

Anthony Mungall
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Transmission Policy
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Your ref

Our Ref

Jim McOmish

Date:

1st August 2011

Contact / Extension

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Dear Anthony,

SP Transmission 2011/12 Charging Statement

Please find attached our revised charging statement for SP Transmission (**SPT**) for 2011/12.

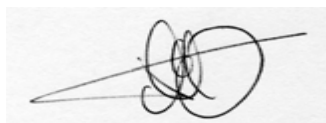
Since providing the last proposed version of this statement to Ofgem, in June 2011, some minor additional revisions have been identified to better align the information that SPT provides to National Grid (**NGET**) under its Special Licence Condition J8 (SLC J8) with the charges NGET needs to recover in relation to SPT charges to National Grid. Appendix 1 attached describes the proposed changes in detail.

The effect of these changes will be that the TSP term notified by SPT to NGET each year, which affects the general system charges that NGET sets, will be aligned with the general system charges that SPT makes to NGET.

Please note that these changes affect information provided to NGET by SPT under SLC J8 and do NOT affect SP Transmission's total allowed or excluded services revenues.

Should you have any questions please contact me on the number above.

Yours sincerely,



Jim McOmish
Distribution Policy Manager

Attached:

- Appendix 1 – Effect of proposed changes to information provided to NGET under Special Licence Condition J8
- Change marked and clean copies of SP Transmission 2011/12 Charging Statement

New Alderston House, Dove Wynd, Strathclyde Business Park, Bellshill, ML4 3FF

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APPENDIX 1: Effect of proposed changes to information provided to NGET under Special Licence Condition J8

| CURRENT ARRANGEMENTS | PROPOSED ARRANGEMENTS |
|---|---|
| General System Charge (GSC) | General System Charge (GSC) |
| Total Allowed Revenue derived from LC J2 (TOt) | Total Allowed Revenue Derived from LC J2 (TOt) |
| Minus any Site Specific Charges funded under LCJ2 | Minus any Site Specific Charges funded under LCJ2 |
| | |
| TO Site Specific Charges (Excluded Services Charge) | TO Site Specific Charges (includes Excluded Services Charges) |
| Includes Depreciation and Return | Includes Depreciation and Return |
| Does not include O&M | Does not include O&M |
| New post vesting connections - payable by annual charges | New post vesting connections - payable by annual charges |
| Connections modified following User request | Connections modified following User request |
| Connections where there has been increase to capacity | Connections where there has been increase to capacity |
| Includes any sites with asset replacement or refurbishment | Includes any sites with asset replacement or refurbishment |
| Excluded services charges are the subset of TO Site Specific charges that relate to asset charges for post BETTA (April 2005) connections or modifications at User request | Excluded services charges are the subset of TO Site Specific charges that relate to asset charges for post BETTA (April 2005) connections or modifications at User request |
| Only includes charges that are <u>not</u> funded under SLC J2 | Only includes charges that are <u>not</u> funded under SLC J2 |
| Does not include O&M | Does not include O&M |
| Does not include sites that have undergone asset replacement or refurbishment | Does not include sites that have undergone asset replacement or refurbishment |
| | |
| EXS (Information to NGET under Licence Condition J8) | EXS (Information to NGET under Licence Condition J8) |
| Post vesting assets that are new or modified on user request | All site specific charges which are NOT Excluded Services Charges |
| Post vesting connections with increase to capacity | Site specific charges minus EXS = Excluded Services Charges |
| Includes sites with asset replacement or refurbishment | |
| Total Allowed Revenue minus EXS = TSP notified to NGET | Total Allowed Revenue minus EXS = TSP notified to NGET |
| TSP used to set NGET General System Charges for SPT area | TSP used to set NGET General System Charges for SPT area |
| TSP \neq SPT General System Charge | TSP = SPT General System Charge |

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