



**Modification Proposal**

**Amendment Proposal: Central Networks East**

**Extending the Scope of Contestable Works**

**Date of Issue: October 2006**

**For Approval by the Authority**

This Modification Proposal sets out Central Networks East's proposals to amend its Connection Charging Methodology contained within its Licence Condition 4 Connection Charging Methodology Statement (the "Statement").

## Issue Record

Issue Date	Issue No.	Author	Amendment Details
October 2006	001	John Hill	

### 1.0 Introduction

1.1 In accordance with Condition 4B, paragraph 10(a) of Central Networks East's Distribution Licence, we request a modification to our connection charging methodology.

1.2 This Modification Proposal sets out the following: -

- i) the terms proposed for the modification;
- ii) how the modification would better achieve the relevant objectives; and
- iii) a date with effect from which the modification is to take effect.

1.3 The relevant objectives in Licence Condition 4B, paragraph 3 state:

- (a) 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;*
- (b) 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;*
- (c) 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*
- (d) 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.*

1.4 This modification proposal addresses changes to better meet objective 3(a), (b), (c) and (d) of Licence Condition 4B detailed above. The

proposal relates to the addition of a form of wording to provide for certain diversionary works and fully funded reinforcement works being contestable.

## **2.0 Modification to the Statement to include Certain Diversionary Works and Reinforcement Works (fully funded by the customer).**

### 2.1 Proposals for Modification

2.1.1 Central Networks proposes that there is included within Section 5 of the Statement an additional sub-section to provide for certain diversionary works and reinforcements works which are fully funded by the customer.

### 2.2 Justification for Modification

2.2.1 In accordance with the Ofgem decision letter of the 13 April 2006 Distribution Network Operators are required to include certain elements of reinforcement and diversionary works in the contestable area of works and therefore a review of Section 5 of the Statement has been carried out.

### 2.3 Proposed Changes to the Statement

2.3.1 Under Section 5 – Work That We Or Your Contractor May Do, it is proposed to include the following wording as an additional sub-section. This sub-section will read as follows: -

#### ***Reinforcement and Diversions***

*Certain types of reinforcement and diversionary work may be carried out by suitably accredited Independent Connections Providers (ICP) for adoption by Central Networks. The scope of such work is limited to reinforcement and diversionary works associated with a connection which:*

- *are new works that are physically and electrically separate from existing DNO infrastructure;*
- *do not require access to existing DNO operational areas;*
- *are fully funded by the single third party who is seeking the connection; and*

- *are restricted to works to install overhead lines and underground cables at voltage levels not exceeding 33 kV and HV/LV distribution substations.*

*The design of reinforcement works can require a large volume of information about the distribution network. The level and complexity of information that would need to be made available to allow the ICP to carry out such design works is likely to outweigh the benefits of including design work within the scope of contestability. The design of connection reinforcements therefore remains non-contestable.*

*The design of the majority of diversion projects associated with connection projects is likely to be less complex than the design of reinforcement schemes. The design of diversionary works can be considered contestable for overhead lines and underground cables not exceeding 33 kV and for HV/LV distribution substations. The dismantlement and disposal of existing DNO assets remains non-contestable because it would require access to existing DNO assets and/or areas.*

### **3.0 Implementation Date**

- 3.1 This modification is proposed for implementation on 1 December 2006 or as soon as possible thereafter.