

**WESTERN POWER DISTRIBUTION (SOUTH WALES) PLC  
WESTERN POWER DISTRIBUTION (SOUTH WEST) PLC**

**MODIFICATION PROPOSAL**

**Amendment Proposal: WPD (22) - Alignment of WPD's 4 Licensees' connection charging methodologies**

- **Proposal to amend Company specific Connection Charging Methodology and to seek approval from the Authority for such amendment.**
- **The revised statement to take effect from 1 December 2011.**

**Date of Issue: 9 November 2011**

**For Approval by the Gas and Electricity Markets Authority**

This Modification Proposal sets out Western Power Distribution's ("WPD's") proposals to amend its existing:

- a) Statement of the Connection Charging Methodology and Basis of Charges for Connection to Western Power Distribution (South Wales) plc's Electricity Distribution System;
- b) Statement of the Connection Charging Methodology and Basis of Charges for Connection to Western Power Distribution (South West) plc's Electricity Distribution System;

This Modification Proposal should be read in conjunction with the Modification Proposal relating to proposed changes to WPD (East Midlands) and (West Midlands) statements.

## Issue Record

<b>Issue Date</b>	<b>Issue No.</b>	<b>Author</b>	<b>Amendment Details</b>
9 November 2011	1.0	John Hill	Alignment of WPD's 4 Licensees' connection charging methodologies

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## **1.0 Introduction**

- 1.1 In accordance with Condition 13, paragraph 13.4(a) of WPD's Distribution Licence, we are seeking the approval of the Authority to modify the connection charging methodology for WPD South West and WPD South Wales..
- 1.2 The requested amendment seeks to implement changes to the statements as a consequence of the purchase of Central Networks on 1 April 2011 by PPL WEM Holdings plc who in turn currently own Western Power Distribution.
- 1.3 This Modification Proposal sets out:
- i) the terms proposed for the modification;
  - ii) how the modification would better achieve the relevant objectives; and
  - iii) a date with effect from which the modification (if made) is to take effect.
- 1.4 The relevant objectives in Licence Condition 13, paragraph 3 state:
- (a) that compliance with the connection 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 connection 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 connection 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 connection charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.

## **2.0 Proposals for Modification**

- 2.1 WPD proposals for modification are set out in the documents attached, (clean and tracked changed statements). It is proposed to publish a connection charging methodology/connection charging statement for each of WPD's licensed areas. The marked copy highlights all the changes necessary in order to align the South West/South Wales and East and West Midlands statements.
- Section 6 – It is proposed to include a paragraph on the Connection Offer and POC Offer Terms and Conditions similar to the wording within the East and West Midlands statements Whilst the South West/South Wales statements currently stay silent on this matter, the policy to apply non standard terms (and which may be given under Section 22 of the Act) remains the same for the 4 licensed areas, Currently the East and West Midlands statements provides details to users of the statement that non standard terms will be given where our standard terms and conditions do not apply. It is therefore it is proposed to introduce wording that will clarify WPD's position in circumstances where the customer wishes to negotiate

special terms. Where the amendment is slight, WPD would not normally expect to recover any additional costs incurred. However, where the customer proposes a major amendment that would significantly vary from the standard form of terms and conditions, or would place WPD in breach of its obligations under section 16 of the Act and WPD incurred substantial costs in formalising those revised terms, we may recover our reasonable costs from the customer. The inclusion of this wording makes it explicit to users of the statement that where we do negotiate connection terms with a customer outside of our normal standard connection terms, then we may seek to recover the additional costs incurred in doing so. The non standard terms and conditions will be negotiated with the customer and full agreement reached on such terms. It is therefore proposed that the following wording be included in the South West/South Wales statements: -

### **Connection Offer and POC Offer Terms and Conditions**

*Connection Offers and POC Offers are on our standard terms and conditions. Where the standard terms and conditions are not entirely appropriate to your connection requirements we will endeavor to negotiate alternative terms and conditions with you. In such cases we may seek to recover from you our costs incurred including where we appoint legal advisors. Such terms will be in full agreement with you. Where you wish to agree terms and conditions that fall outside of the requirements of sections 16 - 21 of the Act we may agree a special connection agreement in accordance with section 22 of the Act*

The modification to the statement ensures users of the statements are better informed and provides better cost reflectivity and therefore, this modification better meets Relevant Objectives SLC 13.3 (c) 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, as the additional costs incurred in negotiating special terms are recovered from the customer who requests them. The inclusion of this paragraph now mirrors the East/West Midlands statements.

- Section 6 - It is proposed to include a paragraph headed Land Rights. Previously whilst the South West/South Wales statements stayed silent on this matter, it has always been the policy of WPD to use its compulsory purchase powers when the need arises. It is therefore proposed that the following wording be included in the South West/South Wales statements: -

### **Land Rights**

*We require the transfer of the freehold or alternatively the grant of long leasehold of any substation site which forms part of the Contestable or Non-Contestable Works.*

*We require the grant of a permanent easement (deed of grant) for any Electric Line that forms part of the Contestable or Non-Contestable Works which will not form part of an adopted or prospectively adopted highway. We may in some cases accept a wayleave as an alternative.*

*In instances we cannot obtain Land Rights by negotiation; we may exercise our powers of compulsory purchase under the Electricity Act 1989 or apply under the Act to the Secretary of State for a 'Necessary Wayleave'.*

This modification better meets Relevant Objectives SLC 13.3 (a) that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by its licence because it brings to the Customers attention Western Power Distribution's powers of compulsory purchase under the

Electricity Act 1989. The inclusion of this paragraph now mirrors the East/West Midlands statements.

- 2.2 The inclusion of the above 2 paragraphs will ensure that these statements now mirror the East/West Midlands statements and thus provide greater transparency for users of the statements.
- 2.3 As a consequence of WPD's desire to implement best practice and ensure consistency across all 4 licensed areas, changes are therefore necessary to its charging statements. Such changes to the statements better meet relevant licence objective 13.3.(d) given that the connection charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.

### **3.0 Justification for Modification**

- 3.1 This modification proposal seeks to update WPD's connection charging methodology and connection charging statement so that it reflects current working practices and accurately informs persons wishing to obtain a new, augmented, modified or reduced electricity connection of the application process.

### **4.0 Implementation Date**

- 4.1 It is proposed to implement this modification on 1 December 2011, or as soon as possible following a 'non-veto' decision by the Authority.