



SP Transmission & Distribution

MODIFICATION REPORT

SP DISTRIBUTION

Amendment Proposal COM-06-005

Application Fees

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 Application Fees to cover the expenses involved in preparing an offer of terms.

2. ISSUE RECORD

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| Issue Date | Issue No | Author | Amendment Details |
|---------------------------|-----------------|---------------|--------------------------|
| 20 th Oct 2006 | 1 | Bev Hudson | |
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3. ISSUE AUTHORITY

| Author | Owner | Issue Authority |
|-----------------------------------------------|-------------------------------------------------|----------------------------------------------------------------|
| Name: Bev Hudson Title: Commercial Analyst | Name: Tony McEntee Title: Commercial Manager | Name: Marion Venman Title: Legal and Commercial Director |



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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 SLC Condition 4B of our Distribution Licence to:

- review the Connection Charging Methodology at least once in every 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 the wording regarding Application Fees.

5.1.2 Background

The current statement includes in Schedule 1 (Connection Applications), details of the Application Fees and the methodology behind these charges. To provide clarity the methodology wording has been moved to section 2.8 of the statement. The wording has also been amended to provide greater clarity on the circumstances where an Application Fee is applied.

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 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.

The modification will better achieve these objectives in the following manner:

by clarifying the definition of application fees and how these are applied, the methodology will better meet the relevant objectives by ensuring that the charges reflect the costs incurred.

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 the following text from Schedule 1 into paragraph 2.8 with the following changes.

An application fee, which ~~acts as an advance payment of Engineering Charges and other expenses covers the costs~~ involved in preparing an offer of terms, is payable to SP Distribution at the time of each application. The amount of the fee is dependent on both the electrical capacity and the highest voltage (up to one voltage higher than the point of connection) at the Point of Common Coupling of works required and will normally be in accordance with ~~the table below~~ Schedule 1. ~~The Point of Common Coupling is the point on SP's distribution system that is electrically nearest to the proposed new or modified connection at which other customers' loads are, or may be, connected. This fee is non refundable.~~

SP Distribution reserves the right to vary these amounts, depending upon the size and complexity of the scheme and the amount of work involved.

If for any reason additional offers of terms are required for the same scheme, SP Distribution will discount the additional offers by up to 50%, provided there are no significant differences in the parameters. If there are significant differences, no discount to the application fee will be applicable.

The aforementioned fees will be reduced by up to 50% for modifications to existing connections.



There will be no application fee for the provision of a single offer of terms for an LV connection (except as provided for below). Where multiple applications (more than one) are submitted for the same connection, a fee may apply for each additional LV offer requested.

Where generation is being installed an application fee will apply for >16A single phase or three phase (generally industrial). For LV generation applications <16A single phase (generally domestic) no application fee will apply.

The following text currently in Schedule 1 will be deleted;

~~An application fee, which acts as an advance payment of Engineering Charges and other expenses involved in preparing an offer of terms, is payable to SP Distribution at the time of each application. The amount of the fee is dependent on both the electrical capacity and the highest voltage at the Point of Common Coupling and will normally be in accordance with the table below. The Point of Common Coupling is the point on SP Distribution's distribution system that is electrically nearest to the proposed new or modified connection at which other customers' loads are, or may be, connected.~~

~~SP Distribution reserves the right to vary these amounts, depending upon the size and complexity of the scheme and the amount of work involved.~~

~~If for any reason additional offers of terms are required for the same scheme, SP Distribution will discount the additional offers by up to 50%, provided there are no significant differences in the parameters. If there are significant differences, no discount to the application fee will be applicable~~

The following text currently in Schedule 1 will be amended;

Charges for connections of 11kV and above

| Highest Voltage at Point of Common Coupling of works (kV) | Capacity (MW) | Application Fees |
|-----------------------------------------------------------|---------------|-------------------------------|
| LV | Any | Multiple applications £150 |



5.5 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.

5.6 Consultations

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