

Condition 33. Definitions for the Section B standard conditions

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Transmission Connection Point Charges means charges that are levied by a Transmission Licensee as connection charges by direct reference to the number or nature of connections between the licensee's Distribution System and the GB Transmission System and that are payable by the licensee.

Transmission Exit Charges means those elements of Transmission Connection Point Charges that:

- (a) refer directly to assets installed on or after 1 April 2010 pursuant to a requirement of the licensee for the provision of new or reinforced connection points between the GB Transmission System and the licensee's Distribution System; and
- (b) accordingly fall within the category of Specified Information set out at paragraph A2(c) of Appendix 1 of standard condition 45A of this licence (Incentive scheme for Transmission Connection Point Charges).

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CRC 2. Definitions for the Charge Restriction Conditions

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Part B: Definitions found elsewhere in this licence

2.4 The following words or expressions used in the Charge Restriction Conditions are defined in either standard condition 1 or standard condition 33 of this licence, as indicated below, and have in the Charge Restriction Conditions the meaning given to them by the relevant standard condition.

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Standard condition 33: Definitions for the Section B standard conditions

Defined words or expressions

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Transmission Connection Point Charges

Transmission Connection Point Charges RIGs

Transmission Exit Charges

Condition 45A. Incentive scheme for Transmission Connection Point Charges

Introduction

- 45A.1 This condition applies on and after 1 April 2010 and requires the licensee to collect and provide the Authority with Specified Information on a common basis with all other Distribution Services Providers, and to an appropriate degree of accuracy, so as to:
- (a) facilitate the establishment and operation of a Transmission Connection Point Charges Incentive Scheme under the Charge Restriction Conditions of this licence that is designed to incentivise an efficient level of Transmission Connection Point Charges at the boundary between the licensee's Distribution System and the GB Transmission System; and
 - (b) enable the Authority to monitor the licensee's performance in respect of that scheme.

Licensee's obligations

- 45A.2 Unless and so far as the Authority otherwise consents, the licensee must have and maintain appropriate systems, processes, and procedures to enable it:
- (a) to estimate, measure, and record the information detailed in the Schedule of Specified Information set out at Appendix 1, which is part of this condition; and
 - (b) to provide such information to the Authority in respect of such periods and within such timeframes as are specified in that Schedule.
- 45A.3 In fulfilling its obligations under paragraph 45A.2, the licensee must at all times act in accordance with any Regulatory Instructions and Guidance issued by the Authority for the purposes of this condition ("the Transmission Connection Point Charges RIGs").

Contents of the Transmission Connection Point Charges RIGs

- 45A.4 Subject to paragraph 45A.5, the Transmission Connection Point Charges RIGs may include or make provision for such matters (including in respect of cost allocation and audit) as the Authority considers appropriate for the purposes of ensuring the consistency, accuracy, and reliability of Specified Information provided in accordance with Appendix 1.
- 45A.5 The provisions of the Transmission Connection Point Charges RIGs must not exceed what is reasonably required to achieve the purposes of this condition.

Procedure for issuing Transmission Connection Point Charges RIGs

- 45A.6 Before issuing any Transmission Connection Point Charges RIGs, the Authority, by Notice given to all Distribution Services Providers, must:
- (a) state that it proposes to issue the RIGs and specify the date on which it proposes that they should take effect;

- (b) set out the text of the RIGs and the Authority's reasons for proposing to issue them; and
- (c) specify the time (which must not be less than a period of 28 days from the date of the Notice) within which representations or objections with respect to the proposal may be made.

45A.7 The Authority must consider any representations or objections that are duly made and not withdrawn.

45A.8 The requirements of paragraphs 45A.6 and 45A.7 may be satisfied by action taken before, as well as by action taken after, the commencement of this condition.

Modification of Transmission Connection Point Charges RIGs

45A.9 The Transmission Connection Point Charges RIGs may be modified at any time on or after 1 April 2010 in accordance with the procedures and subject to the other provisions specified in standard condition 49 (Modification of RIGs in force under this licence).

Interpretation

45A.10 For the purposes of this condition (including Appendix 1), any words and expressions appearing in it (with the exception of "Transmission Connection Point Charges" and "Transmission Exit Charges") that are defined, explained, or further elaborated under any provision of the Transmission Connection Charges RIGs have the meaning given by, or are to be read in accordance with, that provision.

45A.11 Appendix 1 follows immediately below.

Appendix 1: Schedule of Specified Information

- A1. As provided for at paragraph 45A.2, this Schedule details the Specified Information that the licensee must measure and record under this condition, the periods in respect of which the licensee must collect it, and the timeframes within which the licensee must give it to the Authority.
- A2. The Specified Information comprises:
- (a) the total amount of the Transmission Connection Point Charges payable by the licensee in the Regulatory Year (“the total TCP charges”);
 - (b) those amounts (where relevant) of the total TCP charges that refer to assets installed before 1 April 2010;
 - (c) those amounts of the total TCP charges that qualify as Transmission Exit Charges for the purposes of this condition because they are referable to assets installed on or after 1 April 2010 pursuant to a requirement of the licensee in respect of either:
 - (i) the provision of a new connection point between the GB Transmission System and the licensee’s Distribution System, or
 - (ii) the reinforcement of an existing connection point between those systems;
 - (d) those amounts (where relevant) of the total TCP charges that refer to assets installed on or after 1 April 2010 but that do not qualify as Transmission Exit Charges.

Other Specified Information

- A3. This information comprises such other information as may from time to time be specified by the Authority in a direction given under this condition to the licensee and all other Distribution Services Providers as if it were a direction issued under and subject to the provisions of standard condition 49 (Modification of RIGs in force under this licence) to modify the Transmission Connection Point Charges RIGs.

Collection periods and reporting timeframes

- A4. All of the Specified Information detailed under this Schedule must be:
- (a) collected (with effect from and including 1 April 2010) in respect of the period comprising each Regulatory Year; and
 - (b) provided to the Authority on or before 31 July (or such later date as the Authority may by Notice specify) in the next following Regulatory Year.
- A5. An estimate of the Specified Information detailed under paragraph A2(a) must be provided to the Authority on or before 1 April of each Regulatory Year.
- A6. Specified Information referred to under paragraph A4 must be collected in respect of such period and be provided to the Authority by such date as are specified by the Authority in the direction referred to in that paragraph.

CRC 10. Adjustment of licensee's revenues to reflect performance in relation to Transmission Connection Point Charges

Introduction

- 10.1 The purpose of this condition is to establish a mechanism for calculating the amount of the term IT (the Transmission Connection Point Charges incentive term) that applies in CRC 5 (Restriction of Distribution Charges: total incentive revenue adjustment).
- 10.2 The effect of the application of the Transmission Connection Point Charges incentive term in CRC 5 is to adjust the calculation of the licensee's Allowed Demand revenue under CRC 3 (whether upwards or downwards) in order to reflect the performance of the licensee in relation to the Transmission Connection Point Charges Incentive Scheme established pursuant to standard condition 45A of this licence (Incentive scheme for Transmission Connection Point Charges).

Part A: Calculation of the amount of the IT adjustment

- 10.3 For the purposes of Part B of CRC 5, which adjusts the calculation of the licensee's Allowed Demand Revenue under CRC 3, the amount of the IT adjustment for the Regulatory Year t is derived in accordance with the following formula (in this condition, the Principal Formula):

$$IT_t = TI_t + TP_t$$

- 10.4 In that formula:

TI_t means the amount of revenue allowed for Transmission Exit Charges in the Regulatory Year t, as derived in accordance with Part B below.

TP_t means the amount representing the pass-through revenue for Regulatory Year t in respect of those elements of Transmission Connection Point Charges incurred by the licensee in that year that do not qualify as Transmission Exit Charges, as reported by the licensee pursuant to the Transmission Connection Point Charges RIGs issued by the Authority under standard condition 45A of this licence.

Part B: Calculation of the total incentive revenue (TI)

- 10.5 For the purposes of the Principal Formula:

$$TI_t = PT_t + (tir \times ((PIAT_t \times All_t) - PT_t))$$

- 10.6 In the formula for the TI term above:

$PIAT_t$ is the price index adjuster relating to Transmission Exit Charges, and is determined as set out in Part C below.

ALL_t is the Transmission Exit Charges allowance in the Regulatory Year t in 2008/09 prices, as approved by the Authority under the Transmission Connection Point Charges Incentive Scheme, and is represented by the amount shown against the licensee's name in the table set out at Appendix 1 (which is part of this condition).

TIR is the incentive rate, which, for the purposes of this condition, has the value of 20 per cent.

PTt is the actual amount of Transmission Exit Charges payable by the licensee in the Regulatory Year t, as reported under the Transmission Connection Point Charges RIGs issued by the Authority under standard condition 45A of this licence.

Part C: Calculation of the price index adjuster (PIAT)

10.7 For the purposes of the formulas set out in Parts A and B above:

PIATt is the price index adjuster in Regulatory Year t, and is derived from the following formula:

$$PIAT_t = \left[1 + \frac{RPI_t}{100} \right] \times PIAT_{t-1}$$

10.9 In the formula for the PIAT term above:

PIATt has the value of 1 for the Regulatory Year beginning on 1 April 2010, and then for each subsequent Regulatory Year has the value derived in accordance with the formula itself.

RPIt is as defined in Part C of CRC 3, and is determined in accordance with the formula set out there.

10.10 Appendix 1 follows immediately below.

APPENDIX 1

Allowance for Transmission Exit Charges

(see paragraph 10.6 of this condition)

Licensee	Allowance (£m) in 2008/09 prices
Central Networks West plc	XX.X
Central Networks East plc	XX.X
Electricity North West Ltd	XX.X
Northern Electric Distribution Ltd	XX.X
Yorkshire Electricity Distribution plc	XX.X
Western Power Distribution (South West) plc	XX.X
Western Power Distribution (South Wales) plc	XX.X
EDF Energy Networks (LPN) plc	XX.X
EDF Energy Networks (SPN) plc	XX.X
EDF Energy Networks (EPN) plc	XX.X
SP Distribution Ltd	XX.X
SP Manweb plc	XX.X
Scottish Hydro Electric Power Distribution plc	XX.X
Southern Electric Power Distribution plc	XX.X