

Appendix 2 - Initial drafting of the proposed changes to SLC 13

Condition 13. Charging Methodologies for Use of System and connection

Requirements for Charging Methodology

13.1 The licensee must at all times have in force:

- (a) a Use of System Charging Methodology which the Authority has approved on the basis that it achieves the Relevant Objectives; and
- (b) a Connection Charging Methodology (which, if the licensee is a Distribution Services Provider, must include the Common Connection Charging Methodology ("the CCCM") as set out in the Distribution Connection and Use of System Agreement ("the DCUSA") and as amended in accordance with the DCUSA) ~~the Authority has~~ approved by the Authority on the basis that it achieves the Relevant Objectives

(each, separately, "the Charging Methodology"),

and, except with the consent of the Authority, must comply with the Charging Methodology as modified from time to time in accordance with this condition.

13.2 The licensee must, for the purpose of ensuring that the Charging Methodology continues to achieve the Relevant Objectives:

- (a) review the methodology at least once every year; ~~and~~
- (b) subject to paragraph 13.4, make such modifications (if any) of the methodology as are necessary for the purpose of better achieving the Relevant Objectives; ~~and~~

(c) if the licensee is a Distribution Services Provider, include any modifications made to the CCCM in its Connection Charging Methodology.

The Relevant Objectives

13.3 The Relevant Objectives in relation to the Charging Methodology are:

- (a) that compliance with the 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 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 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;
- (d) 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; and
- (e) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Procedure for modifications

13.4 Unless otherwise directed by the Authority under sub-paragraph (b), [or unless the modification is one described in paragraph 13.5](#), before making a modification of the Charging Methodology the licensee must:

- (a) give the Authority a report which sets out:
 - (i) the terms proposed for the modification;
 - (ii) how the modification would better achieve the Relevant Objectives; and
 - (iii) a timetable for implementing the modification and the date with effect from which the modification (if made) is to take effect (which must not be a date earlier than the date on which the period referred to in paragraph 13.76 will end); and
- (b) if the Authority has directed that sub-paragraph (a) should not apply, comply with such other requirements (if any) as the Authority may specify in its direction.

[13.5 Paragraph 13.4 will not apply if the licensee is a Distribution Services Provider and the purpose of the modification is to include modifications made to the CCCM.](#)

13.65 Subject to paragraph 13.67, where the licensee has complied with the requirements of paragraph 13.4 it must, before making the modification:

- (a) revise the relevant statement of the Charging Methodology (or the most recent version of that statement) published in accordance with paragraph 13.135 so that it sets out the changed methodology and specifies the date from which that is to have effect; and
- (b) give the Authority a copy of the revised statement.

13.76 The licensee may not make a modification of the Charging Methodology if, within 28 days of receiving the licensee's report under paragraph 13.4, the Authority has either:

- (a) directed the licensee not to make the modification; or
- (b) notified the licensee that it intends to consult and then within three months of giving that notification has directed the licensee not to make the modification.

13.87 A direction given by the Authority under paragraph 13.76(a) or (b) must include:

- (a) a decision that the licensee's proposed modification would not better achieve the Relevant Objectives; and
- (b) the Authority's reasons for that decision.

Requirements for reports

13.98 The licensee must give or send a copy of any report under paragraph 13.4 or statement under paragraph 13.153 to any person who requests it.

13.109 The licensee may make a charge for any report or statement given or sent under paragraph 13.98 but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on its estimate of the licensee's reasonable costs of providing the report or statement.

Approvals process

13.11 The following paragraphs 13.12 to 13.14 of this condition will not apply if the licensee is a Distribution Services Provider and the purpose of the modification is to include modifications made to the CCCM.

13.12 An approval by the Authority under paragraph 13.1 may only be withheld where the Authority has decided that the Charging Methodology does not achieve the Relevant Objectives and by Notice given to the licensee has set out its reasons for that decision.

13.13 Subject to paragraph 13.14, an approval by the Authority under paragraph 13.1 may be granted subject to such conditions as the Authority considers appropriate, having regard, in particular, to:

- (a) the need for any further action to be undertaken by the licensee to ensure that the Charging Methodology would better achieve the Relevant Objectives; and
- (b) the time by which such action must be completed.

13.14 No condition imposed under paragraph 13.13 is effective unless, before granting the relevant approval, the Authority has informed the licensee of its intention to impose the condition in a Notice which:

- (a) sets out the nature and contents of the condition; and
- (b) specifies a period of at least 28 days within which representations or objections with respect to the condition may be made,

and has considered any representations or objections duly made by the licensee and not withdrawn.

Publication of Charging Methodology

13.15 The licensee must ensure that each Charging Methodology that is in force under this condition is set out in a statement (which must be combined, in the case of the Connection Charging Methodology, with the Connection Charging Statement issued under paragraph 1 of standard condition 14) that is published in such manner as the licensee believes will ensure adequate publicity for it (including on the licensee's Website, if it has one).

Arrangements applying because of other conditions

13.16 If the licensee is a Distribution Services Provider:

- (a) standard condition 50 (Development and implementation of a Common Distribution Charging Methodology) applies in relation to certain obligations of the licensee under this condition 13 with effect from 1 July 2009;
- (b) standard condition 50A (Development and implementation of an EHV Distribution Charging Methodology) applies in relation to certain obligations of the licensee under this condition 13 with effect from 1 October 2009; and
- (c) subject to paragraph 22A.18 of standard condition 22A, this standard condition 13 does not apply to the extent that standard condition 13A (Common Distribution Charging Methodology) and standard condition 13B (EHV Distribution Charging Methodology) apply.

13.17 The Authority may, after consulting all Electricity Distributors, make such consequential modifications of this condition 13 and, so far as is relevant, of

standard condition 14 (Charges for Use of System and connection) at such time, in such manner, and to such extent as may be necessary to ensure that, as from 1 April 2010 or 1 April 2011, as the case may be, those provisions properly reflect the effects of the introduction into this licence of standard condition 13A (Common Distribution Charging Methodology) and standard condition 13B (EHV Distribution Charging Methodology).

13.168 Modifications made by the Authority under paragraph 13.175 may make different provision for different categories of Electricity Distributor.

Condition 22. Distribution Connection and Use of System Agreement

Licensee's obligation

22.1 The licensee must take all steps within its power to ensure that the Distribution Connection and Use of System Agreement ("the DCUSA") in force under this licence at 31 May 2008 remains an agreement that:

- (a) is designed to facilitate achievement of the Applicable DCUSA Objectives set out in Part A of this condition;
- (b) conforms to the requirements of Parts B to D of this condition in relation to the amendment of the DCUSA; and
- (c) makes express provision for the matters described in the Schedule of DCUSA Contents ("the Schedule") set out at Appendix 1, which is part of this condition.

1. Part A: Applicable DCUSA Objectives

22.2 The Applicable DCUSA Objectives are these:

- (a) the development, maintenance and operation by the licensee of an efficient, co-ordinated, and economical Distribution System;
- (b) the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution, and purchase of electricity;
- (c) the efficient discharge by the licensee of the obligations imposed upon it by this licence;
- (d) the promotion of efficiency in the implementation and administration of the DCUSA arrangements;
- (e) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and
- (f) in relation to the Common Distribution Charging Methodology, ~~or~~ the EHV Distribution Charging Methodology or, the Common Connection Charging Methodology, the Relevant Applicable Charging Methodology Objectives listed in Part B of Standard Licence Condition 22A.

2. Part B: Principles for making an amendment to the DCUSA

22.3 Any proposals to amend the DCUSA must be designed to better facilitate the achievement of the Applicable DCUSA Objectives.

22.4 The DCUSA may be amended at any time in accordance with such procedures (including procedures for amending those procedures) as may be Specified and are in conformity with the principles set out in paragraph 22.5.

22.5 Those principles are that:

- (a) proposals for the amendment of the DCUSA may be made by any Electricity Distributor, any other party to the DCUSA, the Authority (in relation only to amendments which it reasonably considers are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators), the Consumer Council, the GB System Operator, and such other persons or bodies as may be designated by the Authority;
- (b) the amendment procedures for dealing with any such proposal must comply with the requirements of Part C below;
- (c) the making and implementation of any amendment of the DCUSA must comply with the provisions of Part D below;
- (d) those parts of the DCUSA that are Specified pursuant to paragraph A3(g) of the Schedule may not be amended without the Authority's approval, which must be sought in accordance with the appropriate procedures set out in the DCUSA;
- (e) amendment proposals made by the Authority or the licensee in accordance with paragraphs 22.5(a) and 22.5(f)(i) respectively are:
 - (i) to be accepted into the DCUSA amendment procedures by the panel;
 - (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent; and
 - (iii) to proceed in accordance with any timetable(s) directed by the Authority in accordance with paragraph 22.5(f); and
- (f) the licensee and (where applicable) the panel are to comply with any direction(s) issued by the Authority under this paragraph setting and/or amending a timetable (in relation to an amendment proposal which the Authority reasonably considers is necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or Agency for the Co-operation of Energy Regulators) for the:
 - (i) licensee to raise an amendment proposal; and/or
 - (ii) completion of each of the procedural steps outlined in Part C, to the extent that they are relevant; and/or
 - (iii) implementation of an amendment proposal.

Part C: Procedures for making an amendment to the DCUSA

- 22.6 The procedures contained in the DCUSA for the making of amendments to the DCUSA must have as their objective the achievement of the matters set out in the following provisions of this Part C.
- 22.7 The procedures must ensure that every proposed amendment is brought to the attention of all parties mentioned in or pursuant to paragraph 22.5(a).
- 22.8 They must ensure that any and all representations made in respect of a proposed amendment are able to be properly considered by the relevant decision makers.
- 22.9 They must ensure that the question of whether any proposed amendment better facilitates the achievement of the Applicable DCUSA Objectives is able to be properly evaluated.
- 22.9A They must ensure that the evaluation required under paragraph 9 in respect of the Applicable DCUSA Objective(s) includes, where the impact is likely to be material, an assessment of the impact of the proposed amendment on greenhouse gas emissions, to be conducted in accordance with any such guidance (on the treatment of carbon costs and evaluation of the impact on greenhouse gas emissions) as may be issued by the Authority from time to time.
- 22.10 They must ensure that an amendment report is prepared in such manner and has all such contents as may be Specified, including:
- (a) a proposed implementation date either:
 - (i) in accordance with any direction(s) issued by the Authority under paragraph 22.5(f)(iii); or
 - (ii) where no direction has been issued by the Authority under paragraph 22.5(f)(iii), that would enable any proposed amendment to take effect as soon as practicable after the decision to implement it has been reached, taking into account the complexity, importance, and urgency of that amendment; and;
 - (b) a summary of and copies of all submissions made in respect of the proposed amendment.
- 22.11 They must ensure that the proposed implementation date may be altered with the consent of or as directed by the Authority.
- 22.12 They must ensure that parties to the DCUSA, after considering the amendment report prepared in accordance with paragraph 22.10 and whether the amendment would, as compared with the existing provisions of the DCUSA, better facilitate the achievement of the Applicable DCUSA Objectives, are able to vote for:
- (a) the implementation or rejection of the proposed amendment, in the case of a proposal to amend any part of the DCUSA that is not Specified pursuant to paragraph A3(g) of the Schedule; or
 - (b) a recommendation to the Authority to approve or reject the proposed amendment, in the case of a proposal to amend any part of the DCUSA that is Specified pursuant to paragraph A3(g) of the Schedule.

22.13 They must ensure that all votes cast pursuant to paragraph 22.12 are compiled so that the DCUSA Panel established in accordance with paragraph A3(d) of the Schedule may take such steps as are necessary to facilitate the implementation of any proposed amendment or (as the case may be) to put forward a recommendation to the Authority.

22.13A They must ensure that completion of each of the procedural steps outlined in this Part C, to the extent that they are relevant, is in accordance with any timetable(s) directed by the Authority under paragraph 22.5(f).

Part D: Implementation of an amendment to the DCUSA

22.14 No amendment of the DCUSA may be made unless:

- (a) the parties to the DCUSA have voted, pursuant to paragraph 22.12(a), in favour of the amendment described in the relevant amendment report; or
- (b) the Authority, having had regard to the Applicable DCUSA Objectives, directs the licensee, in conjunction with every other Electricity Distributor, to amend the DCUSA in such manner as is stated in that direction following the making of a recommendation to the Authority by the parties to the DCUSA pursuant to paragraph 22.12(b).

Part E: Interpretation

22.15 For the purposes of this condition:

- (a) "amendment" must be read in accordance with the meaning given to the term "modification" in section 111 of the Act, and any related expressions are to be read accordingly; and
- (b) words and expressions appearing in Appendix 1 that are defined under any provision of the DCUSA have the meaning given by, or are to be read in accordance with, that provision.

Specified means specified in the DCUSA.

22.16 Appendix 1 follows immediately below.

Appendix 1: Schedule of DCUSA Contents

A1. In accordance with paragraph 22.1(c), the matters for which the DCUSA must make express provision are set out in the following paragraphs of this Schedule.

3. Matters of a commercial nature

A2. The DCUSA must include all such material terms, procedures, and arrangements of a commercial nature as relate to the use of the licensee's Distribution System and (where appropriate) to connections to that system, and in particular must make express provision for the following matters:

- (a) Conditions (including as to the provision of credit cover) that are to apply to any person in respect of the commencement, continuation, or termination of use of the licensee's Distribution System by or on behalf of that person ("the user"), and obligations owed by the licensee to the user in relation to such use.

- (b) Terms, arrangements, and procedures that are to apply or to be available to the user in respect of the payment of the charges due on either an individual or an aggregated basis to the licensee from the user for use of the licensee's Distribution System.
- (c) Terms, arrangements, and procedures that are to apply or to be available to the user in respect of such activities or works (including the energisation, de-energisation, or re-energisation of Entry Points and Exit Points) as may be carried out by or on behalf of the user on the licensee's Distribution System.
- (d) Terms, arrangements, and procedures that are to apply or to be available to the user in respect of the activities of system demand control and revenue protection, the installation and maintenance of Metering Equipment, and the provision of metering data and other relevant information arising from use of the licensee's Distribution System.
- (e) Terms that provide (i) for the circumstances in which, in relation to the use of or connection to the licensee's Distribution System, a party's liability for any contravention of the provisions of the DCUSA may be restricted, and (ii) for the extent to which and the circumstances in which such liability will otherwise attach to that party in respect of any claims against it.

4. Governance and administration

A3. Without prejudice to any of the matters set out in paragraph A2, the DCUSA must also include:

- (a) Terms for the creation of an agreement, to which the licensee, every other Electricity Distributor, and any other Authorised Electricity Operator (not being an Electricity Distributor, and so far as the DCUSA is applicable to it) must be a party on such terms and conditions of accession as may be Specified ("the DCUSA Accession Agreement").
- (b) Provisions for the referral for determination by the Authority of any dispute arising as to whether a person seeking to be admitted as a party to the DCUSA Accession Agreement has fulfilled any such accession conditions.
- (c) Terms that provide for the licensee and such other parties to the DCUSA Accession Agreement as may be Specified to be contractually bound by some or all of the provisions of the DCUSA.
- (d) Arrangements for establishing and maintaining, in accordance with such procedures for appointment or election as may be Specified, a panel ("the DCUSA Panel") which is to be responsible, by way of such proceedings as may be Specified, for the governance and administration of the DCUSA and whose members are to be required as a condition of appointment or election to act independently and not as delegates.
- (e) Arrangements for the establishment and funding of a secretariat that is able to service the DCUSA Panel to such extent and in respect of such matters as may be Specified.
- (f) Procedures for the amendment, in accordance with Parts B to D of this condition, of such provisions of the DCUSA as are Specified to be capable of being amended without the Authority's approval.
- (g) Provisions by virtue of which such parts of the DCUSA as may be Specified are not to be capable of being amended without the Authority's prior approval, and procedures for seeking such approval.

A3A. Amendment proposals raised by the Authority or the licensee under paragraphs 22.5(a) and 22.5(f)(i) respectively and/or any amendment proposal in respect of which the Authority has issued a direction(s) under paragraph 22.5(f) require Authority approval.

5. Other matters to be included

- A4. Without prejudice to any of the matters set out in paragraphs A2 and A3, the DCUSA must also include:
- (a) Provision for a copy of DCUSA to be supplied to any person who requests it, upon payment of an amount not exceeding the reasonable costs of making and supplying that copy.
 - (b) Provision for information about the operation of any of the DCUSA arrangements to be supplied on request to the Authority or to be published by it or by the DCUSA Panel (having particular regard to the provisions of section 105 of the Utilities Act 2000).
 - (c) Provision for the DCUSA Panel to be able to secure the compliance of any party to the DCUSA Accession Agreement with any of the requirements of sub-paragraphs (a) and (b).
 - (d) Provision for such other matters as may be appropriate, having regard to the requirement for the DCUSA to be maintained as a document designed to facilitate achievement of the Applicable DCUSA Objectives.

Condition 22A. Governance and change control arrangements for Relevant Charging Methodologies

Part A: Application and purpose

- 22A.1 This condition;
- (a) has effect on and after 1 October 2009;
 - (b) supplements standard condition 22 (Distribution Connection and Use of System Agreement) ('the DCUSA'); and
 - (c) applies for the following purposes.
- 22A.2 The first purpose is to ensure that, with effect from the relevant incorporation date, and subject to paragraph 22A.3 in respect of modification arrangements, each of the following Charging Methodologies of the Distribution Services Providers is incorporated into the DCUSA as if it were one of the matters that is required to be included in the DCUSA by virtue of the provisions of standard condition 22:
- (a) the Common Distribution Charging Methodology ('CDCM') in force under standard condition 13A (Common Distribution Charging Methodology), for which the incorporation date is 1 April 2010; ~~and~~
 - (b) the EHV Distribution Charging Methodology ('EDCM') in force under standard condition 13B (EHV Distribution Charging Methodology), for which the incorporation date is 1 April 2012; ~~and-~~
 - (c) the Common Connection Charging Methodology ('CCCM'), in force under standard condition 13 (Charging Methodologies for Use of System and Connection) for which the incorporation date is 1 August 2012 (unless otherwise advised by the Authority).
- 22A.3 The second purpose is to provide:
- (a) for all modification proposals relating to the Charging Methodologies, (other than the CCCM) after their incorporation into the DCUSA, to be subject to a restriction in their purpose and effect in the period of time up to 1 April 2015; and
 - (b) for modifications of the Charging Methodologies following incorporation into the DCUSA to be made in each case by reference to the Applicable Charging Methodology Objectives specified in Part B of this condition 22A, rather than the Applicable DCUSA Objectives specified in standard condition 22 that would otherwise apply.
- 22A.4 A Charging Methodology (whether the CDCM, ~~or the EDCM~~ or the CCCM) that is to be or has been incorporated into the DCUSA under this condition is a Relevant Charging Methodology for all the purposes of this condition.

Part B: The Applicable Charging Methodology Objectives

- 22A.5 The Applicable Charging Methodology Objectives, in relation to any Relevant Charging Methodology, are as follows.
- 22A.6 The first Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology facilitates the discharge by a Distribution

Services Provider of the obligations imposed on it under the Act and by this licence.

- 22A.7 The second Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in the participation in the operation of an Interconnector.
- 22A.8 The third Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology results in charges that, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by a Distribution Services Provider in its Distribution Business.
- 22A.9 The fourth Applicable Charging Methodology Objective is that, so far as is consistent with the first three Applicable Charging Methodology Objectives, the Relevant Charging Methodology, so far as is reasonably practicable, properly takes account of developments in a Distribution Services Provider's Distribution Business.
- 22A.10 The fifth [Relevant Applicable Charging Methodology](#) Objective is that compliance with the [Relevant Charging Methodology](#) ~~GD~~ facilities compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.
- 22A.11 A Relevant Charging Methodology achieves the Applicable Charging Methodology Objectives if it achieves them in the round, taking one objective with another, and having due regard to any particular implications for the determination of Use of System Charges [or Connection Charges](#) under any other Relevant Charging Methodology.

Part C: Licensee's obligations under this condition

- 22A.12 The licensee must take all appropriate steps within its power to ensure that such modifications of the DCUSA as are required for the purpose of incorporation a Relevant Charging Methodology into the DCUSA are made in sufficient time to ensure that the methodology is incorporated into the DCUSA with full and complete effect from its incorporation date.
- 22A.13 The licensee, in conjunction with all other Distribution Services Providers, and in consultation with other Authorised Electricity Operators, must develop arrangements that provide for the licensee to meet periodically with other Distribution Services Providers, other Authorised Electricity Operators, and any other persons whose interests are materially affected by a Relevant Charging Methodology for the purpose of discussing the further development of a Relevant Charging Methodology.

Part D: Governance and change control arrangements

- 22A.14 This part applies for the purpose of enabling a Relevant Charging Methodology to be modified under the DCUSA on and after its incorporation date.
- 22A.15 All of the arrangements for which the DCUSA makes provision under standard condition 22 in relation to the governance, administration, and modification of the DCUSA are to apply equally to the Relevant Charging Methodology with effect from its incorporation date, subject to paragraph 22A.156.

22A.16 Those arrangements must ensure:

- (a) that the requirements in paragraph 22A.178 and paragraph 22A.198 in relation to the modification procedures applicable to a Relevant Charging Methodology are satisfied;
- (b) that, for the CDCM and the EDCM, the Authority is able at any time before 1 April 2015 to veto any modification proposal under the DCUSA that appears to the Authority to have its purpose or effect the full or substantial substitution of one Relevant Charging Methodology for another Relevant Charging Methodology; and
- (c) subject to sub-paragraph (b), that every modification proposal raised under the DCUSA in relation to a Relevant Charging Methodology and any modification of the methodology that may arise from such a proposal will be assessed by reference to the Applicable Charging Methodology Objectives specified in the condition 22A, and not the Applicable DCUSA Objectives specified in standard condition 22.

22A.176 Every modification proposal raised under the DCUSA in relation to a Relevant Charging Methodology and any modification of the methodology that may arise from such a proposal must have as its aim the better achievement of the Applicable Charging Methodology Objectives.

22A.187 Proposal for modifying a Relevant Charging Methodology ('a modification proposal') may be raised by:

- (a) any Authorised Electricity Operator; or
- (b) any other person whose interests are materially affected by the Relevant Charging Methodology,

and must be handled by the licensee in conjunction with all other Distribution Services Providers and in accordance with Part D of this condition.

22A.189 Unless the Authority directs otherwise, where a report in respect of any proposal for modification of the CDCM is submitted to the Authority, in accordance with Part D of standard condition 13A (Common Distribution Charging Methodology) in force at 31 March 2011, before 1 April 2011 the licensee must make the modification of the CDCM unless, within 28 days of receiving that report, the Authority, having regard to its principal objective and duties under the Act, has either:

- (a) directed the licensee not to make the modification; or
- (b) notified the licensee that it intends to consult and then within three months of giving that notification directed the licensee not to make the modification.