

Annual Review of Licence Condition 4B Statement for 2006/7		UU/005
Title: General re-formatting and updating of Licence Condition 4B Statement 2006/7		
Organisation's Name:		United Utilities Electricity PLC
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Description of the Modifications:		
<p>In its annual review of its Licence Condition 4B Statement (Connection Charging Methodology and Charges) United Utilities proposes to:</p> <ul style="list-style-type: none"> • Re-format the document (e.g. the font, word and title sizes etc) to align it with the other licence condition statements; • Update name and website changes and align the definitions within the Glossary of Terms in Section 7 with the other licence condition statements; • Include wording informing potential network users of the possible delay in providing an unconditional connection offer if the new connection requires confirmation from National Grid Electricity Transmission whether or not works are required on its transmission network to facilitate the new connection on United Utilities distribution network; • Remove incorrect wording on the application of design and monitoring charges in contestable charges for statutory connections works (i.e. all connection work undertaken by United Utilities); • Amend the threshold level at which capacity charges are incurred following reinforcement of the distribution network; • Include additional worked examples in Section 6 to illustrate how connection and reinforcement charges are calculated; and • Include new schedules of charges for the use of mobile generation to maintain electricity supplies and for the delivery of warning notices for planned interruptions. <p>Note all indicative charges have been excluded from the draft statement submitted with this modification proposal to enable full concentration on the text amendments.</p>		
Reasons for the changes:		
<p>The amendments described above form the annual review of its statement by United Utilities.</p> <p>The re-formatting work is to embed a common style and format across United Utilities' suite of licence condition statements for clarity and consistency purposes.</p> <p>The general updating, which includes name changes, definitions additions etc, is to ensure that the statement is up to date, understandable and applicable in the current environment.</p> <p>The amendment of the text describing the potential delay to providing an unconditional connection offer, if the new connection requires advice from National Grid Electricity Transmission, aims to clarify the process that United Utilities must follow for new generation connections above a certain size and highlight the potential timing delay. United Utilities has seen several generation connection applications recently and believes that the inclusion of this information in the statement provides transparency to new connection applicants which assists in managing the expectations of this customer group. United Utilities has discussed with Ofgem and the DTI the issues raised by the extended application process. United Utilities shall keep under review the CUSC change proposal process and seek further modifications as and when processes or definitions are clarified or changed.</p> <p>The wording on the application of design and monitoring charges in contestable charges for statutory connections works (i.e. all connection work undertaken by United Utilities) has been removed from paragraph 4.1 as it is incorrect. All statutory connection quotations contain a comprehensive breakdown of charges under the contestable and non-contestable headings. Design approval and inspection and monitoring activities shall be charged, in accordance with the details contained in section 7, under the heading of non-contestable charges.</p>		

The proposal to amend the threshold from 100 kVA to 20 kVA in paragraph 6.20 aims to remove an artificial restriction introduced in April 2005. Its removal ensures a consistent approach to charging capacity charges for all maximum demand customers.

Two new schedules of indicative charges for the use of mobile generation and the delivery of warning notices for planned interruptions have been included in Section 7 (Indicative Charges) to provide transparency to connection applicants of the potential non-contestable charges associated with new connection work. These schedules are included alongside other non-contestable charges and illustrate the likely charges for the use of mobile generation to maintain supplies to avoid a planned interruption and for the delivery of warning notices for planned interruptions.

Additional worked examples have been included in Section 6 of the statement to further illustrate how the connection and reinforcement methodology, described in Section 6 (Connection Charging Methodology), is applied in practice. These further examples have been provided first to show the calculations for a wider range of connection situations to help potential connection applicants understand United Utilities' connection charging methodology and second to complete a feedback action suggested by Ofgem during the approval of this statement.

Proposed wording for the charging statement:

Please refer to the draft Licence Condition 4B Statement, included as part of this modification proposal, showing the proposed amendments track changed.

A timetable for the implementation of the modification changes:

United Utilities intends to publish the amended Licence Condition 4B Statement on 1st April 2006.