

**WESTERN POWER DISTRIBUTION (SOUTH WEST) PLC  
WESTERN POWER DISTRIBUTION (SOUTH WALES) PLC**

**Modification Proposal**

**Amendment Proposal: WPD/WALES/WEST/UOS001**

**Title: Removal of GDUoS charges for generation associated  
with connections supplied under profiles 1 to 4**

**Date of Issue: 24/10/2006**

**For Approval by the Authority**

This Modification Proposal sets out Western Power Distribution (South West) plc and Western Power Distribution (South Wales) plc ("WPD") proposals to amend WPD's Use of System Charging Methodologies to remove use of system charges associated with generation connected to premises supplied under profiles 1 to 4.

**Issue Record**

<b>Issue Date</b>	<b>Issue No.</b>	<b>Author</b>	<b>Amendment Details</b>
24/10/06	001	N Turvey	

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## **Western Power Distribution**

### **Proposed changes to the Use Of System Methodology**

October 2006

- 1.0 DNOs methodologies must conform to the objectives set out in Standard Licence Conditions 4(3) and 4B(3). These state that methodologies should:
- facilitate the discharge of the DNO's obligations under the Act and its licence; and
  - facilitate competition in supply and generation, and not restrict competition in transmission or distribution; and
  - be cost reflective, as far as is practicable once implementation costs are taken into account and
  - take into account developments in the licensee's distribution business.
- 1.1 Our existing approved methodology statement includes our methodology for calculation of DUoS charges associated with generation connections. It also includes a limit of a 10% change in these charges in a 12 month period.
- 1.2 Currently, we apply a DUoS charge to generation connected at premises supplied under profiles 1 to 4. This was set when rapid growth in micro generation was predicted and there was an expectation of a need to invest in the low voltage networks to accommodate this growth.
- 1.3 To date there has been little activity in this segment of the market and there is little prospect of a need to invest in the network to accommodate this generation for a number of years.
- 1.4 To better meet the Licence objectives, it is proposed to set the DUoS charges for generation connected to premises supplied under profiles 1 to 4 to zero. This requires a modification to our methodology statements as at present the charges could only be reduced by 10% per annum.
- 1.5 It is proposed to amend the methodology statements for both WPD (South West) and WPD (South Wales) as follows:
- WPD (South West/South Wales) plc will set prices on an annual basis to recover and not to exceed the projected Distributed Generation (DG) Allowed Revenue. While the charges are set using an initial forecast of connected capacity and costs over the first five years, actual activity will be used to adjust the forecast and the under or over recovery, if material, will lead to an adjustment in charges. The Network Charges will be reviewed on an annual basis. Basing the charge on a five year forecast smoothes the annual charge and minimises volatility in the charges. In addition, a limit of 10% change in a 12-month period is applied. As there have been no system reinforcement costs associated

with microgeneration connected to premises supplied under profiles 1 to 4, nor are any forecast for a number of years, generation charges for these premises will be set to zero.

And

For non-half-hourly generators indicative charges would be:-

~~0.74p/MPAN/day for Domestic (Profile 1 & 2) generation assuming an average 1kW generator export capacity installed, Charges for Non-domestic installations would be 3.70 p/MPAN/day for Profile 3&4 and 7.06p/MPAN/day for Profile 5 to 8 assuming the average capacity installed were 5 kVA and 15kVA respectively.~~

- 1.6 The Authorities approval is sought to apply these changes to our methodology statements. If approved prior to 20<sup>th</sup> December 2006, these changes will result in the generation charges being removed from 1<sup>st</sup> April 2007, otherwise 4 months following approval.
- 1.7 Full versions for both WPD(South West) and WPD(South Wales) of the revised Methodology statements along with change marked versions are attached.