



SP Transmission & Distribution

MODIFICATION REPORT

SP DISTRIBUTION

**Amendment Proposal COM-05-010
Reinforcement Apportionment Rules**

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 reinforcement apportionment rules.

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 clarify the reinforcement apportionment rules.

5.1.2 Background

In Section 2.3 of the methodology statement the wording has been clarified but there is no proposed change to the methodology in practice.

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 clarifying existing methodology in respect of apportionment of reinforcement costs

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 is to be modified in line with the agreed methodology. The proposed wording to clarify the reinforcement apportionment rules, in section 2.3 of the methodology statement, would be **'The costs associated with the reinforcement of existing distribution network assets, (which for this purpose means works required by the new connection, but not for its sole use) up to one voltage above, will be split with a share attributed to the connecting party based on their capacity requirements as part of their connection charge and the remainder recovered through use of system tariffs. These rules apply to both demand and generation connections and apply to all distribution voltages and EHV. For further guidance on the application of rules please refer to Schedule 4.'**

5.5 Indicative Impact on the Connection Charges

These changes are necessary for clarification purposes only and will have no impact on the connection 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 represents a minor change, it is not anticipated that this will have any impact and require any changes to contract documents.

5.7 Consultations

As this proposed modification was for clarification only it does not necessitate an industry consultation.