



SP Transmission & Distribution

MODIFICATION REPORT

SP DISTRIBUTION

Amendment Proposal COM-06-004

Small Embedded Power Stations

Date of Issue: 20th October 2006

For approval by the Authority



1. SCOPE

This report sets out the proposed modification to SP Distribution's Connection Charging Methodology, in respect of Small Embedded Power Stations.

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 SLC Condition 4B of our Distribution Licence to:

- review the Connection Charging Methodology at least once a year;
- make such modifications to the Connection Charging Methodology as may be necessary for the purpose of better achieving the relevant objectives.

SP Distribution has reviewed its Connection Charging Methodology. 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 modify the Connection Charging Methodology to include charges that may be levied by NGET for Small Embedded Power Stations.

5.1.2 Background

Small Embedded Power Stations is defined in the CUSC. SP Distribution is now required under the CUSC to submit to NGET a request for a Statement of Works for a Small Embedded Power Station is likely to have a significant effect on the Transmission System. NGET may levy charges on SP Distribution for study works to assess the impact of the generator on the Transmission System.

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:

- 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, 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.
- d) The modification will better achieve these objectives by ensuring that the Connection Charging Methodology more closely meets the requirement of the

Licence and results in charges which reflect, as far as is reasonably practicable the costs incurred by the licensee in its distribution business.

5.3 Implementation Date

This modification is proposed for implementation on 1st December 2006.

5.4 Proposed Changes to the Connection Charging Methodology

It is proposed that the Connection Charging Methodology be modified as follows;

Insert 2.5.1

'2.5.1 Small Embedded Power Stations.

There may be requests from parties seeking connection that have an impact or potential impact on the transmission System. SP Distribution is now required under the CUSC to submit to NGET a request for a Statement of Works when a small Embedded Power Station intends to connect to the Distribution System and is likely, in SP Distribution's reasonable opinion, to have an effect on the Transmission System. Small Embedded Power Stations are defined in the Grid Code. NGET may levy charges on SP Distribution for studies to assess the impact of the Generator on the Transmission System. In the event of NGET applying such charges SP Distribution will recover the costs from the party seeking connection.

We will provide you with a formal offer for the connection to our Distribution System within the prescribed timescales of 90 days as laid down in our licence. However, you should note that should it be necessary to submit a Statement of Works to NG, we will inform you accordingly and of the likely timescales involved.

For more information on NGET charges and the information required by SP Distribution to submit a Statement of Works, please refer to their website.'

5.5 Indicative Impact on the Connection Charges

The proposed change is expected to have relatively limited impact on Connection Charges.

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

This proposed modification is to clarify the provisions in SP Distribution's Connection Charging Methodology. This change does not necessitate an industry consultation.