

Your Ref: 14/12
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Date: 30 March 2012

Dear Rebecca

Consultation on proposed licence changes to facilitate open governance of the Common Connection Charging Methodology

Northern Powergrid Holdings Company is the UK parent company of Northern Powergrid (Northeast) Limited and Northern Powergrid (Yorkshire) plc.

We are writing in response to your consultation on the drafting of the proposed changes to the Electricity Distribution Licence (the Licence) to facilitate open governance of the common section of the Distribution Network Operators' (DNOs) Connection Charging Methodologies (the Common Connection Charging Methodology (CCCM)).

Our comments on the proposals are as follows:

- a) When it comes to the statutory consultation it is important to make sure that the proposed modifications are set within a current version of the relevant licence conditions, i.e. ensure that the version used reflects the modifications that have already been formally made to some of these conditions and are due to take effect from 1 April 2012;
- b) In the paragraph modified to be paragraph 13.16 in SLC13, the reference to SLC50 in subparagraph (a) should be removed and reference made to SLC13A instead (as SLC50 has been formally removed from the licence), and (subject to acceptance of our final point below) the opening words of subparagraph (c) should be removed, up to and including 'standard condition 22A';
- c) In paragraph 22A.4 of SLC22A, the word 'the' immediately before 'EDCM' in the first line should not be deleted as proposed;
- d) In paragraph 22A.10 of SLC22A, 'facilities' in the second line should be changed to 'facilitates';
- e) In the paragraph modified to be paragraph 22A.18 of SLC22A, the word 'Proposal' at the very beginning should be changed to either 'A proposal' OR 'Proposals'; and
- f) The paragraph modified to be paragraph 22A.19 in SLC22A is now redundant (it makes provision for events occurring in the first half of 2011) and could usefully be removed.

NORTHERN POWERGRID HOLDINGS COMPANY

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The DCUSA governance arrangements would allow modifications to the CCCM to be proposed assessed and voted on, however since the consultation was issued we understand that suppliers have raised concerns that they would have to fund the CCCM management process (as part of the overall DCUSA arrangements). There have also been indications from yourselves that there may need to be changes made to DCUSA to ensure that suppliers do not have to pay. If suppliers do not fund the modification process then presumably they would not wish to be involved in the voting process. If this is the case then consideration needs to be given to the effectiveness of a voting process which only involves distributors and those generators signed up to DCUSA.

A change in the connections methodology may involve a change in the charging boundary which would cause the use of system charges to suppliers to rise or fall. So we could argue that suppliers do have an interest in the outcome of the debate on changes to the connections methodology if it changes the boundary.

Yours sincerely

Peter Turner

Connection Strategy Manager