

WESTERN POWER DISTRIBUTION (SOUTH WALES) PLC

Modification Proposal

Amendment Proposal: WPD/WALES/007

**Non-contestable and Contestable Activities:
Clarification relating to the contestability of non-electrical off-site
work**

Date of Issue: 5 December 2006

For Approval by the Authority

This Modification Proposal sets out Western Power Distribution (South Wales) plc's ("WPD") proposals to amend WPD's Connection Charging Methodology contained within its Statement of the Connection Charging Methodology and Basis of Charges for Connection to Western Power Distribution (South Wales) plc's Electricity Distribution System (the "Statement").

Issue Record

Issue Date	Issue No.	Author	Amendment Details
December 2006	001	Tim Hughes	

1.0 Introduction

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

1.2 This Modification Report sets out:

- 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(b) of Licence Condition 4B. The change proposed relates to the allocation of activities between Non-contestable and Contestable categories and specifically to the contestability of non-electrical work off-site.

2.0 Change to the Non-contestability of non-electrical off-site works

2.1 Proposals for Modification

2.1.1 Table 1 of Section 2 (Competition in New Connections) of the Statement currently provides a list of activities designated as either Non-contestable or Contestable. Item 12 has the description:

“Carry out non-electrical work off-site (including meeting provisions of New Roads and Street Works Act)”

This description is currently denoted as a Non-contestable activity.

2.1.2 It is proposed to change this activity from Non-contestable to Contestable.

2.2 Justification for Modification

WPD accepts that a Connection Provider may carry out non-electrical off-site works under certain conditions. Typically this may be the provision of cable trench and reinstatement. This may be allowed where the Connection Provider holds a valid Street Works Licence.

2.3 Proposed Changes to the Statement

The following changes are proposed to Table 1 of Section 2:

List item 12 will be re-designated as a Contestable activity.

The associated "Comments" column will be updated against item 12 to state;

'The Agreed Contractor may only excavate in Public Highway under a Street Works Licence.'

An extract from proposed Table 1 is given below.

12	Carry out non-electrical work off-site (including meeting provisions of New Roads and Street Works Act)	Contestable	The Agreed Contractor may only excavate in Public Highway under a Street Works Licence.
----	---	-------------	---

3.0 Implementation Date

- 3.1 It is proposed to implement this modification on 1st January 2007 or, in any event, as soon as possible thereafter.