

WESTERN POWER DISTRIBUTION (SOUTH WALES) PLC

Modification Proposal

Amendment Proposal: WPD/WALES/002

Proposals to Modify Part B of the Connection Charging Statement

Date of Issue: 7 September 2006

For Approval by the Authority

This Modification Proposal sets out Western Power Distribution (South Wales) plc's ("WPD") proposals to amend WPD's Connection Basis of Charging Statement contained within its Statement of the Connection Charging Methodology and Basis of Charges for Connection to Western Power Distribution (South Wales) plc's Electricity Distribution System (the "Statement").

Issue Record

Issue Date	Issue No.	Author	Amendment Details
September 2006	001	Natasha Richardson	

1.0 Introduction

- 1.1 In accordance with Condition 4B, paragraph 10(a) of WPD's Distribution Licence, WPD makes this Modification Request.
- 1.2 In accordance with paragraph 2 of Licence Condition 4B we have reviewed the Connection Charging Statement for Western Power Distribution (South Wales) plc, and wish to make some amendments to take account of developments in the licensee's distribution business.
- 1.3 Changes to the Charging Statement require the approval of the Authority. Changes to the form of the indicative charges also require the approval of the Authority.

2.0 Summary of Proposed Modifications to Part B – Basis of Charging Statement

- 2.1 WPD's Statement refers in Part B, to WPD's Connection Basis of Charging Statement prepared in accordance with paragraph 4 of licence condition 4B.
- 2.2 A number of changes are required. These changes relate to;
 - 2.2.1 Clarification of Offer validity;
 - 2.2.2 Update for CIC enquiries, to clarify demarcation between non-contestable and contestable work, including amendments to reflect proposals to extend contestability of diversionary and reinforcement work in accordance with Ofgem's decision letter of 13 April 2006;
 - 2.2.3 Additional material providing information relating to processes for connecting embedded networks and small scale embedded generators;
 - 2.2.4 New tables in Section 6 showing indicative charges for certain WPD services.

3.0 Reasons for Proposed Modification

- 3.1 Under CIC certain areas of new connection work are deemed to be Non-contestable and other areas Contestable. When Competition in Connections was first introduced the scheme design was designated as a Non-contestable activity.
- 3.2 In August 2002 Ofgem issued its final proposals document for facilitating CIC relating to green field sites and unmetered connections. Design was designated as an activity that was to become Contestable.

- 3.3 In November 2004 Ofgem issued a decision document for further facilitating CIC by extending the provisions applying to green field sites to include brown field sites and commercial/industrial connections.
- 3.4 By extending competition into these areas the reference to design being only contestable for green field sites has become redundant and should therefore be removed.
- 3.5 Information regarding Offer validity has been expanded to help the applicant understand what expectations may be placed upon them regarding commencement and completion dates.
- 3.6 Interest in renewable sources of energy has seen a marked increase in requests for information relating to the connection of small scale embedded generation. Similarly, the industry has seen an increase in the number of licenced independent network operators applying for a point of connection information with regard connection of an embedded network. Additional material has been included that provides further information relating to each of these activities.
- 3.7 WPD's tables of indicative charges have been updated to ensure compliance with current requirements under competition in connection to provide transparency in charges for non-contestable activities.

4.0 Proposed Changes to the Statement

- 4.1 The attached table gives details of the proposed changes.

5.0 Implementation Date

- 5.1 This modification is proposed for implementation on 1st October 2006 or, in any event, as soon as possible thereafter.