



**Modification Proposal**

**Amendment Proposal: Central Networks East**

**Update/Addition of Indicative Charges**

**Date of Issue: December 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
December 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/amendment of the following: -

- the addition of a schedule of legal charges
- Administration Fees as detailed in Schedule 7 Section A1.
- the amendment to Schedule 7 Section A3 for charges associated with the provision of Point of Connection Information (PoC)
- the amendment to Schedule 7 Section A3 - network connection charges

Some of the amendments/additions outlined above will impact on the connection cost examples within Section 7 and therefore such examples have been included within this Modification Proposal in section

## **2.0 Modification to the Statement to include a Schedule of legal charges together with revised charges for the provision of PoC information**

### 2.1 Proposals for Modification

2.1.1 Central Networks proposes that there is included within Section 7 of the Statement an additional table to provide details of legal charges associated with the obtaining of freehold/leasehold land for substations together with the obtaining of wayleaves/cable easements. Also to be included in table A3 of Section 7 is a set of revised Non-contestable indicative charges for the provision of PoC information together with revised network connection charges.

The current wording of Administrative Fees in Section A1 of Schedule 7 only allows Central Networks to recover administration charges where there is an amendment to a Customers Connection Agreement required as a consequence of a reduction in supply capacity. The revised wording will allow the recovery of administration costs in situations where there is both a reduction in supply capacity and also an increase in supply capacity. The Administration Fees have also been extended in order for Central Networks to recover administration costs associated with the cancelling of a scheme by a customer when for example legal costs have been incurred.

### 2.2 Reasons for a Modification

2.2.1 Central Networks believes that by adding a table of legal charges will give greater transparency to the statement such

that any person applying for a connection will be able to determine a reasonable estimate of charges for those works associated in providing the connection.

The administration costs associated with the amending of a Customers Connection Agreement when a reduction in supply capacity has been requested have now been extended to allow for the recovery of administration costs associated with the amending of a Customers Connection Agreement when an increase in supply capacity has been requested. This amendment allows for fair and equitable treatment of Customers not only when a reduction in supply capacity is requested but also when an increase in capacity is requested. Extending administration costs to allow for the recovery of charges when a customer cancels a scheme where Central Networks incurs legal costs is reasonable and equitable and accords with the relevant licence condition (c) above.

Charges for the provision of PoC information have been revised in order to now include charges associated with the production of such information charges for the three scheme categories, i.e. simple, complex and complicated.

## 2.3 Proposed Changes to the Statement

2.3.1 Under Section 7 – Schedules and Tables of Charges, it is proposed to include the following table under a new sub-section heading - "A4 Schedule of Charges for Legal Rights and Consents"

### A4 Schedule of Charges for Legal Rights and Consents

<b>Legal Acquisition</b> - Purchase of land and/or transfer charges associated with on-site legal acquisition.	
<b>Description</b>	<b>Charge (£)</b>
1. Freehold Land Purchase e.g. substation site.	<b>£858</b>
2. Leasehold Land Purchase e.g. substation site.	<b>£929</b>
3. Easement e.g. cable route or overhead line - not associated with Items 1 or 2 above.	<b>£786</b>
<b>Legal Consents</b> – Securing agreement to place and maintain cables, plant and equipment on third party land or property.	
<b>Description</b>	<b>Charge (£)</b>
1. Acquisition of Wayleave Consents with <b>1 – 3</b> individuals or organisations e.g. cable or overhead line route.	<b>£588</b>
2. Acquisition of Wayleave Consents with <b>4 – 5</b> individuals or organisations e.g. cable or overhead line route.	<b>£977</b>
3. Acquisition of Wayleave Consents with <b>6 – 7</b> individuals or organisations e.g. cable or overhead line route.	<b>£1,476</b>
4. Acquisition of Legal Rights with individuals or organisations to place and maintain plant and equipment e.g. substation site.	<b>£765</b>

5. Acquisition of Legal Rights with individuals or organisations for an Easement to place and maintain plant and equipment e.g. cable or overhead line route.	<b>£588</b>
6. Acquisition of Consents specifically associated with overhead lines in addition to Items 1, 2 and 3 above e.g. Section 37 of the Electricity Act approval to erect overhead lines etc.	<b>£222</b>
7. Survey associated with overhead lines e.g. determination of pole positions, tree clearance etc.	<b>£623</b>
8. Acquisition of specific Environmental Consents in addition to Items 1, 2 and 3 above e.g. Conservation Area, Listed Buildings etc.	<b>£266</b>
9. Acquisition of Consents with organisations with specific requirements in addition to Items 1, 2 and 3 above e.g. other Utilities	<b>£266</b>
10. Route marking prior to construction e.g. pegging of overhead line route and pole positions etc.	<b>£168</b>
11. Nationally agreed compensation payment negotiations with individuals or organisations e.g. crop loss or land damage. This excludes any third party commercial compensation payment charges which will have to be negotiated separately by the Customer or their Agent.	<b>£322</b>

2.3.2 Under Section 7 Schedule A - under the heading Administrative Fees, it is proposed to add the wording from: -

**Administration Fees**

- *Network assessment and design fees if applicable would be assessed upon receipt of your application/enquiry.*
- *Providing quotations and amending Connection Agreements to permit a reduction in Agreed Supply Capacity during the initial ("Agreement") period.*

*The minimum charge is: -*

*Low Voltage - £140*

*High Voltage - £195*

to: -

**Administration Fees**

- *Network assessment and design fees if applicable would be assessed upon receipt of your application/enquiry and are detailed in Item **A3 – Non Contestable Indicative Charges** below*
- *Providing quotations and amending Connection Agreements to permit an amendment in Agreed Supply Capacity during the agreement period. These charges would also apply where*

*administration costs have been incurred and a scheme is subsequently cancelled by the Customer e.g. Legal Rights and Consents process has commenced.*

*The minimum charge is: -*

*Low Voltage - £140*

*High Voltage - £195*

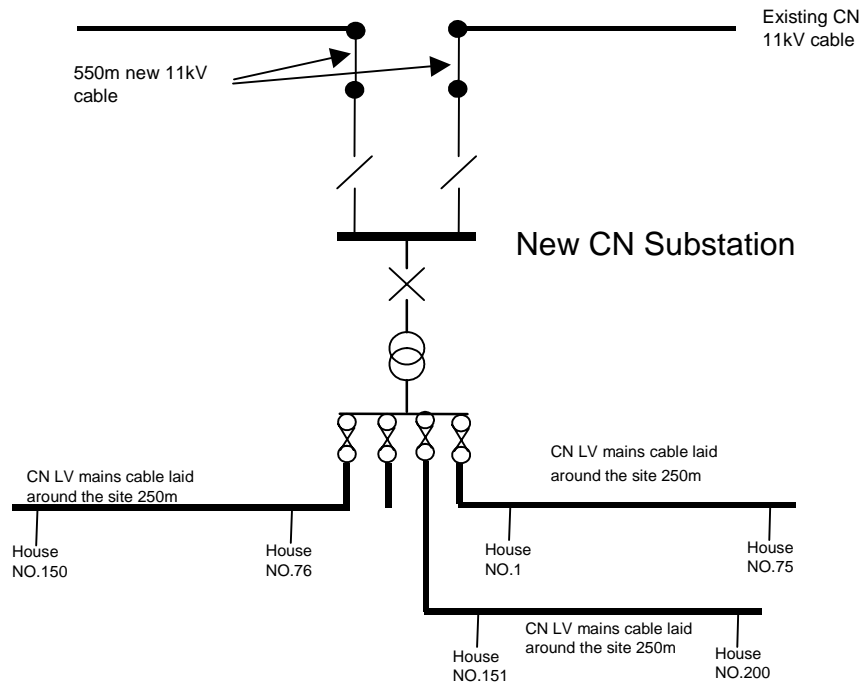
2.3.3 Under Section 7 Table A3 - Non Contestable Indicative Charges it is proposed to replace the existing Table of Non Contestable Charges Associated with the Adoption of Connection Assets with the following table: -

<b>Activity</b>	<b>Description</b>	<b>Costs</b>
Application and Administration Charge (Charge applicable to successful Applicant)	Process Customer Enquiry, Assessment of Point of Connection (POC), Provide Formal Offer Letter, Process Adoption Agreement and General Administration.	<b>Simple</b> Scheme <b>£680</b> per agreement. <b>Complex</b> Scheme <b>£820</b> per agreement. <b>Complicated</b> Scheme <b>£1,100</b> per agreement.
On-Site Inspection	Site Visits.	<b>£160</b> per visit.
Network Connection charges (Excluding excavation and reinstatement).	Low Voltage Network Connection (Straight Joint).	<b>£460</b> per connection.
	Low Voltage Network Connection (Tee Joint).	<b>£600</b> per connection.
	Low Voltage Network Connection (Pole Termination).	<b>£675</b> per connection.
	Low Voltage Network Connection (Feeder Pillar Termination).	<b>£1,200</b> per connection.
	Low Voltage Network Connection (Pot End – associated with other Non Contestable Works).	<b>£110</b> per connection.
	Low Voltage Network Connection (Single Phase Service Joint).	<b>£260</b> per connection.
	Low Voltage Network Connection (Three Phase Service Joint or, a single Multi-Service Joint up to three single phase service connections).	<b>£370</b> per connection.

	Low Voltage Polarity and Earth Loop Impedance Test (Associated with each Low Voltage distributed service connection).	<b>£6.00</b> per service connection.
	High Voltage Network Connection (Tee Joint).	<b>£1,380</b> per connection
	High Voltage Network Connection (Straight Joint)	<b>£1,100</b> per connection
	High Voltage Network Connection (Loop - 2 x Straight Joints).	<b>£1,700</b> per connection
	High Voltage Network Connection (Pole Termination).	<b>£1,900</b> per connection
	High Voltage Network Connection (2 x Switchgear Termination).	<b>£2,100</b> per connection
	High Voltage Network Connection (1 x Switchgear Termination).	<b>£1,300</b> per connection
	High Voltage Network Connection (Pot End).	<b>£740</b> per connection
	EHV/Other	Price on application

2.3.4 Under Section 7 within the worked examples section, as a consequence of the proposed amendments to the non contestable charges and also the inclusion of legal charges, the following worked examples have been amended to reflect such changes.

**Example 1** - This illustrates an average cost to provide a connection for up to 200 new dwellings with normal domestic loads such as gas space and water heating. The scheme would involve establishing a new distribution substation on your site, laying 550 metres of high voltage mains cable from our high voltage network to the new substation. From this substation 750 metres of low voltage mains cable will be installed around the site. Approximately 20 metres of service cable would then be laid from this mains cable to each dwelling terminating in an external meter cabinet. All civil works on site would be the responsibility of the developer and no allowance is made for street lighting.



## Total Charges

### Applicable if our Connections Provider Completes all the Works

Item	Cost (£)
High Voltage cable	£27,300 100m laid on-site and 450m laid in a 225m common
Network Substation	£23,000
Low voltage mains cable	£23,000
Service terminations	£53,500
Administration Charges	£195
Legal Charges (includes £100 refundable Land Registry charge)	£929 (Project Dependent e.g. Substation Lease)
<b>Total connected assets</b>	<b>£127,924</b>

Your contribution would be calculated as follows:

**Connection Cost**

**£127,924**

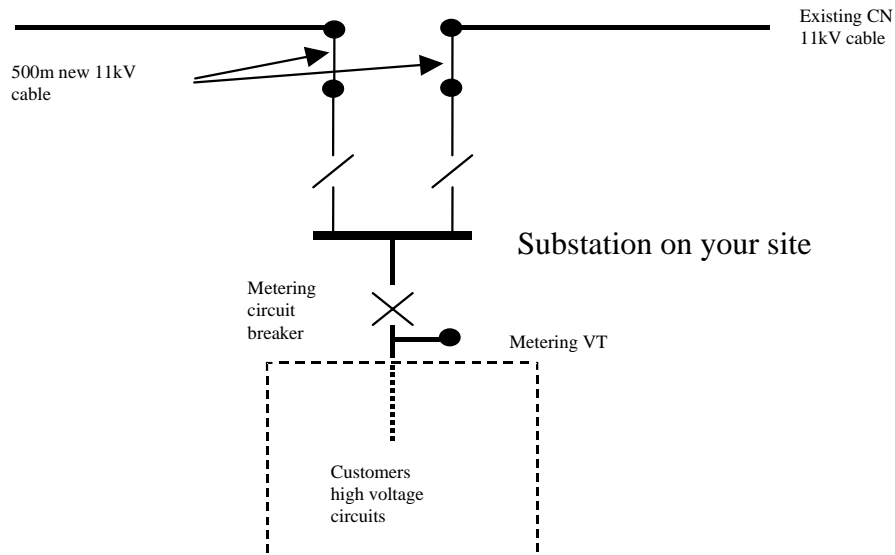
Connection cost per plot

£639.62

The following are the Non-Contestable Charges for the connection as detailed in the above example and are in addition to the charges levied by your contractor who carries out the contestable works

<b>Cost Breakdown</b>	<b>Cost</b>	<b>Basis of charge</b>
Application and Administration Charge	£820	Complex Scheme
Design Approval	£310	Refer to "Domestic" Page 36
Legal Charges (includes £100 refundable Land Registry charge)	£929	Project Dependent e.g. Substation Lease
Inspection of Contestable Works	£4,640	29 Visits @ £160
Final Connection Charge	£1,700	Looped HV connection
Diversion Works	£0.00	If applicable
Upstream Reinforcement Works	£0.00	If applicable
<b>Total</b>	<b>£8,399</b>	

**Example 2** – This illustrates an average cost to provide a switched alternative connection metered at high voltage. The point of connection between our Distribution System and your wiring installation would be at the 11,000 volt terminals of our metered circuit breaker, which would be located within your substation.



**Total Charges**

**Applicable if our Connections Provider completes all the works**

Item	Cost (£)
High Voltage cable	£38,400 100m laid on-site and 400m laid in separate trenches off-
Network Substation	£14,100
Administration Charges	£195
Legal Charges	£786 (Project Dependent e.g. Cable Easement)
<b>Total connected assets</b>	<b>£53,481</b>

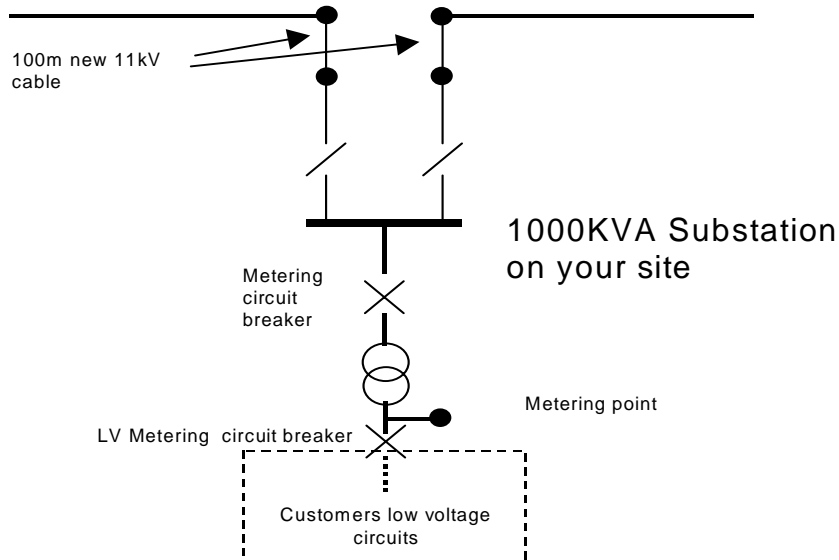
Your contribution would be calculated as follows:

**Connection Cost** **£53,481**

The following are the Non-Contestable Charges for the connection as detailed in the above example and are in addition to the charges levied by your contractor who carries out the contestable works

<b>Cost Breakdown</b>	<b>Cost</b>	<b>Basis of charge</b>
Application and Administration Charge	£820	Complex Scheme
Design Approval	£195	Refer to "Non-Domestic" HV Point of Connection Item 2 - Page 37
Legal Charges	£786	Project Dependent e.g. Cable Easement
Inspection of Contestable Works	£640	4 Visits @ £160
Final Connection Charge	£1,700	Looped HV connection
Diversion Works	£0.00	If applicable
Upstream Reinforcement Works	£0.00	If applicable
<b>Total</b>	<b>£4,141</b>	

**Example 3** – This illustrates an average cost to provide a switched alternative connection of up to 1000kVA, metered at low voltage. The point of connection between our Distribution System and your wiring installation would be the outgoing terminals of our low voltage air circuit breaker (ACB), which would be located within our substation.



### Total Charges

**Applicable if our Connections Provider completes all the works**

Item	Cost (£)
High Voltage cable	£8,100      100m laid in 50m common trench off-site
Network Substation	£33,100      1000KVA Unit
Administration Charges	£195
Legal Charges	£786      (Project Dependent e.g. Cable Easement)
<b>Total connected assets</b>	<b>£42,181</b>

Your contribution would be calculated as follows:

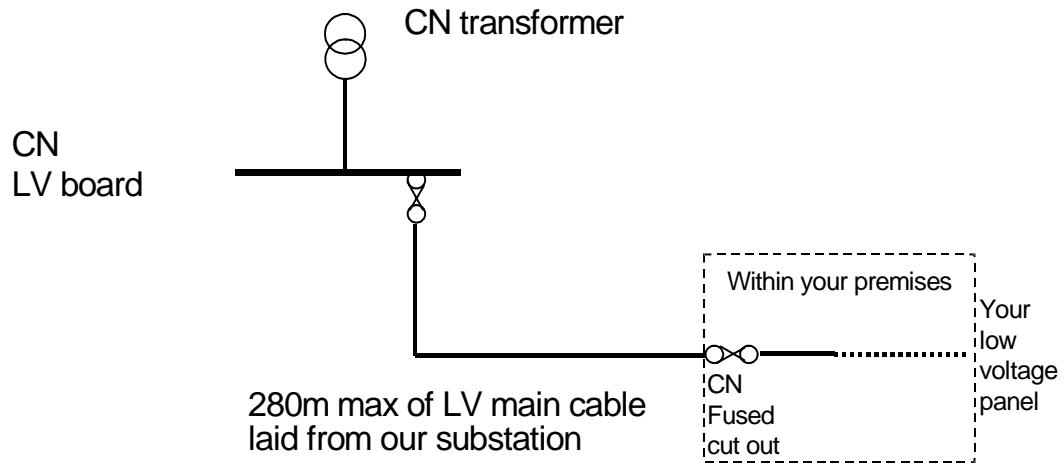
**Connection Cost**

**£42,181**

The following are the Non-Contestable Charges for the connection as detailed in the above example and are in addition to the charges levied by your contractor who carries out the contestable works

<b>Cost Breakdown</b>	<b>Cost</b>	<b>Basis of charge</b>
Application and Administration Charge	£820	Complex Scheme
Design Approval	£195	Refer to "Non-Domestic" HV Point of Connection Item 2 - Page 37
Legal Charges	£786	Project Dependent e.g. Cable Easement
Inspection of Contestable Works	£640	4 Visits @ £160
Final Connection Charge	£1,700	Looped HV connection
Diversion Works	£0.00	If applicable
Upstream Reinforcement Works	£0.00	If applicable
<b>Total</b>	<b>£4,141</b>	

**Example 4** – This illustrates an average cost to provide a low voltage connection of 200kVA. This would involve laying a cable from the local substation into your premises. The point of connection between our Distribution System and your wiring installation would be the outgoing terminals of our cut-out, which would normally be located within your switch room.



**Total Charges**

**Applicable if our Connections Provider completes all the works**

Item	Cost (£)
Low voltage mains cable	£18,000      280m laid off-site in tarmac footpath
Service and Connection	£1,600
Administration Charges	£195
Legal Charges	£786      (Project Dependent e.g. Cable
<b>Total connected assets</b>	<b>£20,581</b>

Your contribution would be calculated as follows:

**Connection Cost**

**£20,581**

The following are the Non-Contestable Charges for the connection as detailed in the above example and are in addition to the charges levied by your contractor who carries out the contestable works

<b>Cost Breakdown</b>	<b>Cost</b>	<b>Basis of charge</b>
Application and Administration Charge	£680	Simple Scheme
Design Approval	£250	Refer to "Non-Domestic" LV Point of Connection Item 3 Page 37
Legal Charges	£786	Project Dependent e.g. Cable Easement
Inspection of Contestable Works	£320	2 Visits @ £160
Final Connection Charge	£1,200	LV Connection
Diversion Works	£0.00	If applicable
Upstream Reinforcement Works	£0.00	If applicable
<b>Total</b>	<b>£3,236</b>	

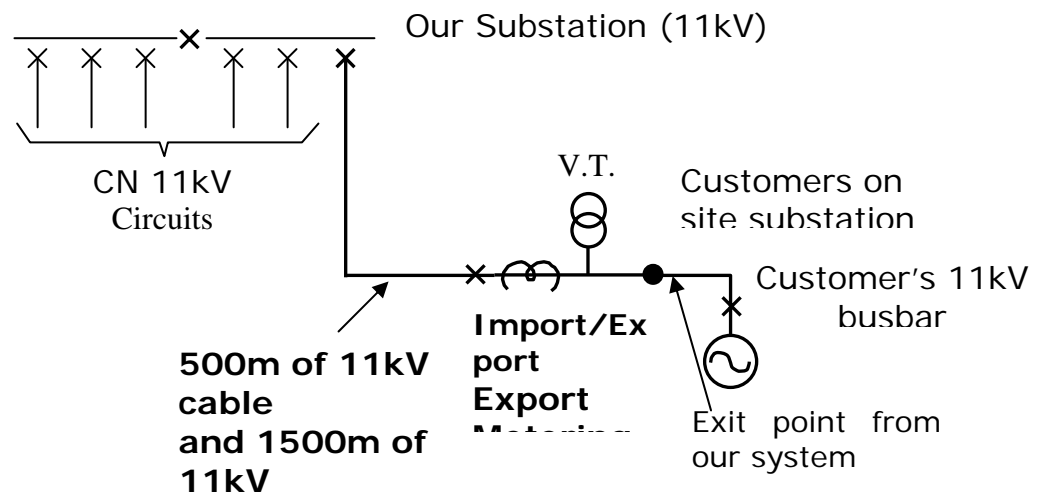


The following are the Non-Contestable Charges for the connection as detailed in the above example and are in addition to the charges levied by your contractor who carries out the contestable works

<b>Cost Breakdown</b>	<b>Cost</b>	<b>Basis of charge</b>
Application and Administration Charge	£1,100	Complicated Scheme
Design Approval	£720	Refer to "Non-Domestic" HV Point of Connection Item 3 (Price on Application) Page 37
Legal Charges	£786	Project Dependent e.g. Cable Easement
Inspection of Contestable Works	£640	4 Visits @ £160
Final Connection Charge	£1,700	Looped HV connection
Diversion Works	£0.00	If applicable
Upstream Reinforcement Works	£0.00	If applicable
<b>Total</b>	<b>£4,946</b>	

## Example 6 – Embedded generation for up to 3000kVA

This illustrates an indicative cost to provide a connection for up to 3000kVA of embedded generation, involving a significant new circuit length to an existing substation. This would involve laying a cable from the customer's 11,000 volt busbar to our primary substation. The point of connection between our distribution system and the customer's wiring installation would be the point at which our cable terminated on the customer's 11,000 volt metering breaker.



The indicative cost for this work would be £102,100. This would be comprised of £45,400 for the high voltage cable, £30,100 for the overhead line and £26,600 for the high voltage, metered bus coupler circuit breaker.

The customer contribution would be calculated as follows:

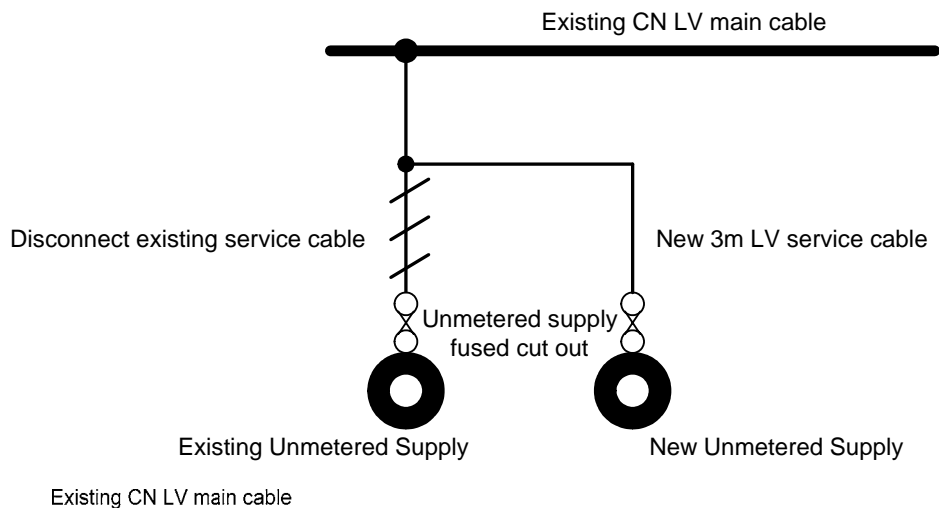
**Total Connection Cost**

**£102,100**

## A4 Illustrative Charges for Service Transfer Work/New Connection for Unmetered Supplies

The following examples represent indicative charges for typical activities associated with the provision of a new connection to street furniture and also the transfer of a service cable from an existing item of street furniture to a new item of street furniture. The actual cost will vary depending upon the specific details of the scheme.

**Example 1** - This illustrates the average cost to transfer an unmetered service to a new position within 3 metres of its current position. This would involve connection to the existing service cable, 3 metres of excavation, removal of the existing and installation of a new unmetered supply cut out. Installation of the new service cable and reinstatement would be carried out by us.



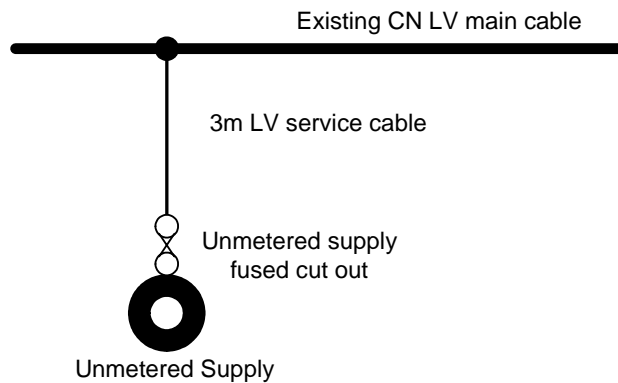
The indicative cost for this work would be £356 exc. VAT

Your contribution would be calculated as follows:

**Connection cost**

**£356 plus VAT**

**Example 2** - This illustrates the average cost to install a new unmetered service within 3 metres of an existing LV main cable. This would involve connection to the existing LV main cable, 3metres of excavation and reinstatement carried out by us, installation of the new service cable and new unmetered supply cut out.



The indicative cost for this work would be £441 exc. VAT

Your contribution would be calculated as follows:

<b>Connection cost</b>	<b>£441 plus VAT</b>
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### 3.0 Implementation Date

3.1 This modification is proposed for implementation on 1 February 2007 or as soon as possible thereafter.