



**Proposed Licence Modifications – Governance Arrangements for Electricity Distribution Use of System Charging Methodology 20/9/10**

**Response by SP Energy Networks on behalf of SP Distribution and SP Manweb**

*General*

SP Energy Networks (SPEN) welcomes this opportunity to comment on the issues raised by this open letter.

We broadly support the changes proposed, but we believe that more needs to be done to simplify the licence provisions relating to charging methodology and make this part of the licence easier to use.

Currently, governance and change control provisions for DUoS charging methodology are referred to in 6 different standard licence conditions. We feel that the licence could be clearer in setting out how these provisions relate to each other, and the route by which charging methodology modifications may take place (for example, in relation to proposals to address conditional approval of the CDCM).

In addition, the dates in the licence relating to the EDCM charging methodologies have in effect been superseded by a recent direction, and in the interests of clarity, it is appropriate that these are reflected on the face of the licence.

We think that given that we are still in transition towards charging methodology arrangements that are fully integrated into the DCUSA framework, there should be clear signposting in the relevant licence conditions. However, in due course these conditions should be rationalised.

With regard to the implied requirement for the veto provisions in DCUSA in relation to charging methodology to be removed, we could not guarantee to deliver this change by the end of December 2010 given the DCUSA modification process. We think that the most straightforward way to take this into account is to amend 22A.13 so that it applies “unless the Authority agrees otherwise.” This would allow for the possibility of a delay while the DCUSA modification process takes its course.

We also note that at present there are in effect two parallel modification processes for the CDCM given that there it has only conditional approval under Condition 50. In that respect it remains subject to the Authority’s approval for the outstanding conditions, while being also subject to the DCUSA process for ‘other’ modifications. We think that this could be clearer on the face of the licence.

Our detailed comments by licence condition are as follows.

*Standard Condition 13 (Charging Methodologies for Use of System and Connection)*

The ‘carve-out’ provisions in draft 13.13(c) should be much closer to the start of this licence condition for presentational reasons. We suggest insert the new text as paragraph 13.2A. In the interests of clarity, the qualifying phrase “*subject to standard condition 22A.17*” should be replaced



by something like – “... unless there is a modification proposal falling under standard condition 22A.17(Governance and change control arrangements for Relevant Charging Methodologies) ,”.

*Standard Condition 13A ( Common Distribution Charging Methodology)*

As the covering letter makes clear, Part D of Condition 13A, now proposed to be removed, is now mirrored in DCUSA. We suggest that in the interests of clarity the title of this condition could be changed to “Administration of a Common Distribution Charging Methodology”.

*Standard Condition 13B (EHV Distribution Charging Methodology)*

The comment above on sub-paragraph 13A.4b applies also to sub-paragraph 13B.5b. in the interests of clarity the title of this condition could be changed to “Administration of EHV Charging Methodology”.

*Standard Condition 22A (Governance and change control arrangements for Relevant Charging Methodologies)*

We do not think that paragraph 22A.16 is required given the existing position of CDCM in DCUSA and the requirements in 22A13- 22A14. 22A.17 is also not required, in our view, for the same reason. However, we do think that it would be helpful for the outstanding conditional changes to CDCM that fall under Condition 50 (and the initial approval process for EDCM under Condition 50A) to be recognised in this Condition. This could be achieved by amending paragraph 22A.13 so that it begins “Unless the Authority agrees otherwise, or the modification is proposed in order to comply with any outstanding conditional approval of a charging methodology given under Condition 50 or 50A... ” This form of words would also cover the need for a possible delay in the DCUSA modification process to remove the current veto in relation to charging methodologies.

Paragraph 22A.2(b) refers to an incorporation date for the EDCM of 1/4/11. In the interests of clarity, we think that this should be amended to the date that now applies of 1/4/12.

Paragraph 22A.14 includes a cross reference to new paragraph 22A.18, which requires periodic meetings with interested parties to discuss development of the methodology. However, that requirement is not directly related to the ‘modification procedures’ that are the subject of 22A.18, and this particular cross-reference should therefore be removed.