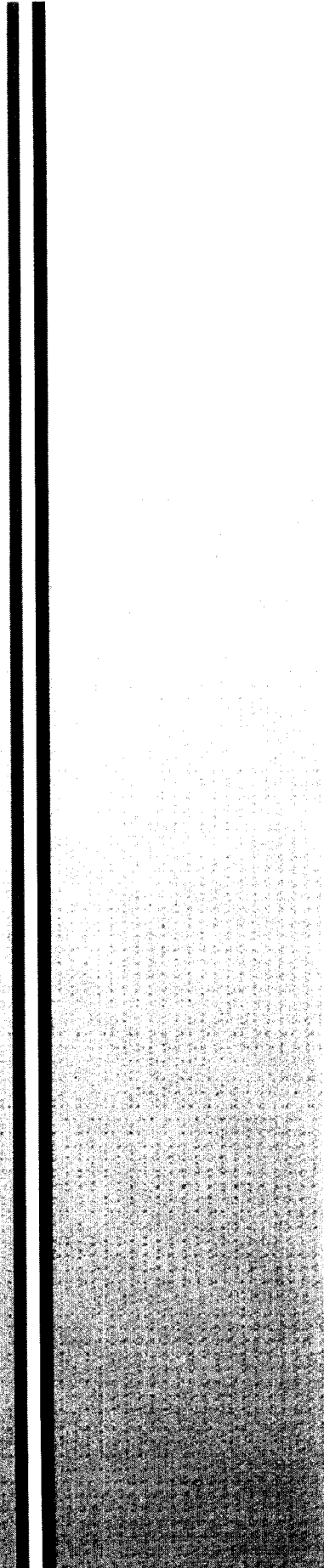




# SP Transmission & Distribution



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## **MODIFICATION REPORT**

### **SP DISTRIBUTION**

**Amendment Proposal COM-05-009  
Transmission System Associated Works**

**Date of Issue: 7<sup>th</sup> November 2005**

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**For approval by the Authority**

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**1. SCOPE**

This report sets out the proposed modification to SP Distribution's Connection Charging Methodology, in respect of transmission system associated works.

**2. ISSUE RECORD**

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<b>Issue Date</b>	<b>Issue No</b>	<b>Author</b>	<b>Amendment Details</b>
Nov 2005	1	Claire Campbell	

**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 recover costs for works associated with the transmission system.

#### 5.1.2 Background

In Section 2.1 we have included the ability to recover the cost in cases where the customer's connection triggers works on the GB Transmission System, these associated costs shall be reflected in the Connection Offer.

### **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



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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:

- Providing that, as far as is reasonably practicable, charges or liabilities imposed by the GB System Operator as a result of works triggered by a customers' connection are passed on to the customer concerned.
- By charging the person causing this cost directly as this situation arises on occasions, particularly in the case of NGET's Final Sums Liabilities.

### 5.3 Implementation Date

This modification is proposed for implementation on 1<sup>st</sup> 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 associated works on the transmission system in section 2.1 of the methodology statement, would be *'Where it is found that a customer's connection triggers works on the GB Transmission System, SP Distribution shall be entitled to reflect any resulting costs and or liabilities levied upon it by the GB System Operator into the Connection Offer issued to that customer. Where these costs and or liabilities are not known to SP Distribution at the time of making the customer's Connection Offer, then the Connection Offer shall be made subject to SP Distribution's right to amend the terms of that Connection Offer to reflect any associated transmission system costs once they are known'*.

### 5.5 Indicative Impact on the Connection Charges

Though there may be a future liability should the connection be subsequently terminated.

### 5.6 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.



## **5.7 Consultations**

This proposed modification is to clarify the provisions in SP Distribution's methodology statement relating to costs of assets required for a connection, including costs or liabilities imposed by the GB System Operator in respect of consequential transmission works. This minor change does not necessitate an industry consultation.