MODIFICATION PROPOSAL

SSEPD/09/001

Modification of Use of System Charging Methodology to introduce a specific methodology for licensed IDNO networks

Date of Issue: 24 July 2009

FOR APPROVAL BY THE GAS & ELECTRICITY MARKETS AUTHORITY

This Modification Proposal sets out Scottish Hydro Electric Power Distribution Plc's (SHEPD) and Southern Electric Power Distribution Plc's (SEPD) proposal to amend their Use of System Charging Methodology for licensed IDNO networks.

Table of contents

1 Issue Authority

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2 Introduction and background

2.1 This document sets out proposals to implement a methodology for use of system charges for licensed Independent Distribution Network Operators (IDNOs). The licensed IDNO charges derived reflect certain cost recovery characteristics that apply only to licensed IDNOs.

2.2 SSE Power Distribution (SSEPD) is the trading name of Southern Electric Power Distribution plc (SEPD), Scottish Hydro-Electric Power Distribution plc (SHEPD) and Scottish Hydro Electric Transmission Ltd (SHETL), part of the Power Systems division of Scottish and Southern Energy plc. SEPD and SHEPD are the licensed electricity distribution businesses, which own and operate networks in Central Southern England and North of Scotland respectively. SEPD and SHEPD also own and operate small embedded distribution systems outside of their distribution service areas.

2.3 With effect from 1 April 2005, the DNOs' distribution use of system charging methodologies have to conform to the objectives set out in standard licence condition 13.3, which states:

- that compliance with the use of system charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act[1] and by the licence;

[1] The Electricity Act 1989 as amended by the Utilities Act 2000, the Sustainable Energy Act 2003 and Energy Act 2004.

- that compliance with the use of system 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;

- that compliance with the use of system 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

- that, as far as is consistent with the sub-paragraphs above, the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.

2.4 SSEPD is obliged under SLC 13 of its distribution licences to keep its use of system charging methodologies under review and make such modifications as necessary for the purpose of better achieving the relevant licence objectives.

2.5 This document sets out proposals to change SSEPD's use of system charging methodology to incorporate charges to licensed IDNOs and therein better reflect the costs associated with these networks.

2.6 In addition it is also necessary to make some consequential changes to the form of SSEPD's Use of System charging statement and revised statements are also included in this proposal.

2.7 In summary, SSEPD proposes that use of system charges for licensed IDNOs would:-

- apply to predominately domestic and predominately non domestic sites;

- be based on Fixed, Capacity and Unit components;

2.8 SSEPD's current distribution use of system demand charges to licensed IDNOs are by reference to the voltage of connection and an appropriate non-domestic tariff. A range of published tariffs for HV and LV connections is available. Currently site-specific charges in SEPD and published tariff in SHEPD would apply for EHV connections. A description of SSEPD's current charging methodology is detailed in the statement of charging methodology for use of system, available from SSEPD's website at:

http://www.ssepd.co.uk/Sections/TechnicalandProfessionalInformation/RelatedLinks/ElectricalCommercialPolicy.aspx

2.9 The emergence of IDNOs and out of area Distribution Network Operators (DNOs) connecting to a host DNO system have been a significant change for the Industry. SSEPD and most other DNOs have in the first instance applied their existing non-domestic business tariffs to this new customer group given the lack of precedence of these new networks being connected.

2.10 SSEPD has been in discussion with Ofgem and interested stakeholders regarding IDNO networks and the use of system charges that we have applied to these networks. As these networks have developed it is becoming clear that, at HV and LV, they are predominately made up of domestic sites.

2.11 The IDNO/DNO working group convened by Ofgem have been in discussion to put in place an interim 'common' methodology for charging Licensed IDNOs for use of DNO's distribution system from 1 April 2009.

2.12 It is against this background that SSEPD has reviewed its charging methodology in respect of this new IDNO customer group and has put forward this modification proposal.

2.13 From the information available, it is clear that many IDNO embedded networks serve predominantly domestic loads, which have different load characteristic than medium or large non-domestic users.

2.14 The existing tariffs that are applied to IDNOs sites have a capacity charge component and this has raised some issues for IDNOs given that the IDNO sites supply predominately domestic customers. The proposed IDNO tariffs do not include a capacity component for predominately domestic connections. This is not the case with a predominately large non domestic IDNO site but there is a 'capacity ramping' facility which reflects build up the development over a period of three years from date of energisation, further described in our current use of system methodology statement.

3 Proposed Charging Methodology

3.1 SSEPD's proposal on distribution use of system tariffs for licensed IDNOs is set out below. SSEPD propose the introduction of two IDNO tariff categories which better reflect costs that predominately domestic and non-domestic IDNO connections impose on SSEPD's network.

Rationale for the use of boundary tariffs

3.2 We originally developed tariffs for IDNO networks based on a "portfolio" approach. This would have involved applying embedded network charges on the basis of the same tariff components as our other charges, applied to the number and load data for the users on the embedded network.

3.3 The main advantage of a portfolio approach is that it would have helped us demonstrate compliance with competition objectives, because the amount of margin that embedded network operators can compete for would be clearly identifiable in respect of each putative end user. This would have reduced the risk that some new developments might have been unable to benefit from competition between potential network operators simply because of discrepancies in tariff structures between our standard all-the-way charges and the charges that we levy on embedded networks for use of our distribution system. The portfolio approach requires the provision of data about the users on IDNO networks in order to calculate charges for the use of our distribution system. This data does not currently exist in the required format.

3.4 We are not currently able to put forward a full portfolio charging methodology. This is because no party has come forward with a robust proposal to provide the data necessary to bill on that basis. A proposal to modify ELEXON's systems to provide these data was recently rejected at Supplier Volume Group (part of BSC Panel sub-committee).

3.5 For this reason, this modification proposal is formulated on the basis of boundary tariffs using existing data from boundary meters. The DNOs' work on an enduring method for setting embedded network charges (as part of the Common Distribution Charging Methodology project) is focused on calculating IDNO charges on a portfolio basis.

Application of a single discount percentage

3.6 Under this modification proposal we propose to apply the same discount percentage to all tariff components (fixed, units and capacity where relevant) on the grounds of simplicity. The development of an enduring methodology for IDNO charges is not constrained by the use of a single discount percentage.

3.7 For predominately domestic IDNO sites connections (see 3.23), the day and night unit rates are calculated by applying the relevant % discount to a combined domestic unrestricted and restricted (e.g. E7) demand profile and all the way tariff. For LV connected predominantly small non domestic IDNO sites (see 3.23), the day and night unit rates is calculated by applying the relevant % discount to a combined small non domestic unrestricted and restricted demand profile and all the way tariffs. For LV connected predominantly large non domestic IDNO sites (see 3.23), the day and night unit rates is calculated by applying the relevant % discount to the all the way tariffs for a large half hourly LV non domestic user. The combined domestic unrestricted and restricted all the way tariff is obtained as follows: Calculate the average pence per unit for both types of customers together (from revenue and volume), set the night rate to the domestic restricted night rate, derive the day rate to match the average pence per unit, using the day/night volume ratios. The calculation is on the same basis for the combined non domestic unrestricted and restricted all the way tariff.

Calculation of the discount percentages

3.8 We have calculated the discount percentages using a three-step procedure.

3.9 The first step is to calculate the percentage of total distribution costs in each level of[2] our network, and to calculate the proportion of the costs allocated to each network tier which are directly attributable to distribution activity in that next work tier and those which represent an allocation of indirect costs The allocation methodology is described below.

The outputs from that first step are an allocation of price control revenues (weighted by units distributed) between the LV, HV/LV, HV and EHV network levels, and for each

of these levels a split of the allocated costs between direct and indirect costs. Therefore from the allocation process we can determine the percentage of our total costs allocated to each level and the proportion of this allocation which can be categorised as direct and indirect costs.

3.10 The second step is to determine the proportion of our LV network that is typically used by an embedded network, relative to the amount of LV network used by a typical LV customer.

3.11 The output from the second step is a single percentage, which we call the LV split, representing the proportion of the LV network that, on average, LV-connected embedded networks use in respect of each end user, relative to the amount of LV network used by our LV end users. This percentage is used to reduce the (direct proportion) of the LV allocation to reflect the split of LV costs between our network and average IDNO embedded network.

3.12 The third step is to combine steps 1 and 2 above in order to determine the discount (from the combined tariffs described in paragraph 1.2) apply in the calculation of embedded network tariffs.

3.13 Embedded networks connected at LV receive a discount equal to the LV% network level allocation after the direct proportion of the allocation has been adjusted for the LV split. Effectively the IDNO is charged for all amounts allocated to HV/LV, HV or EHV, and for the direct costs associated the average proportion of the our network provided used by each IDNO end user.

Embedded networks connected at HV receive a discount equal to the sum of the LV and HV/LV percentage network allocations.

Allocation of revenues to network levels

3.14 To calculate the network level percentage allocations we calculate separate network level percentages for the operating cost, depreciation and return on RAV elements of our allowed revenue. The final network level percentages are a weighted average of all

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[2] For the purposes of Licensed IDNOs charging we split out network into three tiers, these being LV, HV/LV and EHV.

of these. In order to allocate our revenues to network levels, we have used allocation drivers calculated from the following sources:

- A breakdown of price control allowed revenue over the period 2005/06–2009/10 between operating expenditure, depreciation and return on regulatory asset value (RAV).

- 2007/08 RRP data on units distributed and operating expenditure broken down by network level.

- FBPQ data on elements of capital expenditure and customer contributions for the period 2005/06–2014/15, broken down by network level, and on gross modern equivalent asset values for various asset types.

3.15 For the part of operating expenditure that is included in allowed revenue under the price control, the RRP data allows us to distinguish between direct and indirect costs, with direct costs allocated directly to network levels. Thus a direct operating costs percentage for each network level can be established from the RRP data. We allocated indirect operating costs to network levels on the basis of MEAV. The overall operating cost percentage for each level is a weighted average of the direct and indirect percentages. Estimated gross modern equivalent asset values used for this purpose were derived from asset counts and unit costs from the FBPQ. Where unit cost data were not available from the FBPQ, an estimate prepared by PB Power for Ofgem was used instead.

3.16 Both the depreciation and return on capital elements of allowed revenue were allocated to network levels on the basis of net capital expenditure data derived from the FBPQ. All figures were aggregated over the 10-year period 2005/06–2014/15, taking in actual data or forecasts for each year as available.

3.17 For each network level, net capital expenditure was calculated by adding up total condition based replacement (proactive and reactive) replacement, combined in the case of LV, HV and EHV with connections spend minus customer contributions for connections at that voltage level, general reinforcement capital expenditure at that voltage level, and fault reinforcement capital expenditure at that voltage level. Some of these categories explicitly identify HV substation and HV transformer costs. These costs (and no other costs) are allocated to the HV/LV network level. Some of the

expenditure categories do not separately identify HV substation/transformer costs. For these categories costs are allocated to the HV/LV in the same proportion as for the other categories (where these costs are separately identified).

3.18 As the IDNO tariffs relate to demand customers we have not included generation capital expenditure calculation of the percentage of net capex attributable to each network level.

3.19 At HV for the predominately domestic tariff the HV/LV substation costs can be identified in the MEAV split, the direct costs and our FBPQ data allowing the exclusion of these costs. It is infrequent that IDNO connections for predominately domestic developments result in the IDNO constructing HV network extensions, therefore only the HV/LV transformation level has been considered in formulating this tariff at this time.

3.20 These allocations of the operating expenditure, depreciation and return elements of allowed revenue are combined using weights from the price control breakdown.

3.21 These allocations are then rescaled by the estimated number of units flowing through each network level.

3.22 Finally, for operating expenditure attributed to LV, a breakdown is made between direct and indirect expenditure, using the proportions from the analysis of RRP data.

Allocation of IDNO sites to categories

3.23 Given that it is may be difficult to ascertain the relative demand contribution of the site comprising of a mixture of users, the following assessment criteria are proposed:

- Predominantly domestic – means greater than 60% of the maximum demand due to domestic connections.

- Predominantly non-domestic – means greater than 60% of the maximum demand due to non domestic connections. For LV connected predominantly non-domestic site it is necessary to assess and classify whether the site serves a majority of small non domestic (primarily PC3-4) or large non domestic (primarily PC5-8 and/or PC0) IDNO load.

3.24 Where the classification of the category is uncertain (i.e between 40%-60% of the site maximum demand) the allocation to either predominantly domestic, predominantly small non-domestic or predominantly large non-domestic will assessed with the agreement of the IDNO.

Structure of the proposed IDNO tariffs

3.25 The charges in this modification proposal would apply from 1 April 2009 to any licensed IDNO embedded network that is connected to our network. SSEPD proposes to offer the following IDNO tariff arrangements for this interim period:

Existing Boundary IDNO tariffs

3.26 SSEPD will continue to offer the current non domestic tariffs to licensed IDNOs connecting embedded networks to its distribution network.

Proposed Boundary IDNO tariffs

3.27 In addition to offering the current non domestic tariffs, SSEPD will make available the following additional proposed boundary IDNO tariffs.

IDNO sites connected at HV and LV serving predominantly domestic load.

3.28 Charges for an IDNO site with predominantly domestic connections will be based on:

Day and night unit rates applied to boundary meter readings.

Fixed charge, applied to monthly total MPAN count of IDNO's network users. The MPAN data (split by each profile class total) for the relevant chargeable month will be provided by the IDNO after the 15th day but before end of each month. Where a licensed IDNO does not provide the MPAN count, our charges invoiced will be based on an estimate of the MPAN count.

IDNO sites connected at LV serving predominantly non domestic load.

3.29 Charges for an IDNO LV site with predominantly non domestic LV connections will be based on:

LV IDNO sites classed as small non domestic

Day and night unit rates applied to boundary meter readings.

Fixed charge, applied to monthly total MPAN count of IDNO's network users The MPAN data (split by each profile class total) for the relevant chargeable month will be provided by the IDNO after the 15th day but before end of each month. Where a licensed IDNO does not provide the MPAN count, our charges invoiced will be based on an estimate of the MPAN count.

LV IDNO sites classed as large non domestic.

Day and night unit rates applied to boundary meter readings.

Fixed charge, applied to the PC 5-8 and PC 00 monthly total MPAN count of IDNO's network users . The MPAN data (split by each profile class total) for the relevant chargeable month will be provided by the IDNO after the 15th day but before end of each month. Where a licensed IDNO does not provide the MPAN count, our charges invoiced will be based on an estimate of the MPAN count.

Capacity charges applied to the agreed maximum capacity in the connection agreement, and where applicable "capacity ramping" facility would also apply.

IDNO sites connected at EHV and HV serving predominantly non domestic load.

3.30 For IDNO sites connected at EHV serving predominantly non domestic connections our current appropriate non domestic tariffs would apply and where applicable "capacity ramping" facility may also apply.

Application of proposed IDNO tariffs.

3.31 As the proposed IDNO tariffs is applicable until 31 March 2010, we do not plan to change the discount figures within the lifetime of proposed IDNO tariffs.

3.32 This proposal is without prejudice to the Common Distribution Charging Methodology (CDCM) that is being developed collaboratively by the DNOs in consultation with other stakeholders (see http://2009.energynetworks.org/structure-of-charges/ for information or to find out how to join the working groups).

4 Proposed SSEPD IDNO Tariffs

Predominantly Domestic connections.

4.1 Table 1 and Table 2 shows the proposed SEPD and SHEPD IDNO tariffs for predominantly domestic sites (PC 1 & 2).

SEPD – Proposed IDNO Tariffs for predominantly domestic sites			
Description	Fixed Charge (p/MPAN/day)	Day Unit Charge (p/kWh)	Night Unit Charge (p/kWh)
LV connection	*3.82*	*1.102*	*0.134*
HV connection	*3.33*	*0.961*	*0.117*

Table 1 – Table of proposed IDNO tariff for SEPD area.

SHEPD – Proposed IDNO Tariffs for predominantly domestic sites			
Description	Fixed Charge (p/MPAN/day)	Day Unit Charge (p/kWh)	Night Unit Charge (p/kWh)
LV connection	*3.94*	*1.708*	*0.700*
HV connection	*3.59*	*1.560*	*0.639*

Table 2 – Table of proposed IDNO tariff s for SHEPD area.

Predominantly Non Domestic connections.

4.2 Table 1a and Table 2a show the proposed SEPD and SHEPD IDNO tariffs for predominantly small non domestic sites (PC 3& 4).

SEPD – Proposed IDNO Tariffs for predominantly small non domestic sites			
Description	Fixed Charge (p/MPAN/day)	Day Unit Charge (p/kWh)	Night Unit Charge (p/kWh)
LV connection	*3.82*	*1.223*	*0.134*

Table 1a – Table of proposed IDNO tariff for SEPD area.

SHEPD – Proposed IDNO Tariffs for predominantly small non domestic sites			
Description	Fixed Charge (p/MPAN/day)	Day Unit Charge (p/kWh)	Night Unit Charge (p/kWh)
LV connection	*5.48*	*2.880*	*0.700*

Table 2a – Table of proposed IDNO tariff s for SHEPD area.

4.3 Table 1b and Table 2b show the proposed SEPD and SHEPD IDNO tariffs for predominantly large non domestic sites (PC 5-8 & HH LV).

SEPD – Proposed IDNO Tariffs for predominantly large non domestic sites					
Description	Fixed Charge (p/MPAN/month)	Day Unit Charge (p/kWh)	Night Unit Charge (p/kWh)	Capacity Charge <200kVA (p/kVA/month)	Capacity Charge >200kVA (p/kVA/month)
LV connection	*1084*	*0.441*	*0.086*	*77*	*68*

Table 1b – Table of proposed IDNO tariff for SEPD area.

SHEPD – Proposed IDNO Tariffs for predominantly large non domestic sites				
Description	Fixed Charge (p/MPAN/month)	Day Unit Charge (p/kWh)	Night Unit Charge (p/kWh)	Capacity Charge (p/kVA/month)
LV connection	*255*	*0.656*	*0.700*	*130*

Table 2b – Table of proposed IDNO tariff s for SHEPD area.

Impact of new methodology on prices.

4.4 Appendix 1, 2 and 3 details IDNO site information and tariff comparison analysis.

5 How the proposals better meet the licence obligations

5.1 Many licensed IDNO networks serve predominantly domestic loads, which have different load characteristics than medium or large non-domestic users and applying the current non-domestic users' tariffs may be considered to be inappropriate. This proposal attempts to overcome these shortcomings.

5.2 SSEPD proposals will better meet its licence objectives by improving the cost reflectivity in licensed IDNO use of system charges which more accurately reflect the costs incurred in distributing electricity to IDNO networks.

5.3 The proposed licensed IDNO use of system charges will help facilitate further development in the growth of independently owned and operated distribution networks.

6 Proposed Use of System Methodology and Charging Statements

6.1 The proposals set out above would require changes to the our statements of charges for use of system of SEPD and SHEPD electricity distribution network.. The proposed tracked changed versions of the methodology and charging statements forming part of this proposal are attached as separate documents.

7 Implementation Date

7.1 The IDNO/DNO working group convened by Ofgem have been in discussion since last year to develop an appropriate and cost reflective use of system charges for IDNOs for the interim (2009/10) and enduring (as part of the CDCM project which is being implemented from 1 April 2010). It was always anticipated by the working group that the development of IDNO charges for the interim solution would take effect from 1 April 2009. The delay in implementation is due to the complex nature of developing a cost reflective methodology for IDNOs. In these exceptional circumstances it is considered apropriate in this particular case only to apply the charges from 1 April 2009. The effect of this proposed retrospective implementation date is that the financial impact on other customers is minimal (less than £ 23k per annum)

7.2 If the Authority deliver a non veto to this proposal, this modification will be introduced for application at the earliest practical date.

Appendix 1 IDNO data

IDNO Data

Table 3 and Table 4 show the current information for IDNO sites in SEPD and SHEPD areas respectively. All the IDNO sites are predominantly domestic load.

SEPD Area	
Number of IDNO sites	51
Average kVA per site	472
LV split % *	6.70

Table 3 – IDNO data for SEPD area

SHEPD Area	
Number of IDNO sites	15
Average kVA per site	125
LV split % *	8.67

Table 4 – IDNO data for SHEPD area

* Note: This % represents the proportion of the LV network that,on average,LV connected embedded networks use in respect of each end user, relative to the amount of LV network used by LV end users.

Appendix 2 Predominantly Domestic

Table 5 and Figure 1 below illustrates the cost difference between the proposed IDNO tariff (site boundary charge from SEPD to the IDNO) and the IDNO's domestic customers PC1 tariff for various sizes of IDNO sites. PC1 is a LV Domestic Demand Unrestricted tariff.

Number of Houses connected to IDNO	% Cost difference (comparing IDNO Tariff to PC1 Tariff in SEPD)	
	IDNO LV	IDNO HV
1	-35%	-43%
50	-35%	-43%
500	-35%	-43%

Table 5 – % Cost difference (comparing IDNO Tariff to PC1 Tariff in SEPD)

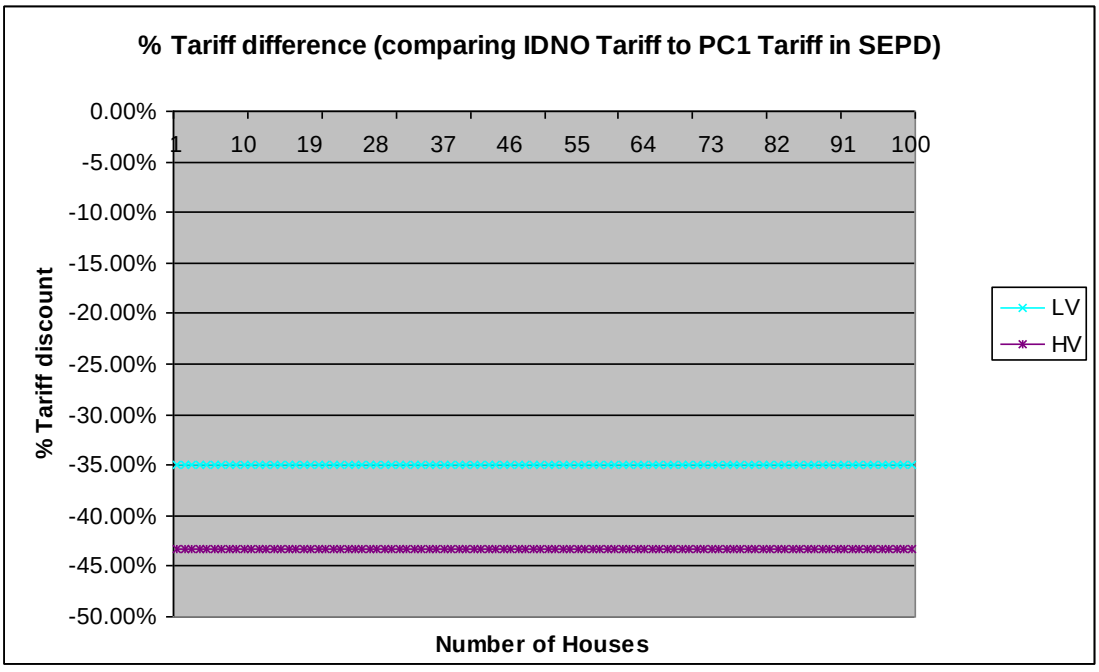


Figure 1 – Graph of % Tariff difference (comparing IDNO Tariff to PC1 Tariff in SEPD)

Table 6 and Figure 2 below illustrates the cost difference between the proposed IDNO tariff (site boundary charge from SHEPD to the IDNO) and the IDNO's domestic customers PC1 tariff for various sizes of IDNO sites. PC1 is a LV Demand Domestic Unrestricted tariff.

Number of Houses connected to IDNO	% Cost difference (comparing IDNO Tariff to PC1 Tariff in SHEPD)	
	IDNO LV	IDNO HV
1	-32%	-38%
50	-32%	-38%
500	-32%	-38%

Table 6 – % Cost difference (comparing IDNO Tariff to PC1 Tariff in SHEPD)

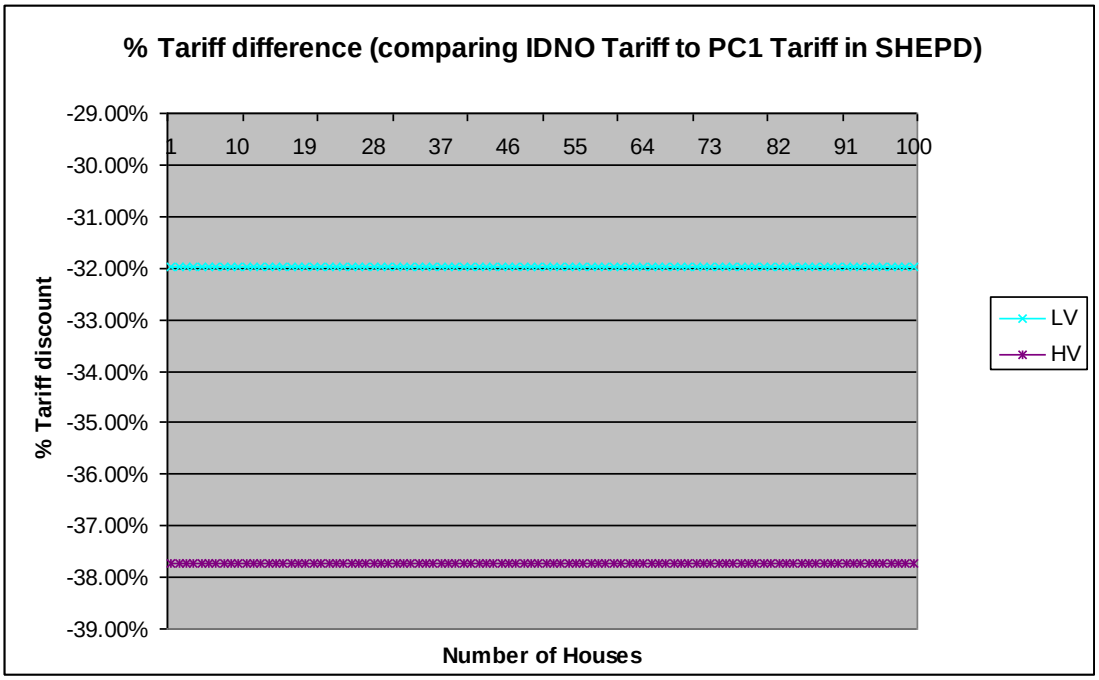


Figure 2 – Graph of % Tariff difference (comparing IDNO Tariff to PC1 Tariff in SHEPD)

Table 7 and Figure 3 below illustrates the cost difference between the proposed IDNO tariff (site boundary charge from SEPD to the IDNO) and the IDNO's domestic customers PC2 tariff for various sizes of IDNO sites. PC2 is a LV Domestic Demand Restricted tariff.

Number of Houses connected to IDNO	% Cost difference (comparing IDNO Tariff to PC2 Tariff in SEPD)	
	IDNO LV	IDNO HV
1	-28%	-37%
50	-28%	-37%
500	-28%	-37%

Table 7 – % Tariff difference (comparing IDNO Tariff to PC2 Tariff in SEPD)

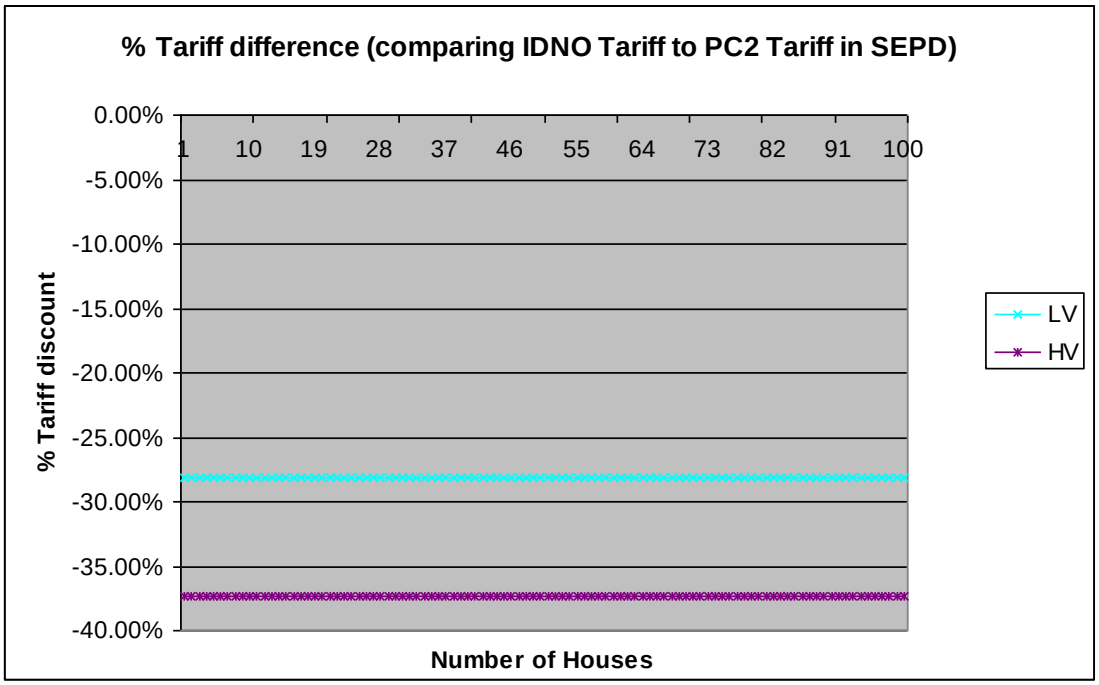


Figure 3 – Graph of % Tariff difference (comparing IDNO Tariff to PC2 Tariff in SEPD)

Table 8 and Figure 4 below illustrates the cost difference between the proposed IDNO tariff (site boundary charge from SHEPD to the IDNO) and the IDNO's domestic customers PC2 tariff for various sizes of IDNO sites. PC2 is a LV Domestic Demand Restricted tariff.

Number of Houses connected to IDNO	% Cost difference (comparing IDNO Tariff to PC2 Tariff in SHEPD)	
	IDNO LV	IDNO HV
1	-25%	-31%
50	-25%	-31%
500	-25%	-31%

Table 8 – % Cost difference (comparing IDNO Tariff to PC2 Tariff in SHEPD)

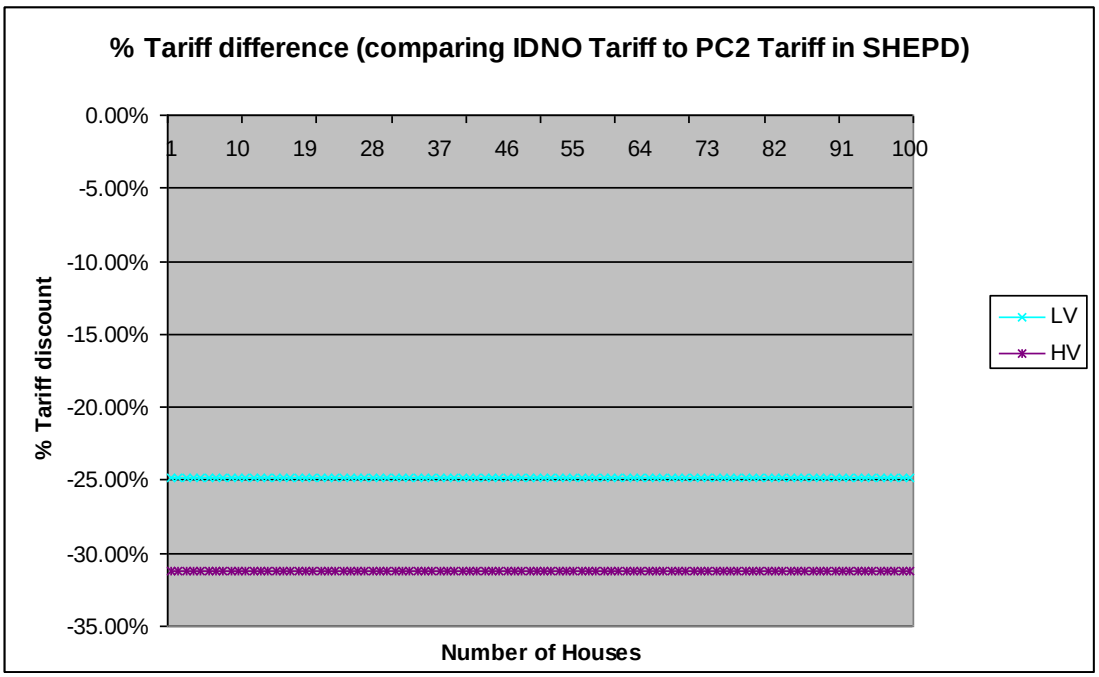


Figure 4 – Graph of % Tariff difference (comparing IDNO Tariff to PC2 Tariff in SHEPD)

Figure 5 & 6 below illustrates the Margin (comparing IDNO Tariff to PC1 Tariff in SEPD & SHEPD)

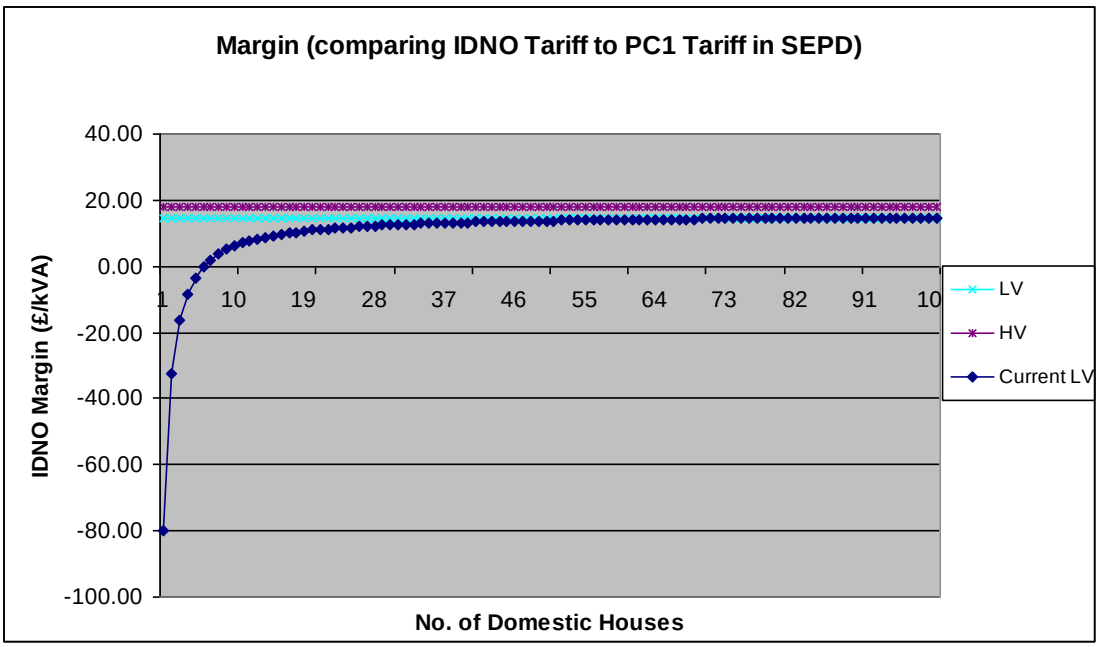


Figure 5 – Graph of Margin difference (comparing IDNO Tariff to PC1 Tariff in SEPD)

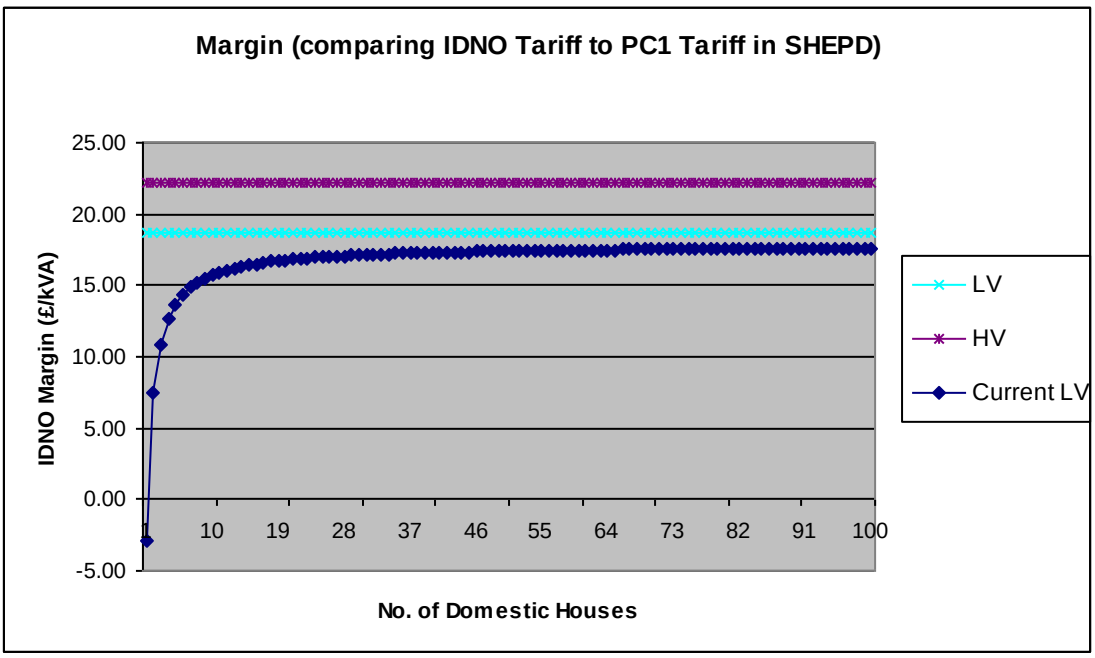
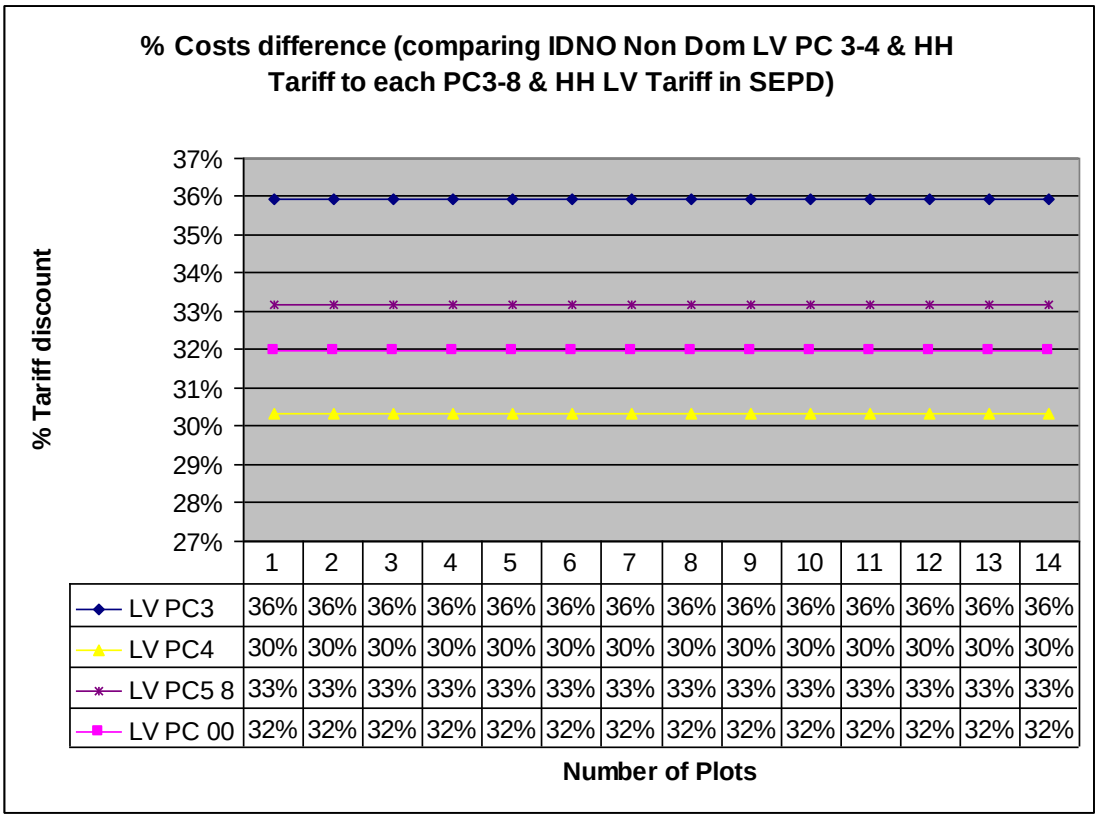


Figure 6 – Graph of Margin difference (comparing IDNO Tariff to PC1 Tariff in SHEPD)

Appendix 3 Predominantly Non Domestic

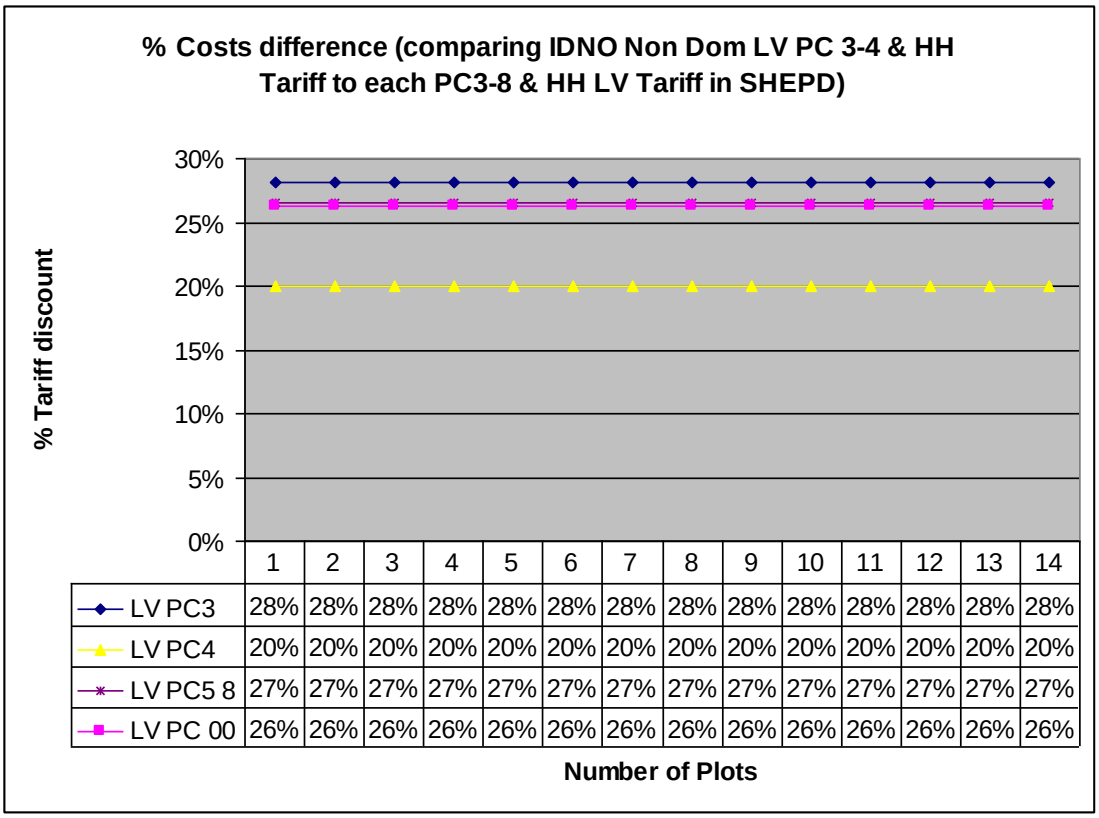
Figure 7 below illustrates the cost difference between the proposed IDNO predominantly non domestic tariff (site boundary charge from SEPD to the IDNO) and the IDNO's non domestic PC3 & 4 and other Profile Class users' tariffs for various sizes of IDNO sites.



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
LV PC3	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%
LV PC4	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
LV PC5 8	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
LV PC 00	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%

Figure 7 – Graph of % Costs difference (comparing IDNO Non Dom LV PC 3-4 & HH Tariff to each PC3-8 & HH LV Tariff in SEPD)

Figure 8 below illustrates the cost difference between the proposed IDNO predominantly non domestic tariff (site boundary charge from SHEPD to the IDNO) and the IDNO's non domestic PC3 & 4 and other Profile Class users' tariffs for various sizes of IDNO sites.



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
LV PC3	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
LV PC4	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
LV PC5 8	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
LV PC 00	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%

Figure 8 – Graph of % Costs difference (comparing IDNO Non Dom LV PC 3-4 & HH Tariff to each PC3-8 & HH LV Tariff in SHEPD)