

## UoS Mod 09 – Transition of EHV Site Specific Charges

<b>Organisation's Name:</b>	EDF Energy Networks on behalf of EDF Energy Networks (EPN) plc EDF Energy Networks (LPN) plc EDF Energy Networks (SPN) plc												
<b>Details of Proposer:</b>	<table border="0"> <tr> <td style="padding-right: 20px;">Name:</td> <td>Oliver Day</td> </tr> <tr> <td></td> <td>Distribution Pricing Manager</td> </tr> <tr> <td>Organisation:</td> <td>EDF Energy Networks</td> </tr> <tr> <td>Telephone Number:</td> <td>01293 657920</td> </tr> <tr> <td>Email Address:</td> <td><b>oliver.day@edfenergy.com</b></td> </tr> <tr> <td>Date:</td> <td>23 January 2007</td> </tr> </table>	Name:	Oliver Day		Distribution Pricing Manager	Organisation:	EDF Energy Networks	Telephone Number:	01293 657920	Email Address:	<b>oliver.day@edfenergy.com</b>	Date:	23 January 2007
Name:	Oliver Day												
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<b>Description of the Proposed Modification:</b>	<p>Wording changes in the Transition of EHV Site Specific Charges to confirm the continuation of the existing transitional arrangements beyond April 2006. There is a potential ambiguity in the current wording as to what transitional arrangements apply from April 2007.</p>												
<b>A clear explanation of how the proposed change better meets the relevant objectives:</b>	<p>This change does not alter the principles or methods within the approved charging methodology. It clarifies an ambiguity in the wording and continues a transitional arrangement implemented for 2006 after discussions with Ofgem.</p>												
<b>Proposed wording for the methodology statement and (if applicable) the charging statement:</b>	<p><b>Delete</b> the 4<sup>th</sup> and 5<sup>th</sup> paragraphs under Transition of EHV Site Specific Charges on page 17</p> <p>“EDF Energy Networks’ Charges for EHV customers will follow this proposal. From April 2006 our Site Specific Charges will increase from the April 2005 in line with the retail price index. For sites connected after April 2005 the increase will be applied to the charges modelled at the time of energisation.</p> <p>When work on the longer term models has been concluded and robust models established, the full effect of the models will be applied. This is expected to be no later than April 2007.”</p> <p>and <b>insert</b></p> <p>“EDF Energy Networks’ charges for EHV customers will follow this proposal. From April 2006 our Site Specific Charges will increase annually from the April 2005 charges in line with the retail price index. For sites connected after April 2005 our the Site Specific Charge will increase each April in line with the retail price index from the charges modelled at the time of energisation.</p> <p>When work on the longer term models has been concluded and robust models established, the full effect of the models will be applied.”</p> <p>Please refer to the marked up draft statement showing revised wording on page 17.</p>												
<b>Illustrative charge, where the proposal results in changes, and details of which customers will be affected by the change:</b>	<p>There are a total of 116 sites across our three network areas. The modelled revenue for 2007/08 is £20.6m. If current charges are increased inline with RPI, the actual revenue will be £20.7m.</p>												

	EPN	LPN	SPN
No. sites	54	24	38
07/08 Revenue (£m)	£5.5	£4.8	£10.3
07/08 Modelled Cost (£m)	£5.5	£4.6	£10.6
Variation (£)	£0.0	£0.2	-£0.3
No. site <-10% variance	8	2	9
Max negative variance	-56%	-17%	-41%
No. site > 10% variance	7	1	0
Max positive variance	16%	22%	10%

At this stage in the development of our long term methodology we do not have enough information to estimate the direction that the final prices will move. We, therefore, believe it is in the interests of users to maintain their current prices and increase them in line with RPI.

The effect of the continuation of this policy on individual sites is contained in appendix 1.

***A timetable for the implementation of the modification and charge changes:***

We intend to publish our Charging Methodology Statement (effective from 1<sup>st</sup> April 2007) prior to the 19th February 2007 (in time for the notification of final Use of System charges under the DCUSA and other use of system agreements for 1 April). This publication will incorporate this clarification if it is Not Vetoed by the Authority by that time.

Please note that the publication date and statement of approval are square bracketed, these will be removed if and when the modification is Not Vetoed.

***Details/copies of any responses received to consultation carried out prior to submission to the Authority:***

Not Applicable

## Appendix 1 - Effect at individual site level

The 2007/ 08 modelled charge is the calculated site charge which has been updated to reflect changes in modelled cost including business rates, and NGC exit charges. Some of the variance is where these cost have moved differently to the RPI increases that have been applied.

Mod Index	Area	2007/08 Modelled charge	Charge Variance	% Variance	Charge for 2007/08 inc. RPI Increase	Mod Index	Area	2007/08 Modelled charge	Charge Variance	% Variance	Charge for 2007/08 inc. RPI Increase
						54	EPN	£18,723	£1,355	7.2%	£20,079
1	EPN	£78,817	£4,807	6.1%	£83,624	55	LPN	£175,165	£29	0.0%	£181,711
2	EPN	£221,272	£25,198	11.4%	£246,470	56	LPN	£10,833	£5	0.0%	£11,241
3	EPN	£367,442	£37,197	10.1%	£404,639	57	LPN	£103,908	£-17,399	-16.7%	£89,727
4	EPN	£28,398	£1,615	5.7%	£30,013	58	LPN	£18,492	£114	0.6%	£19,298
5	EPN	£112,932	£-64,147	-56.8%	£48,785	59	LPN	£450,250	£236	0.1%	£467,244
6	EPN	£89,096	£-46,962	-52.7%	£42,134	60	LPN	£477,890	£6,904	1.4%	£502,828
7	EPN	£6,517	£415	6.4%	£6,932	61	LPN	£392,190	£18,137	4.6%	£425,591
8	EPN	£42,552	£2,630	6.2%	£45,182	62	LPN	£294,413	£3,018	1.0%	£308,496
9	EPN	£6,761	£-2,499	-37.0%	£4,262	63	LPN	£281,449	£5,852	2.1%	£297,989
10	EPN	£5,111	£301	5.9%	£5,412	64	LPN	£62,603	£1,907	3.0%	£66,911
11	EPN	£25,984	£4,214	16.2%	£30,198	65	LPN	£488,674	£10,069	2.1%	£517,296
12	EPN	£58,702	£3,355	5.7%	£62,057	66	LPN	£15,411	£338	2.2%	£16,335
13	EPN	£14,861	£930	6.3%	£15,792	67	LPN	£15,411	£338	2.2%	£16,335
14	EPN	£83,608	£5,254	6.3%	£88,862	68	LPN	£21,246	£352	1.7%	£22,402
15	EPN	£651,046	£40,506	6.2%	£691,552	69	LPN	£347,625	£7,044	2.0%	£367,862
16	EPN	£68,300	£2,582	3.8%	£70,882	70	LPN	£193,394	£6,994	3.6%	£207,842
17	EPN	£24,368	£2,248	9.2%	£26,616	71	LPN	£109,256	£23,943	21.9%	£138,154
18	EPN	£163,463	£1,123	0.7%	£164,586	72	LPN	£231,366	£11,931	5.2%	£243,297
19	EPN	£60,955	£-17,382	-28.5%	£43,573	73	LPN	£197,550	£13,547	6.9%	£211,097
20	EPN	£31,198	£774	2.5%	£31,972	74	LPN	£577	£36	6.3%	£613
21	EPN	£142,709	£9,136	6.4%	£151,845	75	LPN	£328,351	£19,088	5.8%	£347,439
22	EPN	£22,808	£527	2.3%	£23,335	76	LPN	£87,870	£5,540	6.3%	£93,410
23	EPN	£70,795	£4,365	6.2%	£75,160	77	LPN	£37,528	£-5,295	-14.1%	£32,233
24	EPN	£93,831	£-7,146	-7.6%	£86,685	78	LPN	£233,069	£14,595	6.3%	£247,664
25	EPN	£94,244	£-19,752	-21.0%	£74,492	79	SPN	£885,332	£55,739	6.3%	£941,072
26	EPN	£38,567	£2,132	5.5%	£40,699	80	SPN	£750,018	£53,657	7.2%	£803,675
27	EPN	£97,354	£-6,198	-6.4%	£91,157	81	SPN	£411,158	£36,052	8.8%	£447,210
28	EPN	£83,409	£5,110	6.1%	£88,519	82	SPN	£12,583	£779	6.2%	£13,362
29	EPN	£50,257	£-15,582	-31.0%	£34,675	83	SPN	£9,331	£599	6.4%	£9,930
30	EPN	£186,737	£18,548	9.9%	£205,285	84	SPN	£38,810	£2,174	5.6%	£40,984
31	EPN	£28,439	£1,805	6.3%	£30,244	85	SPN	£1,501,257	£58,480	3.9%	£1,559,737
32	EPN	£151,942	£6,637	4.4%	£158,580	86	SPN	£703,451	£35,491	5.0%	£738,942
33	EPN	£64,153	£3,978	6.2%	£68,131	87	SPN	£2,569	£162	6.3%	£2,731
34	EPN	£113,370	£-12,998	-11.5%	£100,372	88	SPN	£30,841	£1,287	4.2%	£32,128
35	EPN	£29,176	£1,566	5.4%	£30,742	89	SPN	£204,071	£7,588	3.7%	£211,659
36	EPN	£89,502	£-1,008	-1.1%	£88,493	90	SPN	£293,632	£18,596	6.3%	£312,228
37	EPN	£157,407	£-11,273	-7.2%	£146,134	91	SPN	£309,452	£-78,388	-25.3%	£231,064
38	EPN	£71,570	£3,470	4.8%	£75,040	92	SPN	£243,605	£-38,208	-15.7%	£205,397
39	EPN	£59,735	£3,605	6.0%	£63,340	93	SPN	£233,869	£12,291	5.3%	£246,160
40	EPN	£104,205	£13,364	12.8%	£117,569	94	SPN	£71,781	£3,902	5.4%	£75,683
41	EPN	£151,621	£8,552	5.6%	£160,173	95	SPN	£380,379	£24,387	6.4%	£404,766
42	EPN	£139,120	£7,437	5.3%	£146,557	96	SPN	£214,818	£-20,347	-9.5%	£194,471
43	EPN	£80,553	£5,091	6.3%	£85,644	97	SPN	£133,020	£-18,429	-13.9%	£114,590
44	EPN	£69,574	£7,893	11.3%	£77,467	98	SPN	£170,033	£-32,790	-19.3%	£137,243
45	EPN	£69,280	£8,099	11.7%	£77,380	99	SPN	£43,424	£3,448	7.9%	£46,873
46	EPN	£31,088	£4,881	15.7%	£35,969	100	SPN	£190,166	£2,638	1.4%	£192,803
47	EPN	£121,628	£7,405	6.1%	£129,032	101	SPN	£233,091	£-46,237	-19.8%	£186,854
48	EPN	£160,037	£9,093	5.7%	£169,130	102	SPN	£160,161	£10,075	6.3%	£170,236
49	EPN	£6,296	£233	3.7%	£6,529	103	SPN	£13,122	£-612	-4.7%	£12,510
50	EPN	£362,811	£30,853	8.5%	£393,664	104	SPN	£232,808	£-7,519	-3.2%	£225,289
51	EPN	£28,041	£1,752	6.2%	£29,793	105	SPN	£210,594	£-87,454	-41.5%	£123,141
52	EPN	£110,922	£-849	-0.8%	£110,073	106	SPN	£345,442	£-40,536	-11.7%	£304,906
53	EPN	£267,526	£-97,564	-36.5%	£169,962	107	SPN	£425,672	-	-35.6%	£274,029

## MODIFICATION TO USE OF SYSTEM CHARGING METHODOLOGY

Under Standard Condition 4 of the Electricity Distribution Licence

Mod Index	Area	2007/08 Modelled charge	Charge Variance	% Variance	Charge for 2007/08 inc. RPI Increase
			£151,643		
108	SPN	£4,969	-£354	-7.1%	£4,616
109	SPN	£309,518	-£79,423	-25.7%	£230,095
110	SPN	£307,357	£19,247	6.3%	£326,604
111	SPN	£125,760	£12,057	9.6%	£137,817
112	SPN	£16,877	£1,197	7.1%	£18,073
113	SPN	£422,877	£26,608	6.3%	£449,485
114	SPN	£523,781	£29,846	5.7%	£553,626
115	SPN	£279,804	£6,465	2.3%	£286,269
116	SPN	£116,458	£4,306	3.7%	£120,763