CE Electric UK

Modification Proposal

Modification number: 0016/2010 – New methodology for calculating EHV generation charges section

New section 5 in both Northern Electric Distribution Ltd (NEDL) and Yorkshire Electricity Distribution plc (YEDL) Use of System Charging Methodology – 'Methodology for calculating EHV generation charges'.

Date Submitted: 08 July 2010	**Version number: 1.0**
Date Approved:	**Date Rejected:**

Proposed Implementation Date: As soon as reasonably practicable following a non-veto by Ofgem.

Details of Proposal:

This proposal is to update NEDL's and YEDL's Use of System Charging Methodology to include a new section 5 that details the methodology for calculating extra-high voltage (EHV) generation charges. Provided these proposals receive a non-veto decision from Ofgem charges that would result from this methodology change will apply as soon as is reasonably practicable having regard to our notification period obligations under the licence and DCUSA.

Description of the changes:

Full details of our methodology proposal and the associated impact and sensitivity analysis are detailed below. The tariffs are based on the allowances that are generated from charge restriction condition 11 (CRC 11) of the electricity distribution licence (the licence) – '*Adjustment of licensee's revenues to reflect performance in relation to Distributed Generation*'. This condition gives effect to the DPCR5 *Final proposals* with respect to distributed generation. This proposal has been developed, following discussions with Ofgem, to ensure equitable and cost reflective use of system (UoS) charges for all generation customers connected to the distribution network, regardless of their connection date.

The modification involves the creation of a new section 5 to the distribution use of system charging methodology,

and appendix 1 to this document contains the proposed wording. A track-changed copy of our existing NEDL and YEDL statements is also attached for reference. The new section has been inserted and can be seen in this document. It should be noted that there are also changes to the contents page and the version control section as a result of the above amendment. The statements would be re-dated should our proposal be approved.

Existing charging arrangements

The following approach is currently used for calculating EHV generation charges which are levied on a p/kVA/day basis only. The charges are calculated on a site-specific basis and include an appropriate allocation of costs for the provision, operation, repair and maintenance of identified generation assets required in order to provide a supply of electricity for the customer. These charges may vary from site to site depending on the agreed capacity and characteristics. The level of charge depends upon a number of factors including:-

- the configuration and characteristics of the distribution network;
- the customer's consumption/generation characteristics and requirements;
- depreciation period and rate of return on the assets;
- the cost of the service cable to the premises and its termination except as recovered within the connection charge;
- contributions to the costs of the local network except as recovered within the connection charge;
- a possible contribution towards recovery of transmission system connection point charges; and
- the cost of data processing, maintaining customer records, billing and collection and some other administrative and system costs.

If the generator is also importing electricity from, or supplying electricity, to exit points from the distribution system, it may be charged for use of the system in respect of such imports or supplies. This will be in accordance with the condition laid out in the statement of UoS charges.

Under our current approved methodology whether or not a generation UoS charge is levied is dependent on when the generation site was connected. Specifically, generation sites connected to our network prior to 1 April 2005 do not face a UoS charge in respect of electricity that the generator exports onto the system. This reflects the commercial arrangements and the regulatory regime that has applied in respect of these customers.

Where a charge is levied (i.e. in respect of generation that was connected post-April 2005) EHV generator UoS charges are set to recover the total anticipated allowed revenue associated with EHV generation. The amount of allowances generated, and therefore the amount of income that can be recovered, from generators is as defined in the licence. The income to be recovered through UoS as part of this mechanism consists of the following

elements:

- annuity pass-through calculation – a calculation incorporating a proportion of the costs of connecting generators, depreciation and a rate of return;
- operation, repair and maintenance (OR&M) – based on an allowance for each kW of installed generation capacity
- revenue driver – based on an allowance for each kW of installed generation capacity; and
- transmission system exit charges – a proportionate share of the exit charges apportioned on an agreed capacity basis.

Currently, transmission system exit charges are not being factored into the calculation of generator UoS charges, as, in general, these assets have been installed to supply demand customers. In future situations where generators make majority use of transmission system connection assets, an element of these charges (calculated on the same basis as that used for demand customers) will be recovered through a combination of generator UoS and connection charges.

In the initial years of EHV generator UoS charges, there are a number of reasons why tariffs could be volatile, including:

- large variability in costs and revenue entitlements spread across a small population;
- generators connect in unexpected locations, causing costs to vary from those expected;
- estimates used in setting charges prove to be proportionately very inaccurate;
- relatively small changes in generator connections leading to substantial changes in forward-looking cost estimates; and
- the structure of the tariff-setting model proves flawed.

Hence, particularly in the early stages of the introduction of generator tariffs, account must be taken of potential disturbance to customers due to the volatility of tariffs. Given that the initially published charge is established based on forecast information it is not unreasonable to expect values to change once actual information is available. In order to reduce price disturbance and provide some form of stability and predictability, any movement in the charges will be limited to within a range of +10% or –10%, in any one year.

Proposed charging arrangements

The following approach is proposed for calculating EHV generation charges in the interim period between the approval of the methodology change and the coming into force of the new common extra-high voltage distribution

charging methodology (EDCM) in April 2011. In accordance with Ofgem's new policy we intend to remove the exemption from charges applied in respect of generation that was connected prior to 1 April 2005 so that all EHV generation charges will be calculated on an average basis *(note: where average means the total allowances generated by the total connected DG (£) in line with licence condition 11 (CRC 11) divided by the total connected nameplate capacity rating of all relevant generators (kW))* across all connected EHV relevant generators. The charges will include the appropriate allocation of costs for the provision, operation, repair and maintenance of all relevant generation site assets required in order to provide a supply of electricity for the customer. These total charges may vary from site to site depending on the agreed capacity and characteristics of the connection. The level of charge depends upon a number of factors including:-

- the generation capability of the site;
- the site's agreed export capacity onto the distribution system;
- the configuration/characteristics of the distribution network and the connection costs invested by the network operator; and
- the depreciation period and rate of return on the assets.

Again, if the generator is also importing electricity from, or supplying electricity to exit points from the distribution system, UoS charges will apply in respect of such imports or supplies. This will be in accordance with the condition laid out in the statement of use of system charges.

The charges levied on EHV generation customers will be on a p/kVA/day basis (i.e. a charge per kVA for system capacity at each voltage level that is attributed to the supply) and will be set at such a level as to recover the total anticipated allowed revenue from EHV generation customers in accordance with CRC 11: '*Adjustment of licensee's revenues to reflect performance in relation to Distributed Generation'*. The income to be recovered through UoS charges as part of this mechanism will typically consist of the following elements:

- an incentive payment (GI) which has the value of £1,000 per MW of incentivised generation capacity (in 2007/08 prices);
- pass-through revenue (GP) which is based on the amount of use of system capex for generation that is subject to the pass-through arrangement, a 5.6% pre-tax real cost of capital and a 15 year depreciation period;
- an operation and maintenance cost adjustment (GO) which has the value of £1,000 per MW of incentivised generation capacity (in 2007/08 prices); and
- the value of the previous price control amount (GL) which represents revenue in respect of the generation

that was connected to the distribution system prior to 31 March 2010 (reflecting the generation incentive scheme that was in effect at that date) and has the value shown against the licensee's name in CRC11.

Once the allowances have been calculated they will be spread across the full EHV customer group based on the cumulative connected capacity, regardless of the connection date.

As this is an interim solution until the EDCM is fully developed and is only intended to be in place for a limited period, we will not apply to the +10% or –10% price capping mechanism that formed part of our previous methodology.

The methodology set out in this statement will be applied to derive the use of system charges for all connected generators irrespective of the date of connection. However, in line with the policy of Ofgem, as set out in its *Final proposals* for the price controls to apply from 1 April 2010, where owners of generation have paid for reinforcement of the network (deep connection charges) and the reasonable life of this original investment has not expired, we may compensate the generator in accordance with Ofgem's policy. Our present understanding of Ofgem's policy is that the amount of the compensation will be calculated having regard to the relevant proportion (i.e. the unexpired amount) of the connection charges. If this modification proposal is not vetoed by Ofgem, we shall write to generators inviting each one that thinks it is entitled to compensation in line with Ofgem's policy to provide us with any information that it has that may be relevant to its circumstances. Compensation will be provided only where the circumstances meet the criteria set out by Ofgem in the *Final proposals* or in any subsequent Ofgem decision or policy statement that replaces or clarifies the policy set out in the *Final proposals.* Where appropriate we shall offer new connection agreements or variations to existing agreements that are consistent with the new Ofgem policy that is reflected in this methodology statement.

Worked example

The table below shows the generation allowances driven by customers connected at EHV, calculated in accordance with CRC 11. This results in negative EHV allowances of £0.16m in NEDL and £0.25m in YEDL in 2010/11.

Generation incentive category (£m)		**NEDL**	**YEDL**
2010/11 connected capacity (MW)	GCt	22.5	68.8
Incentive (£1,000 per MW in 2007/08 prices)	Git	0.02	0.07
Pass-through	GPt	0.00	0.00
O&M (£1,000 per MW in 2007/08 prices)	GO	0.02	0.07

Clawback (prescribed value from CRC 11)	GLt	-0.20	-0.40
Total Generation incentive (CRC 11)		**-0.16**	**-0.25**

The allowances above are calculated across the full EHV generation customer group on a cumulative capacity basis, regardless of the connection date. The attribution splits between the generation capacity for those customers connected pre-2005, those connected between 2005 and 2010 and those forecast to connect in 2010/11 are detailed below and result in a forecast cumulative connected capacity for all EHV sites of 863MVA in NEDL and 800MVA in YEDL.

EHV – cumulative connected capacities (MVA)	NEDL	YEDL
Generation capacity connected Pre-2005	742	608
Generation capacity connected between 2005-2010	52	124
Forecast generation capacity to be connected in 2010/11	69	69
Total	**863**	**800**

Taking the CRC11 allowances and the cumulative connected capacity allows a tariff to be calculated that will be levied on a p/kVA basis. The tariff reflects a credit of 0.049p/kVA/day in NEDL and 0.087p/kVA/day in YEDL as detailed below.

Tariff calculation	NEDL	YEDL
Allowed income (CRC 11) - (£)	-155,615	-254,046
Cumulative connected capacity - (kVA)	862,760	800,360
Number of days	365	365
Proposed tariff - (p/kVA/day)	**-0.049**	**-0.087**

Impact and sensitivity analysis

The tables below detail the charges that are currently published in table 8b ‘Site-Specific tariffs for HH metered EHV generation’ of our standard condition 14 statements and the proposed indicative charges that will be levied as soon as is reasonably practicable having regard to our notification period obligations under the licence and DCUSA. (Final charges will be communicated to Ofgem and suppliers giving the requisite amount of notice required under the distribution connection and use of system agreement (DCUSA) and will only vary from the prices quoted above if there are material changes in the underlying assumptions on which the above tariffs are calculated).

Note that in the analysis shown below most customers receive a negative charge due to the negative allowances in 2010/11. However some customers are shown with a positive overall charge under the column "proposed tariff annual charge", which may seem inconsistent. The analysis tables below (NEDL and YEDL) show the total annual charge for both pre- and post-2005 connected customers, this is a combination of the first six months charges based on the current (approved) methodology and the last six months (from October 2010) based on the proposed methodology set out in this document, clearly the pre-2005 connected generators will have paid zero charge for the first six months, whereas the post-2005 generators will have been charged based on the current approved methodology and therefore will have received charges based on the capacity of their connection. Subject to the correct notifications being in place under DCUSA and the licence the from October the negative charge will commence however in some cases this is not sufficient to offset the positive charge levied in the first six months. Therefore the overall annual charge in some cases is positive. The table below shows demonstrates how the total annual charge might be positive or negative depending on the charges levied and the type of generation.

Type of generation	April 2010 – October 2010 charge	October 2010 - March 2011 Charge	Total Annual charge
Pre-2005 connected	No charge (zero charge)	Charge based on current methodology (-ve charge)	Annual charge is the arithmetic sum of both charges (will be –ve)
Post 2005 connected	(a) Charge based on current methodology (+ve charges)	(b)Charge based on current methodology (-ve charge)	Annual charge is the arithmetic sum of both charges: +ve if (a)>(b); -ve if (a)<(b)

The proposed methodology change will mean a reduction in recovered income in the regulatory year 2010/11 of £450k. This reduction in recovered income occurs because a condition of our current approved methodology is that we can only varying prices by plus or minus 10% year-on-year. So even though we have negative allowances in 2010/11 our charges were set to comply with the current charging methodology and therefore reduced generation charges by 10% (based on a positive allowance). This (new) proposal removes the year-on-year transitional cap and therefore allows us to recover in line with the allowance within the year.

The tables below also show the annual income recovery if the existing charges were levied for the full year (i.e.

2010/11 regulatory year), and the impact of introducing the revised charges in this proposal from 1 October 2010 (note this date is illustrative and may not be the actual date of implementation).

NEDL

Description	LLFC	kVA	Capacity charge (p/kVA/day) 1 April 2010	Capacity charge (p/kVA/day) Proposed tariff	1 April 2010 annual charge	Proposed tariff annual charge	Variance
EHV site -specific	701	103,000	0.000	-0.049	£0	-£9,186	-£9,186
EHV site-specific	704	35,000	0.000	-0.049	£0	-£3,121	-£3,121
EHV site-specific	709	8,000	0.000	-0.049	£0	-£713	-£713
EHV site-specific	710	53,000	0.000	-0.049	£0	-£4,727	-£4,727
EHV site-specific	711	9,000	0.000	-0.049	£0	-£803	-£803
EHV site-specific	727	390,000	0.000	-0.049	£0	-£34,780	-£34,780
EHV site-specific	728	10,000	0.000	-0.049	£0	-£892	-£892
EHV site-specific	729	80,000	0.000	-0.049	£0	-£7,134	-£7,134
EHV site-specific	748	4,000	0.000	-0.049	£0	-£357	-£357
EHV site-specific	757	Disconnected	0.000	-0.049	£0	£0	£0
EHV site-specific	759	16,000	0.359	-0.049	£20,966	£9,085	-£11,881
EHV site-specific	760	24,000	1.395	-0.049	£122,202	£59,128	-£63,074
EHV site-specific	761	50,000	0.000	-0.049	£0	-£4,459	-£4,459
EHV site-specific	762	12,000	1.395	-0.049	£61,101	£29,564	-£31,537
Total					**£204,269**	**£31,605**	**-£172,663**

YEDL

Description	LLFC	kVA	Capacity charge (p/kVA/day) 1 April 2010	Capacity charge (p/kVA/day) Proposed tariff	1 April 2010 annual charge	Proposed tariff annual charge	Variance
EHV site -specific	60	20,000	0.000	-0.087	£0	-£3,167	-£3,167
EHV site-specific	62	9,000	0.000	-0.087	£0	-£1,425	-£1,425
EHV site-specific	66	39,000	0.000	-0.087	£0	-£6,175	-£6,175
EHV site-specific	67	272,000	0.000	-0.087	£0	-£43,068	-£43,068
EHV site-specific	74	21,000	0.000	-0.087	£0	-£3,325	-£3,325
EHV site-specific	75	750	0.842	-0.087	£2,305	£1,037	-£1,268
EHV site-specific	76	500	0.842	-0.087	£1,537	£691	-£845
EHV site-specific	77	58,000	0.000	-0.087	£0	-£9,184	-£9,184
EHV site-specific	78	4,000	0.000	-0.087	£0	-£633	-£633
EHV site-specific	79	Disconnected	0.000	-0.087	£0	£0	£0
EHV site-specific	80	26,000	0.000	-0.087	£0	-£4,117	-£4,117
EHV site-specific	81	50,000	0.000	-0.087	£0	-£7,917	-£7,917
EHV site-specific	82	500	0.842	-0.087	£1,537	£691	-£845
EHV site-specific	83	13,000	0.000	-0.087	£0	-£2,058	-£2,058
EHV site-specific	84	10,000	0.000	-0.087	£0	-£1,583	-£1,583
EHV site-specific	85	4,000	0.000	-0.087	£0	-£633	-£633
EHV site-specific	86	6,000	0.000	-0.087	£0	-£950	-£950
EHV site-specific	87	21,000	0.000	-0.087	£0	-£3,325	-£3,325
EHV site-specific	88	45,000	0.000	-0.087	£0	-£7,125	-£7,125
EHV site-specific	89	22,400	0.350	-0.087	£28,616	£10,800	-£17,816
EHV site-specific	90	250	0.842	-0.087	£768	£346	-£423
EHV site-specific	91	16,000	0.792	-0.087	£46,253	£20,656	-£25,596
EHV site-specific	92	16,000	1.307	-0.087	£28,623	£11,817	-£16,806

EHV site-specific	93	25,200	0.748	-0.087	£68,801	£30,505	-£38,296
EHV site-specific	94	19,000	0.647	-0.087	£44,869	£19,488	-£25,382
EHV site-specific	95	3,000	0.707	-0.087	£7,742	£3,406	-£4,335
EHV site-specific	97	30,000	0.898	-0.087	£98,331	£44,550	-£53,781
Total					**£329,382**	**£49,301**	**-£280,081**

In summary, if the proposed tariffs are implemented from October 1, 2010 then the actual income that we expect to recover will be reduced by circa £450k at a CE level in 2010/11 (circa £170k in NEDL and circa £280k in YEDL)(note this date is illustrative and may not be the actual date of implementation).

Licence objectives:

CE's use of system charging methodology has been approved by Ofgem, pursuant to standard condition 13, paragraph 13.1 (a) of the electricity distribution licence, as being in accordance with the relevant objectives.

The use of system charging methodology has been developed to meet the following objectives as set out in standard licence condition 13, paragraph 13.3:

(a) that compliance with the use of system 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 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;

(c) 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

(d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.

Why the proposal better meets the objectives:

Ofgem has now ended its policy that generation that was connected before 1 April 2005 should not be subject to use of system charges. We have looked at the methodology by which use of system charges are derived for

generators connected to our network in the light of Ofgem's decision to end its previous policy of blanket exemption. We have concluded that the change to the methodology that is set out here not only meets the revised policy preferences of Ofgem but also better meets the Relevant Objectives set out in the licence.

In particular the Relevant Objective set out in paragraph 13.3(a) is that:

'compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence.'

The licence requires that:

- in carrying on the activity of setting use of system charges the licensee must not restrict, distort, or prevent competition in the generation, transmission, distribution, or supply of electricity.' (SLC 4.6); and
- the licensee must not make charges for providing use of system to any person or class or classes of persons which differ from the charges for such provision to any other person or any other class or classes of persons, except insofar as such differences reasonably reflect differences in the costs associated with such provision. (SLC19.2).

The proposed change to the methodology better meets the Relevant Objective at paragraph 13.3 (a) because:

- with respect to not restricting, distorting or preventing competition in generation it is preferable that all generators face cost reflective charges, both to provide the correct signals with respect to, for example, retirement decisions, and for administrative simplicity; and
- with respect to differences in charges being cost-reflective, now that the blanket exemption from charges for pre-2005 connected generators has been removed by Ofgem, continuing not to charge one vintage of connectee whilst charging another does not appear to be the best way to satisfy the requirements of the licence in the absence of a clear demonstration that such a difference in charges reflects the difference in costs associated.

The Relevant Objective set out in 13.3 (b) is that:

'compliance with the 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'.

Competition in generation is better facilitated if all generators receive charges that are cost-reflective. For the reasons set out above in relation to the Relevant Objective at paragraph 13.3 (a) the proposed modifications to the charging methodology better meet this Relevant Objective.

The Relevant Objective set out in 13.3 (c) is that:

'compliance with the 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'.

The proposed charges have been developed to be cost-reflective using the same broad approach as has been used to derive charges under the methodology that has already been approved (or not vetoed) by Ofgem. The charges better reflect the costs incurred by the licensee in its Distribution Business than did the previous approach of exempting the pre-2005 connected generators from any use of system charges pursuant to Ofgem's previous policy.

The Relevant Objective set out in 13.3 (d) is that:

'so far as is consistent with sub-paragraphs (a), (b), and (c), the methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's Distribution Business.'

The proposed change to the charging methodology better meets this Relevant Objective because it takes account of Ofgem's change of policy with respect to the Distribution Business, namely the ending of the blanket exemption on making use of charges in respect of pre-2005 connected generation.

There are no consequential impacts on other industry documents.

Conclusions:

This proposal introduces EHV generation UoS charges based on charge restriction condition 11 (CRC 11) of the DPCR5 distribution licence – '*Adjustment of licensee's revenues to reflect performance in relation to Distributed Generation*'. This proposal has been developed, following discussions with Ofgem, to ensure equitable and cost reflective use of system (UoS) charges for all generation customers connected to the distribution network, regardless of their connection date. It also aims to apply Ofgem's policy fairly with respect to the application of generation UoS charges to both pre- and post-2005 connected distributed generation. Provided these proposals receive a non-veto decision by Ofgem then the indicative charges that would result from this methodology change will apply as soon as is reasonably practicable having regard to our notification period obligations under the licence and DCUSA. We therefore ask Ofgem to consider this proposal and inform us of its decision.

Appendix 1 – New section 5 of the methodology statement

5 Methodology for calculating EHV generation charges

5.1 Basis of charges for EHV generation customers

The following section details the charge setting process for calculating EHV generation customers and the charges will be levied on a p/kVA/day basis.

The charges will include the appropriate allocation of costs for the provision, operation and maintenance of all relevant generation site assets required in order to provide a supply of electricity for the customer. These total charges may vary from site to site depending on the agreed capacity and characteristics. The level of charge depends upon a number of factors including:-

- the generation capability of the site;
- the sites' agreed export capacity onto the distribution system;
- the configuration/characteristics of the distribution network and the connection costs invested by host network operator; and
- the depreciation period and rate of return for the assets.

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5.2 Principles of the generation UoS charging model

The following section explains the principles used in the generation UoS charging model to calculate the charges that we levy.

The amount of allowances generated and therefore the amount of income that can be recovered from generators is as defined charge restriction condition 11 (CRC 11) of the DPCR5 distribution licence – '*Adjustment of licensee's revenues to reflect performance in relation to Distributed Generation*'. The income to be recovered through UoS charges as part of this mechanism will typically consist of the following elements;

- an incentive payment (GI) which has the value of £1,000 per MW of incentivised generation capacity (in 2007/08 prices);
- pass-through revenue (GP) which is based on the amount of use of system capex for generation that is subject to the pass-through arrangement, a 5.6% pre-tax cost of capital and a 15 year depreciation period;
- an operation and maintenance cost adjustment (GO) which has the value of £1,000 per MW of incentivised generation capacity (in 2007/08 prices); and
- the value of the previous price control amount (GL) which represents revenue in respect of the generation that was connected to the distribution system prior to 31 March 2010 (as a result of the generation incentive scheme that was in effect at that date) and has the value shown against the licensee's name in CRC11.

Once the allowances have been calculated they are spread across the full EHV customer group based on the cumulative connected capacity, regardless of the connection date, to generate an average p/kVA/day charge.

The methodology set out in this statement will be applied to derive the use of system charges for all connected generators irrespective of the date of connection. However, in line with the policy of Ofgem, as set out in its *Final proposals* for the price controls to apply from 1 April 2010, where owners of generation have paid for reinforcement of the network (deep connection charges) and the reasonable life of this original investment has not expired, we may compensate the generator in accordance with Ofgem's policy. Our present understanding of Ofgem's policy is that the amount of the compensation will be calculated having regard to the relevant proportion (i.e. the unexpired amount) of the connection charges. Compensation will be provided only where the circumstances meet the criteria set out by Ofgem in the *Final proposals* or in any subsequent Ofgem decision or policy statement that replaces or clarifies the policy set out in the *Final proposals*. Where appropriate we shall offer new connection agreements or variations to existing agreements that are consistent with the new Ofgem policy that is reflected in this methodology statement.

5.3 Key outputs of the generation UoS charging model

The key output of the generation UoS charging model is a UoS charge, which will be levied in accordance with the tariff structure described below.

5.3.1 Structure of the tariffs

The generation tariffs could contain any, or all, of the charging elements contained in NEDL's or YEDL's generic charge structure: however, the current convention is where possible to operate within the structure shown below. The following should be read in conjunction with the statement of use of system charges.

Market	Capacity charge
HH	p/kVA/Day
Comments	A charge per kVA for system capacity at each voltage level that is attributed to the supply

5.4 Network access refund

Where a network access refund is required for EHV and HV generator customers, the arrangement will be via a bilateral agreement between the licensee and the relevant agents for the relevant generators.

The applicability of any refund will be assessed on:

- the technical standard of the connection; and
- any terms and conditions quoted in a connection agreement.

The value of the rebate will be calculated in accordance with Special Condition D2.

Network access refunds will not apply under certain circumstances. It is currently envisaged that these circumstances will be where:

- Customers are connected on single-circuit security;
- Third parties (e.g. NGET) have imposed network constraints on NEDL;
- Customer driven network modifications are being carried out; and
- Force Majeure conditions apply.

As greater experience and knowledge of the application of network access refunds is gained these exclusions will be reviewed and any amendments will be approved via the formal modification process.