



MODIFICATION PROPOSAL ENW/2008/005

Electricity North West Limited

**Proposal to update the Non-Contestable charges within
our Licence Condition 4B statement.**

Date of Issue: 18th January 2008

For approval by the Gas and Electricity Markets Authority

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1. Description of the modification

Electricity North West Limited proposes the following updates to its charging methodology and charges for connection to its electricity distribution network:

- The introduction of a new Non contestable charge for the provision of substation locks & signs;
- The introduction of a new Non contestable charge in the area of Initial Jointing and Energisation; and
- The clarification of an auditing activity.

The aim of the proposal is to improve the cost reflectivity of the charges for Electricity North West's Non-Contestable activities, carried out in order to facilitate connections to our electricity distribution network.

2. Reasons for the change with an explanation of how the proposed change better meets the relevant objectives

The proposal will better meet the relevant objectives in the following ways:

- it is more reflective of the costs of specific items required to be installed in the provision of a Substation and activities required to be undertaken in the area of Initial Jointing and Energisation, both requirements are needed in order to complete a connection to Electricity North West's electricity distribution network;
- the introduction of an update in Inspection and Monitoring for Service Cable Installations, which is better reflective of the audit regime required to be carried out when this type of asset construction is undertaken by accredited installers for adoption by Electricity North West.

3. Proposed Updates to Electricity North West's Non-Contestable Charges

3.1 Charge for Substation Locks & Notices

This proposal is to introduce a charge for the provision, by Electricity North West, of the following standard items:

- Electricity North West's substation locks
- Electricity North West's switchgear locks
- Electricity North West's substation nameplates
- Electricity North West's danger of death notices

The provision of all the above items is the responsibility of Electricity North West and is therefore classified as being non contestable. Our proposal is to include a charge within our SLC4B statement to provide transparency of the requirement to recover the costs of this provision.

The charge to cover the costs of providing the above stated items will be levied per substation. We propose to include this charge in the non contestable charges for all connection offers where a new substation is to be constructed as part of the contestable works.

3.2 Charges for Initial Jointing and Energisation

This proposal is to introduce a charge for the provision, by Electricity North West, of the activity (as highlighted in the table below) in the area of Initial Jointing and Energisation:

Table 9 Charges for final connection to ~~United Utilities'~~ Electricity North West's distribution network

| Initial jointing and energisation activities | Charge |
|---|----------------------|
| <u>Low Voltage service polarity and earth loop impedance testing at service termination position.</u> | <u>£ to £</u> |
| Low Voltage service joint (all sizes) (excluding excavation & re-installment). | £ to £ |
| Low Voltage energisation by a mains joint to an existing cable (excluding excavation and reinstatement). | £ to £ |
| Low Voltage bottle end to mains cable (excluding excavation & re-installment). | £ to £ |
| Low Voltage energisation by termination to an existing piece of switchgear, including all associated operational costs. | £ to £ |
| Low Voltage energisation by connection to an existing overhead line. | Price on Application |
| High Voltage energisation by a joint to an existing cable, including all associated operational costs (excluding excavation and reinstatement). | £ to £ |
| High Voltage energisation by termination to an existing piece of switchgear, including all associated operational costs. | £ to £ |
| High Voltage energisation by connection to an existing overhead line, including all associated operational costs. | Price on Application |
| Extra High Voltage energisation connection. | Price on Application |

- 7.11 These charges are based on current direct/indirect labour, material and overhead rates as contained within our connection charging estimating package.

The provision of the above activity is the responsibility of Electricity North West and is therefore classified as being non contestable. Our proposal is to include a charge within our SLC4B statement to provide transparency of the requirement to recover the costs of this provision in those instances where Electricity North West's agent United Utilities Electricity Services is requested to energise newly installed LV mains where more than one service is connected and will be energised.

3.3 Auditing Activities

The required modification would be to change the current wording in Section 7.14, Table 11 Inspection & Monitoring from:

- Service Cable Installation (per 100m installed) to Service Cable Installation (per 10 services installed)

4. Proposed illustrative structure and charges

There is an attachment to this document with the relevant areas to be changed highlighted in track changes. This should make it easy to see how the areas of change sit within the Condition 4B statement.

5. A timetable for the implementation of the modification and charges changes

| Date | Activity |
|-----------------|--|
| 18 January 2008 | Modification proposal submitted to Ofgem for approval. |
| 1 April 2008 | Electricity North West Limited's proposed implementation date. |