricity expressed, in kVA, at the delivery point provided by the Company*'.

'NGC' to be changed to '*NGET*'.

Application of capacity charging: '*For the avoidance of doubt, where an unfirm capacity has been agreed with the customer, the customer will still pay capacity charges for the greater of either the maximum capacity or the highest recorded demand*'.

5.5 Indicative Impact on the Use of System Charges

These changes are necessary for housekeeping purposes and will have 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 this modification is for housekeeping changes, it is not anticipated that this will have any impact and require any changes to contract documents.

5.7 Consultations

This proposed modification is only to undertake housekeeping issues within SP Distribution's methodology statement therefore this minor change does not necessitate an industry consultation.