

Donald Smith
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9 Millbank
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28 March 2011

Dear Donald

Common Connection Charge Methodology – Modification Request UKPN 35

Further to our previous submission letter dated 11 March 2011 and our recent communications, please find the revised versions of our Connection Charging Methodology & Statement documents for both UK Power Networks (Eastern Power Networks plc, London Power Networks plc, South Eastern Power Networks plc) and for UK Power Networks (IDNO) Ltd, which have been updated in accordance with your agreement to the following.

- An amendment to the wording in para 6.23 to clarify that additional A&D will be charged in relation to the same premises and not for the same customer across premises

In your earlier conversations with Neil I understand you have a preference for us to cover the missing 'Connection up to 250kVA at HV' descriptor by way of an additional note under each of tables C, D and E within in section 7, instead of the comment we had previously inserted in revised paragraph 6.23. We agree that this would be a sensible way forward until the anomaly can be resolved together by all DNOs and have updated the attached documents accordingly.

Whilst reviewing the document we have taken the opportunity to review the value of some of our charges and have made some minor changes to some as shown in track changes.

As previously notified these documents also contain the following amendment: the documents include a change to allow Rent-a-Jointer services to be offered in respect of 'metered' connections for highway services equipment, in addition to unmetered connections as existing. This will facilitate Rent-a-Jointer services to be offered where such equipment is to be metered under operation of The Electricity (Unmetered Supply) Regulations 2001.

This letter is to request approval of the changes to our revised Specific Connection Charging Methodology, which are listed in Appendix 1 to this letter and to request approval of the form of our Connection Charging Statement.

In respect of the Connection Charging Statement, we have amended tables 7C, 7D and 7E together with the associated notes to bring us in line with the new common format. We also have amended table 7J by adding rows to provide clarity on Assessment and Design charges that apply

to metered and unmetered connections to Highway Services Equipment and we have added rows to provide the additional charges for assessment and design redesign and additional quotations.

Finally, we have amended the Glossary of terms section of the Connection Charging Statement to include a definition of Highway Services Equipment.

If I can be of any further assistance on the above please do not hesitate to contact me.

Yours sincerely

Paul Measday
Regulation Manager
UK Power Networks

Cc Jade Beavon, Ofgem
Neil Magrath, UK Power Networks

Appendix 1

Note: for text changes, underlined are added, strike through is deleted.

SECTION /PAGE	Section 6.23 Page 98	
TEXT CHANGES	<p>Charges for assessment and design are as indicated in Section 7C of this document. It is intended for the structure of charges for assessment and design to be changed to a new common format to be adopted by all LDNOs at the coming into effect of Regulations to be made under the Electricity Act 1989. This is expected to take place later in 2010.</p> <p><u>Charges for Assessment and Design are applied by way of a standard charge based on the type, voltage and maximum required capacity of the connection, as indicated in section 7C, 7D, 7E and 7J of this document. Where the applicant changes its requirements or requests multiple quotes in respect of the same or a similar connection to the premises, additional Assessment and Design work, not covered in the standard charge, may be required to update the original design. Where this is the case, the customer's charge in respect of Assessment and Design will be equal to the standard charge associated with the original Assessment and Design work, plus a charge in respect of the additional work applied by way of an hourly rate.</u></p>	
RELEVANT OBJECTIVES UNDER LICENCE CONDITION 14	a) facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence;	provides increased clarity for customers in compliance with SLC14 Appendix 1 A2(b)
	(b) 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) 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	The inclusion of this text ensures the charges for the connection match the costs for this specific type of work
	(d) 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.	

COMMENTS	<p>This change is necessary in order for UK Power Networks to adopt the common format Assessment & Design tables. The arrangements for additional charges where further quotations are to be issued are now by way of an hourly rate in order to be more cost reflective than the previous arrangements. Added clarity is provided in respect of charges for HV connections less than 250kVA.</p> <p>The use of an hourly rate for redesign and further quotations is consistent with the approach used in the new Assessment and Design table layout, and also is considered to be more cost reflective than the blanket 50% charge as detailed underneath our existing Assessment and Design charge tables. It is also made clear that additional A&D will be charged in relation to the same premises and not for the same customer across premises.</p>
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SECTION /PAGE	Section 6.27 Page 100	
TEXT CHANGES	<p><u>Connections for Highways Services Equipment</u></p> <p><u>Where certain criteria are met the provision of metered connections for Highway Services Equipment may be made via a time based connection service charge, e.g. Rent-a-Jointer Services. This is subject to us entering into a contract with you for the provision of such services.</u></p>	
RELEVANT OBJECTIVES UNDER LICENCE CONDITION 14	a) facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence;	provides increased clarity for customers in compliance with SLC14 Appendix 1 A2(b)
	(b) 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) 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	The inclusion of this text ensures the charges for the connection match the costs for this specific type of work
	(d) 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.	
COMMENTS	This will allow Rent-a-Jointer services to be offered in respect of 'metered' connections for highway services equipment, in addition to unmetered connections as existing. It will facilitate Rent-a-Jointer services to be offered where such equipment is to be metered. The text is based upon existing text at paragraph 5.49 of the document.	