



SP Transmission & Distribution

MODIFICATION REPORT

SP DISTRIBUTION

**Amendment Proposal COM-05-008
Charges for providing a Generator**

Date of Issue: 7th November 2005

For approval by the Authority



1. SCOPE

This report sets out the proposed modification to SP Distribution's Connection Charging Methodology, in respect of charges for providing a generator.

2. ISSUE RECORD

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Issue Date	Issue No	Author	Amendment Details
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3. ISSUE AUTHORITY

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5. PROPOSED MODIFICATION

5.1 Proposed Changes to the Connection 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 Connection Charging Methodology at all times under review;
- to make such modifications of Connection Charging Methodology as may be requisite for the purpose of better achieving the relevant objective.

In accordance with SLC4B Paragraph 2(a) of our Distribution Licence, SP Distribution has reviewed its charging methodology for connection charging. 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 charge for providing a generator.

5.1.2 Background

In Section 2.1 we have included the ability to recover the cost of providing a generator in the connection charge, providing this is of direct benefit to the customer.

5.2 Justification for Proposed Modification

The proposed modification change will allow the methodology to better meet the relevant objectives as set out in SLC4B Paragraph 3(a), (b), (c) and (d), which are:

- that compliance with the connection 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 connection 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 connection 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 connection 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:

- By enabling SP Distribution's connection charges to more closely reflect costs incurred.

5.3 Implementation Date

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

5.4 Proposed Changes to the Connection Charging Methodology

It is proposed that the Statement of Connection Charging Methodology be modified in line with the agreed methodology. The suggested wording to recover the cost of providing a generator in section 2.1 of the methodology statement, would be *'Should a generator be required to temporarily provide network support then, the cost of providing such generator will be reflected in the connection charge, providing this is of direct benefit to the customer requiring connection. Similarly in instances where a generator is provided at the customer's own request, all costs incurred will be recovered as part of the connection charge. Typical costs would be between £1,200 and £2,000 per day for a 500kVA generator'*.

5.5 Proposed Changes to the Statement of Connection Charges

The Statement of Connection Charges will not change as a result of this modification proposal.

5.6 Indicative Impact on the Connection Charges

Typical costs would be between £1,200 and £2,000 per day for a 500kVA generator.

5.7 Impact on Other Industry Documents

No amendment is proposed to Industry Documents as this modification represents a minor change, it is not anticipated that this will have any impact and require any changes to contract documents.



5.8 Consultations

As this proposed modification is for the purpose of clarifying the application of charges in SP Distribution's methodology statement, it does not necessitate an industry consultation.