

LC4A Sub Group report to the ISG

28 November 2006

David Tolley

LC4A Sub Group

■ Terms of Reference

- To discuss and formulate a proposal for a common form and content for the Statement of Charges required by Standard Licence Condition 4A that could be adopted by DNOs

■ Membership

- Felix Muntonono, EDF Energy but representing all DNOs
- Glenn Sheern, E.ON Energy
- Carl Wilkes, Npower Ltd
- David Tolley, RWE Npower (Chairman)
- Colette Schrier, Ofgem
- Mark Askew, Ofgem
- ... but open to all

■ Meetings

- 18 September 2006
- 06 October 2006
- 03 November 2006

Licence Condition 4A

- Statement of Charges for “Use of the System” must:
 - Enable “any person” to make a reasonable estimate of the charges to which he would become liable
 - Be prepared in accordance with the Use of System Methodology (LC4)
- Charging Methodology must be in accordance with relevant objectives, i.e.:
 - The obligations that exist under the Act
 - Facilitating competition in generation and supply, and not distorting competition in transmission and distribution
 - Reflect costs
 - Properly taking account of developments in the Licensees business.
- LC4A prescribes a number of schedules to be included
 - A schedule of charges for the distribution of electricity under use of system (para 2a)
 - A schedule of adjustment factors for distribution losses (para 2b)
 - A schedule of charges for administrative and accounting services (para 2c)
 - A schedule of charges for the provision and maintenance of electrical plant at entry and exit points (para 2d)
 - Information on electricity use of system rebates (if any) (para 2e)

Other Licence requirements and DCUSA provisions

■ Licence requirements


- LC14A Statement sets out charges for MPAS enabling a supplier to make reasonable estimate of charges, together with methods and principles
- LC36C Statement sets out charges for provision of basic metering services together with methods and principles

■ DCUSA provisions

- Paragraph 25 – Energisation, de-energisation and re-energisation
- Paragraph 28 – Radio teleswitching
- Paragraph 29 – Metering
- Paragraph 32 – Revenue protection

Working Group proposals

Charges

	<u>Currently</u>	<u>Proposal</u>		
<u>Within LC4A</u>	Core Charges	→ ENA COG Spreadsheet		
		<i>Time periods</i>		
	Look-up tables	→ Reference to Market domain data		
Line loss factors	→ No change			
<u>Without LC4A</u>	Energisation	→ ? or DCUSA para 25		
	MPAS charges	→ LC14A Statement		
	Revenue protection	→ DCUSA para 32		
	Radio teleswitching	→ DCUSA para 28		
	Metering	→ LC36C Statement		
	UMETS	→ DCUSA para 29		

Working Group proposals

Information

■ Required

- Definitions of parameters and quantities
- Premises to which tariffs apply
- Period of charge
- Governance of Statement
- Use of system rebates

■ Possibly

- Contact details?
- Network unavailability payments?

■ Not required

- Descriptions of contractual arrangements
- Super customer billing methodology
- Demand control provisions
- Load management area notices
- Company descriptions
- Definition of use of system boundaries
- Billing descriptions
- Price control references
- Structure of charging principles
- Conditions precedent
- Terms and conditions for use of network
- Disclaimers



Working Group proposals

Information not required

■ And maps ...



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