

Statement of the Basis of  
Transmission Owner Charges  
Applicable from 1<sup>st</sup> April ~~2013~~2014

**This statement has been approved by the Gas and Electricity Markets Authority**

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## **STATEMENT OF SP TRANSMISSION LIMITED'S BASIS OF ITS TRANSMISSION OWNER CHARGES**

This statement is produced by SP Transmission [Ltd plc](#) (SPT), the Transmission Owner (TO), which sets out the basis of charges for the provision by SPT to NGET ([GBSO](#)) of transmission services as specified in the System Operator Transmission Owner Code (STC).

This [Statement statement](#) is effective from 1 April 2014.[3](#)

The charges shall consist of [a](#) General System Charge, Site Specific Charges and Other Charges as set out below [in Parts 1, 2 and 3 below respectively](#):-

## Introduction

SPT is obliged, under Special Condition (SC) 8C of its electricity ~~transmission-Transmission~~ Licence, to prepare a statement approved by the Authority setting out the basis upon which charges will be made for the provision of transmission services in such form and detail as shall be necessary to enable NGET to make a reasonable estimate of charges to which it would become liable for the provision of SPT's services. These services include the planning, development, construction, maintenance and operation of new and modified connections to the licensee's transmission system.

Special Condition 8C requires that the statement shall in respect of connection to the licensee's (SPT) transmission system include:

- a. a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at ~~entry-Entry~~ or ~~exit-Exit pointsPoints~~) to the licensee's transmission system for which Site Specific Charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
- b. the methods by which and the principles on which Site Specific Charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required;
- c. (the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance, replacement and repair required of electric lines, electrical plant or meters provided and installed for making a connection to the licensee's transmission system;
- d. the methods by which and the principles on which any charges will be made for disconnection from the licensee's transmission system and the removal of electrical plant, electric lines and ancillary meters following disconnection; and
- e. such other matters as shall be specified in directions issued by the Authority from time to time for the purpose of this condition.

## Principles

This statement sets out SPT's charges for the provision of transmission services to NGET. In order to calculate the charges of providing these services, SPT must apportion its assets to one of two charging categories, General System Charge and Site Specific Charges.

The General System Charge recovers all costs for providing, replacing and/or refurbishing SPT's transmission infrastructure assets, and all costs associated with the replacement and/or refurbishment of ~~pre~~Pre-Vesting transmission connection assets. Site Specific Charges recover all costs for providing, replacing and/or refurbishing connection assets. These ~~Charges-charges~~ enable SPT to recover, with a reasonable rate of return, the costs involved in providing the assets, installed solely for and only capable of use by an individual User, that afford connection to the transmission system. These costs may include civil costs, engineering costs, and land clearance and preparation costs associated with the connection assets. No land purchase costs are included.

## Connection and Use of System Boundary

In general, connection assets are defined as those assets solely required to connect an individual User to the SPT transmission system, which are not and would not normally be used by any other connected party (i.e. "single ~~user-User~~ assets"). For the purposes of this statement, all connection assets at a given location shall together form a connection site.

Connection assets are defined as all those single ~~user-User~~ assets which:

- a. for double busbar type connections, are those single ~~user-User~~ assets connecting the User's assets and the first SPT owned substation, up to and including the double busbar bay;
- b. for teed or mesh connections, are those single ~~user-User~~ assets from the User's assets up to, but not including, the HV disconnector or the equivalent point of isolation;
- c. for cable and overhead lines at a ~~transmission-Transmission voltage~~Voltage, are those single ~~user-User~~ connection circuits connected at a ~~transmission-Transmission voltage~~Voltage equal to or less than 2km in length that are not potentially shareable.

Shared assets at a banked connection arrangement will not normally be classed as connection assets except where both legs of the banking are single ~~user-User~~ assets under the same ~~Transmission Owner Connection-connection Agreement~~agreement.

Indicative Gross Asset Values ("~~GAV(s)~~") of connection assets for illustrative purposes are given in Appendix 1.

SPT may, at the request of NGET carry out other work, which is not covered by General System Charge or Site Specific Charges, including, for example, outage rescheduling, dealing with ~~applications~~applications for connection, or obtaining ~~consents~~Consents. The principles for calculating such Other Charges are also set out in this statement.

~~The methodology for calculating these three classes of charge, i.e. General System Charge, Site Specific Charges and Other Charges is set out in this statement.~~

## Transmission Owner Revenue Restriction

Special Condition ~~(SC)~~ 3A of SPT's Transmission Licence establishes the charge restriction that determines the ~~allowed~~ Allowed TO revenue ( $TO_t$ ) that SPT may earn from its TO services:

$$TO_t = BR_t + PT_t + OIP_t + NIA_t + TIRG_t - K_t$$

$$TO_t = BR_t + PT_t + OIP_t + NIA_t + TIRG_t - K_t$$

$TO_t$	means the amount of Allowed Transmission Owner Revenue in Relevant Year t.
$BR_t$	means the amount of Base Transmission Revenue in Relevant Year t as derived in accordance with the formula set out in Part C of Special Condition 3A.
$PT_t$	means the allowed pass-through items revenue adjustment made in Relevant Year t as derived in accordance with Special Condition 3B (Calculation of allowed pass-through items).
$OIP_t$	means the outputs incentive revenue adjustment made in Relevant Year t as derived in accordance with the formula set out in Part D of Special Condition 3A.
$NIA_t$	means the revenue adjustment made in Relevant Year t in respect of the Network Innovation Allowance as derived in accordance with Special Condition 3H (The Network Innovation Allowance).
$TIRG_t$	means, for each Relevant Year t, the aggregate of the annual revenue allowances for each transmission investment project specified in Schedule C of Special Condition 3J (Transmission Investment for Renewable Generation), as derived in accordance with that condition.
$K_t$	means the correction term in Relevant Year t as derived in accordance with the formula set out in Part E of Special Condition 3A.

## Excluded Services Charges

Part C of Special Condition 8B of SPT's Transmission Licence establishes charging provisions for ~~Excluded excluded Services services~~. In addition to the charges arising from SPT's charges for the provision of transmission services (~~Allowed TO Revenue~~) (~~TOT~~) to NGET referred to as Other Charges, SPT will also invoice ~~Excluded excluded Services services Charges charges~~ monthly to NGET for Post-Vesting connection assets, including asset replacement.

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These ~~Excluded excluded Services services Charges charges~~ consist of ~~Capital capital Charges charges~~ only as all ~~Operation operation~~ and ~~Maintenance maintenance~~ charges are recovered under ~~TOT~~ ~~charges~~ Allowed TO Revenue.

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The methods by which ~~Other Charges~~ are calculated are detailed in the following Part 2 of this statement, as ~~Site Specific Charges~~.

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## PART 1

### General System Charges

The General System Charge recovers all costs for providing, replacing and/or refurbishing SPT's transmission infrastructure assets, and all costs associated with the replacement and/or refurbishment of ~~pre~~Pre-Vesting transmission connection assets. These activities are undertaken to the standards prescribed by SPT's Licence, to provide the capability to allow the flow of bulk transfers of power between connection sites and to provide transmission system security.

The General System Charge is set to recover the Allowed TO Revenue ~~(TO)~~, taking account of any connections charges, if any, which are remunerated under Special Condition 8C.

No service provided by SPT shall be treated as an excluded service in so far as it relates to the provision of services remunerated under the General System Charge as set out in the STC and associated procedures. In accordance with the STC and associated procedures, SPT will invoice one twelfth of the General System Charge (which may be subject to amendment) to NGET.

## PART 2

### Site Specific Charges

Site Specific Charges are set to recover costs associated with Post-Vesting connection assets specified in the ~~TO Construction Agreement~~ TO construction agreement and/or the ~~Connection connection Site site Specification specification~~ for the relevant connection site. In accordance with the STC, the capital costs of providing new connections or modifying existing connections to SPT's transmission system will be recovered from NGET.

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### Capital Charges

Capital charges reflect the cost of purchase and installation of connection assets.

### Payment Options

The capital cost of constructing or modifying connection assets, including overheads can be paid in one of four ways as set out below. SPT will consider on a case-by-case basis a combination of the options. It should also be noted that all offers made by SPT, in response to a new or modified connection application by NGET, will initially be made on an indicative basis. Should a firm price offer be requested, a fixed connection charge will only be provided at a later date after tender returns for major plant items and other material expenditure have been received

#### Option 1 Annual Charges, Indicative Price

For connections where NGET elects to pay all or part of the actual installation costs by annual charges, over a period of up to 40 years, the annual charges are calculated as follows~~±~~:

Gross Asset Value ( $GAV_{t,n}^{1*}$ )	=	Connection Price
Annual Charge	=	Depreciation Charge + Return Charge
Depreciation Charge	=	$GAV_{t,n}^{1*} \text{adj}_{adj} / 40$
Net Asset Value ( $NAV_{t,n}^{2**}$ )	=	$GAV_{t,n}^{1*} \text{adj}_{adj} - x ((39.5 - \text{Asset Age}) / 40)$
Return Charge	=	$NAV_{t,n}^{2**} \times \text{Return}^{3***}$
Capital Charge (CC)	=	One-off payment by NGET to SPT
Adjusted GAV ( $GAV_{t,n}^{1*} \text{adj}_{adj}$ )	=	$GAV_{t,n}^{1*} - CC_{t,n}^{1*}$
Asset Age	=	Age at 1 <sup>st</sup> April each year, rounded up to the nearest year
$RPI_{t,n}$	=	$(\text{May to October average RPI in year } n-1) / (\text{May to October average RPI in year } n-2)$

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\* Indexed annually by  $RPI_{t,n}$ , where

\*\* NAV is based on the revalued  $GAV_{t,n}^{1*}$

\*\*\* Return = a reasonable rate of return (normally 6.87%, but may be higher in line with the risk profile).

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<sup>1</sup> Indexed annually by  $RIP_n$

<sup>2</sup> NAV is based on a revalued  $GAV_{t,n}^{1*}$

<sup>3</sup> Return refers to a reasonable percentage return

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The depreciation period for Post-Vesting connection assets may, by mutual agreement, be less than 40 but not more than 40 years.

One off-works (i.e. works requested in excess of the minimum scheme) will be paid as a one-off capital charge, rather than annual charges. Therefore only sole-use connection assets may be paid for by annual charges.

### Option 2 Annual Charges, Firm Price

The Connection Price is based on a firm price estimate of the costs of the connection works, and is calculated as in Option 1, except that the firm price may include a risk margin to allow for possible variances above the estimate, which might occur for any reason. Due to the current long lead times for new connections (e.g. the transmission outage programme, which can be as much as 5 years, and the expected time to obtain planning ~~consents~~Consents), it may not be feasible for SPT to offer firm prices.

### Option 3 Capital Contribution, Indicative Price

For connections where NGET elects to pay for the installation costs in full, NGET will make milestone payments, based on fair and reasonable estimate of the value of work to be done at each stage, with the final payment made, following a reconciliation of the actual costs incurred in completing the connection assets and paid in advance of commissioning the connection.

The ~~Capital-capital Contribution-contribution~~ is calculated as follows:

Gross Asset Value (GAV) = ~~Capital-capital Contribution-contribution~~ (construction costs plus margin)

~~Capital Contribution~~ = ~~Construction Costs~~\* + Margin\*\*

\* including overheads

\*\* A reasonable margin (normally 6.87% of the Construction Costs)

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### Option 4 Capital Contribution, Firm Price

Full capital contribution based on a firm price estimate of the costs of the connection works. The connection price will be calculated as in Option 3 except that the ~~Construction-construction Costs costs~~ will include a risk margin to allow for increases, which might occur for any reason.

Should NGET choose this option, milestone payments will be paid at the stages agreed in the ~~TO construction agreement~~construction agreement.

### Calculation of the Gross Asset Value (GAV) and Net Asset Value (NAV)

The GAV represents the initial total cost of a connection asset to SPT. For a new connection asset it will be the costs incurred by SPT in the provision of that connection asset. Typically the GAV is made up of the following components:

- Construction ~~Costs-costs~~ – costs of bought in services
- SPT Engineering – Allocated equipment and direct engineering costs
- Interest During Construction – Financing Cost

The GAV of an asset is re-valued each year normally using the average of the Retail Price Index (RPI) between May and October,

i.e.  $GAV_n = GAV_{n-1} \times RPI_n$

Where  $RPI_n = (\text{May} - \text{October average RPI Index in year } n-1) / (\text{May} - \text{October average RPI Index in year } n-2)$

The NAV of each asset for year  $n$ , used for charge calculation, is the average (mid-year) depreciated GAV of the asset. The following formula calculates the NAV of an asset with a 40 year life, where  $A_n$  is the age of the asset (number of completed charging years old) in year  $n$ :

$$NAV_n = GAV_n \times (39.5 - A_n) / 40$$

## PART 3

### Other Charges

Over and above the General System Charge and Site Specific Charges mentioned above, SPT may incur other costs, ~~which including include~~ but ~~are~~ not limited to:

- Costs associated with processing applications for connection to the system
- One-~~Off-off~~ Costs associated with new connections
- Costs of rearranging outages at NGET's request
- ~~Any costs incurred by SPT as a result of NGET's requirements that are not otherwise recoverable through General System Charge or Site Specific Charges will be ~~charges-charged~~ to NGET according to the following principles.~~

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### Application Fees

Application fees are payable in respect of NGET applications received for new or modified connections to SPT's transmission system. The application fee is intended to cover engineering costs and other expenses involved in preparing an offer of terms, and is dependent upon the size, type and location of the User's scheme as shown on the map in Appendix 2.

With the exception of offshore applications, NGET can elect to pay a fixed price application fee in respect of their application. Alternatively, onshore applications can elect to pay a variable application fee, which is based on the actual costs incurred.

The fixed price fees for applications are detailed in Appendix 2.

If NGET chooses to pay a variable application fee, SPT will charge NGET the fixed price fee in the appropriate table detailed in Appendix 2 and carry out reconciliation once the actual engineering and out-of pocket expenses have been established. Actual costs will be based on the SPT charge-out rates detailed in Appendix 3. Where actual costs exceed the advance, SPT will issue an invoice for the excess. Conversely, where SPT does not use the whole of the advance, the balance will be refunded.

Should NGET notify SPT of changes in the planning assumptions after receipt of an application fee, SPT may levy an additional charge.

In exceptional circumstances where NGET has requested an application which involves significant costs over and above normally expected (e.g. substantial system studies, specialist surveys, investigations) to process an offer of terms then SPT reserves the right to vary the applicable fixed fee quoted in Table A, B, C and D. Under these circumstances, SPT will following discussion with NGET, advise the appropriate applicable fee.

SPT will refund application fees and consent payments either on commissioning or against the charges payable in the first three years of the new or modified agreement. The following conditions apply:

The refund will be net of external costs;

Where a new or modified agreement is signed and subsequently modified at NGET's request before any charges become payable, SPT will refund the original application fee. SPT will not refund the fees in respect of the subsequent modification(s).

## Feasibility Studies

If NGET requests a feasibility study in connection with alterations to or extension of the SPT network a fee is payable based on an advance of SPT engineering and out-of pocket expenses. The fee payable by NGET will vary according to the size of the study and the amount of work involved. Where actual engineering and out-of pocket expenses exceed the advance, SPT will issue an invoice for the excess. Conversely, where SPT does not use the whole of the advance, the balance will be refunded.

A schedule of charge-out rates for different classes of SPT staff is attached at Appendix 3.

## One-Off Costs and Additional Works Requested

To provide or modify a connection, SPT may need to carry out works on the transmission system, which although directly attributable to the connection may not give rise to additional connection assets. These costs are defined as "one-off costs". Where these costs cannot be justified by planning standards and are incurred as a direct result of NGET's ~~Construction~~ construction Application, they will be included in the TO Construction Offer and charged accordingly.

The incremental costs of additional infrastructure related works above the minimum scheme required to connect a User would always be recovered as a one-off capital charge.

Requests for diversions of transmission lines or cables, in connection with an application for a new or modified connection, including removal or relocation of towers will be treated as one-off costs.

The costs of Category 1 and 3 inter-tripping schemes for generator connections (as defined in the Grid Code and the CUJC) will be recovered as one-off costs.<sup>4</sup>

## Abortive Works Charges

If as a result of a modification application, received after commencement of the transmission construction works, SPT is required to make amendment to the transmission construction works and SPT has previously carried out some or all of the said works which are now no longer required ("Abortive Works") NGET shall be required to make a payment to SPT in respect of all fees, expenses and costs of whatever nature reasonably and properly incurred or due by SPT in respect of the Abortive Works for which SPT is responsible or has or may otherwise become liable in respect of the Abortive Works.

## Contestable Connection Works

Users may also elect to carry out certain contestable areas of connection works. Such arrangements would be subject to the assets being designed and installed to SPT's technical standards to ensure the ongoing security and operability of the transmission system. SPT may also require other agreements and indemnities to ensure that there are no adverse consequences for other ~~users~~ Users of the transmission system as a result of the User's decision to "self-build".

Subject to these arrangements, SPT would adopt the self-built assets free of charge and assume responsibility for their ongoing maintenance.

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<sup>4</sup> Category 1 schemes are those which have been initiated by the User, either as a result of a variation to the design or to allow early connection of generation, which would otherwise be delayed until infrastructure works can be completed. Category 3 are schemes which the User has elected as an alternative to reinforcement of a distribution network affected by the generation connection.

Should a User wish to take advantage of the self-build option, this should be made clear in their formal application to NGET, and SPT will work with the User to facilitate this option.

The scope of contestable works would be agreed before the application is deemed competent. Infrastructure works are non-contestable to avoid any potential impact on other Users.

SPT will charge the User on an indicative basis for any non-contestable items such as design approval, inspection and testing of the contestable works to establish that the assets are suitable for adoption by SPT.

The ~~TO Construction Agreement~~ [TO construction agreement](#) would contain an estimated GAV for the new or replacement connection assets for charging purposes. The GAV would be estimated by SPT as though it was carrying out the full works.

### Outage Services Charges

Where pre-arranged outages are rearranged at NGET's request or where NGET require additional services for planned or unplanned outages over and above the normal service provided under General System Charge, NGET will be liable for outage service charges. These charges reflect the costs incurred by SPT in accommodating NGET's request. They include, but are not limited to:

- Costs (including where appropriate, liquidated damages) of standing down contractors until outage starts. Costs will be derived from contractors' invoices and, in the case of liquidated damages, from the relevant agreement(s).
- Costs of overtime working to reduce outage time such as to reduce NGET's costs in maintaining system security. Cost will be based on overtime hours worked on the particular outage.
- Costs of installing additional equipment, such as bypass arrangements.

Where an outage is rearranged at NGET's request, SPT will use all reasonable endeavours to minimise the charge to NGET by redeploying staff onto other work.

Charge-out rates to assess indicative costs for overtime working are given at Appendix 3.

### De-Energisation and Disconnection Charges

Where NGET wishes a supply to be permanently de-energised, a minimum of two business days notice (or such other period as may be specified in the ~~TO Construction Agreement~~ [TO construction agreement](#) and/or STC) to that effect should be given to SPT. SPT will arrange to de-energise the supply and read the metering equipment, where appropriate, for billing purposes. An additional charge will be made for this service if undertaken outside normal working hours.

Temporary de-energisation (and subsequent re-energisation) resulting from the failure by NGET to comply with the terms of their relevant agreement, or carried out at the request of NGET will be at the expense of NGET.

Where it becomes necessary to disconnect a User (at the request of NGET) that is to have SPT's equipment removed from site, for any reason, any payments outstanding in first providing that connection will become due forthwith.

If NGET requests disconnection, this should be requested in writing. On receipt of such a request SPT will take all reasonable steps to remove the equipment in accordance with the NGET's reasonable requirements. SPT should be consulted at an early stage and a programme for the removal of equipment will be subject to individual assessment.

On termination SPT retains the right to remove its equipment. Where it is cost effective to do so SPT will remove such equipment, and no charge will be made to NGET. For assets where it is not cost effective to recover (e.g. buried cables) will normally be made safe and left on site, but if NGET requires SPT to remove them, the cost of removal, will be payable by NGET. All such equipment will remain the property of SPT until otherwise agreed in writing with SPT.

## Termination Charges

### Early Termination of Commissioned Connections

Costs of new connections will be fully recoverable from NGET in all circumstances, including the liability to pay a ~~Termination termination Amount amount~~ where a ~~Connection connection Agreement agreement~~ is terminated by NGET.

If a connection charge is paid by annual charges and NGET gives notice of termination of the ~~Connection connection Agreement agreement~~ prior to the expiry of the economic life of the connection assets, SPT will require NGET to pay a Termination Amount. This will recover the Net Asset Value (NAV) of the connection assets plus the cost of removing the connection assets if required.

The Termination Amount will be calculated as follows:

NGET will be liable to pay an amount equal to the NAV of such connection assets as at the end of the financial year in which termination or modification occurs, plus:

- The reasonable costs of removing such connection assets. These costs being inclusive of the costs of making good the condition of the connection site; and
- If a connection asset is terminated before the end of a financial year, the connection charges for the full year remains payable.

The calculation of termination amounts for financial year n is as follows:

<b>Termination Charge<sub>n</sub></b>	<b>=</b>	<b><del>C<sub>n</sub></del> + NAV<sub>n</sub> + R</b> where:
C <sub>n</sub>	=	Outstanding Connection Charge for year n
NAV <sub>n</sub>	=	NAV of connection assets at 31 March of financial year n
R	=	Reasonable costs of removal of redundant connection assets and making good

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Reasonable costs of removal for terminated connection assets and making good the condition of the site include:

- modifications to protection systems should a circuit breaker be decommissioned as a result of a User leaving a site, and
- civil engineering works associated with restoring ground levels as a result of removing connection assets.

### Re-Use of Connection Assets after Early Termination

Should the connection assets be re-used, such that SPT receives connection charges as a result of their use, part of the termination charge will be refunded to NGET. The amount refunded will depend on the proportional extent to which the original income stream is replaced. The refund will be based



on the NAV at the time the asset is brought back into use, less the cost of maintaining and storing the asset whilst out of service.

Should a period of more than 5 years elapse before re-use of the terminated connection assets, a partial refund of the termination payment will be made provided clear financial evidence of payment of such termination amount is provided by NGET.

### **Early Termination of Transmission Reinforcement Works**

When a ~~TO Construction Agreement~~[TO construction agreement](#) for a connection is terminated by NGET prior to completion of the works then, in addition to the costs incurred at the time of termination for connection assets, NGET must also pay, to SPT, the costs incurred at the time of termination for any transmission works which were required as a direct consequence of the NGET Construction Application.

### **Early Replacement**

If SPT considers that connection assets require to be replaced prior to the end of their normal economic lifetime, the replacement costs will be borne by SPT within the remaining economic life of the original connection assets. On expiry of the expected lifetime of the original connection assets, the connection charge will be recalculated taking account of the NAV of the replacement connection assets, together with the normal provision for depreciation.

### **Transmission Operation and Maintenance Costs**

Operating and Maintenance charges for all transmission assets will be collected through General System Charges and are not addressed in this statement.

### **Charges for Land Purchase, Consents and Wayleaves**

Any capital costs incurred in providing a new or modified connection relating to planning and other statutory Consents; all wayleaves, easements, servitude rights, rights over or interests in land or any other consent; and permission of any kind as required for the construction of the connection shall be paid to SPT by NGET. These costs will cover all of ~~the~~SPT's engineering charges and out-of-pocket expenses incurred.

These out-of-pocket expenses may include planning inquiries or appeals; the capital costs together with reasonable legal and surveyors costs of landowners or occupiers in acquiring permanent easements, or other rights over land, in respect of any electric line or underground cable forming part of the new transmission connection.

Charges for legal costs associated with land purchase or access Consents would be due under the ~~Construction Agreement~~[TO construction agreement](#) for connection applications. Costs of this work will be charged in accordance with the charge-out rates in Appendix [€3](#).

Any capital costs incurred by SPT in acquiring land, shall [generally](#) be treated [according to their categorisation](#) as [either connection or infrastructure works](#) and recovered through [the TO construction agreement or through](#) -General System Charges [respectively](#).

### **Civil Engineering Costs of Connection ~~sites~~Sites**

Where a substation site may accommodate infrastructure assets in one area of the building or outdoor compound, and sole-use connection assets for one or more Users in another area of the same substation site, the civil engineering costs including that share of the costs of preparing a level, drained site for the accommodation of the sole-use connection assets would be included in the

connection costs. This share of civil engineering costs will be allocated based on the "substation footprint" of the sole-use connection assets at the substation site.

### **Energy Metering Systems**

The charges to NGET for the provision of metering systems will be on a similar basis as other SPT connection assets. The electronic components of the energy metering system have a 15 year replacement and depreciation period whilst the non-electronic components normally retain a 40 year replacement and depreciation period.

## Appendix 1 INDICATIVE CONNECTION ASSET CHARGES

This ~~Schedule~~ schedule provides an indication of typical costs, exclusive of VAT, for additions to SPT's transmission system. The costs shown are current at the time of publication only and are subject to change without notice and may also vary depending upon system configuration, ~~eonsents~~Consents, site conditions etc.

Description	£k		
	275kV	132kV	33kV
	Charge	Charge	Charge
Single Busbar bay	1329	809	-
Double Busbar bay	1577	947	-
Single Circuit Trident £/km	-	412	
Double Circuit Steel Tower £/km	1833	834	-
Transformer cables, Per 100m (inc Sealing Ends)	1429 (240MVA)	1072 (180MVA)	687 (60MVA)
275/132kV 240MVA transformer	2750	-	-
275/33kV 120MVA transformer	1833	-	-
132/33kV 90MVA transformer	-	1981	-
132/33kV 60MVA transformer	-	931	-

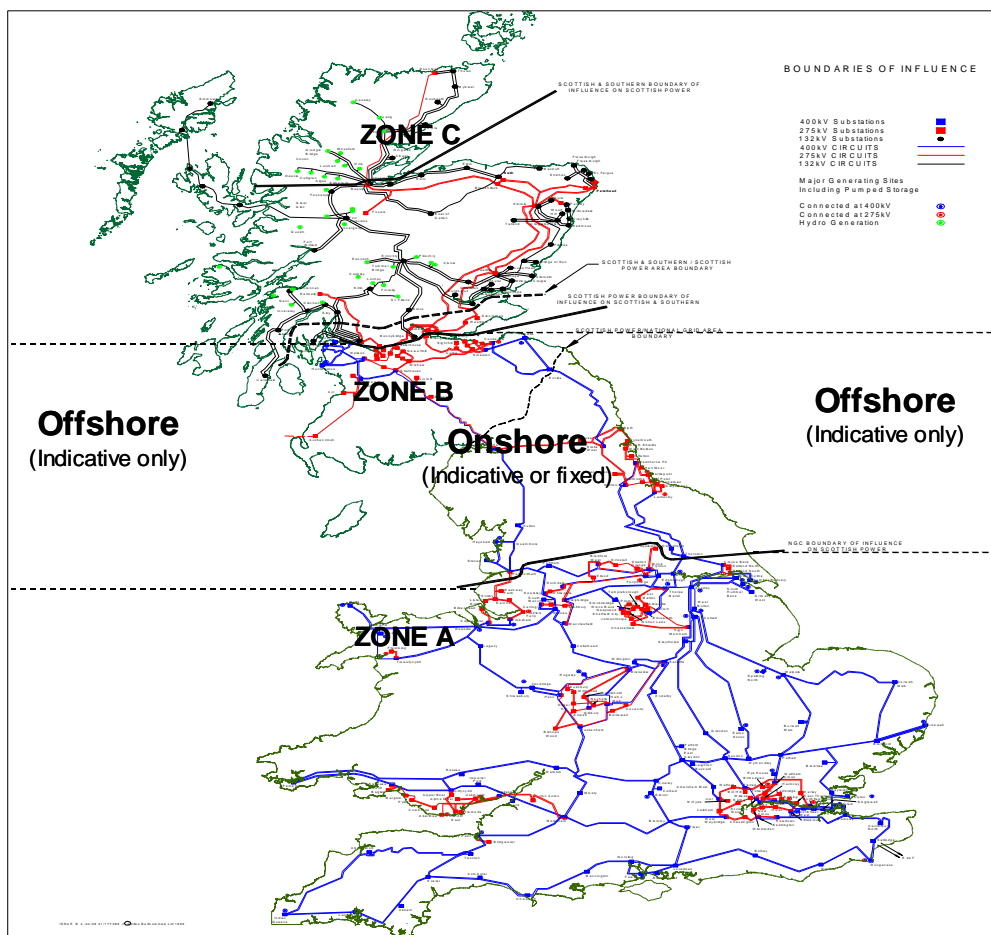
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Factors which can affect these charges are:

- Standards governing the system,
- Length of cable/line required from existing system,
- ~~Size of exit~~ Exit point/Point/ entry Entry point-Point capacity requirements in relation to available capacity of existing network, including the age of the assets and the condition of the network,
- Whether any extension or reinforcement of the existing network is by underground cable or overhead lines,
- Type of ground requiring excavation; type and extent of reinstatement necessary, including New Roads and Street Works Act requirements, need for road crossings,
- Generation capacity characteristics,
- Exit ~~point~~ Point demand and characteristics,
- Special security of supply requirements – greater or less than SPT licence standards,
- Availability of wayleaves/easements for cables and lines including planning ~~eonsents~~Consents,
- Availability of suitable substation sites including any necessary planning ~~eonsents~~Consents,
- Circuit routing difficulties, substation site conditions and access to routes and sites, and
- Necessity of overtime working

## Appendix 2 APPLICATION FEES

### Transmission Licensees' Boundaries of Influence Map



Fees will be applied depending on which zone the connection will be constructed. See Tables A, B, C or D. The ~~zones and~~ boundaries of influence are set out in detail in ~~the STC - Criteria for Assessing Those Transmission Systems Affected by a Construction Project~~ (<http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=28773>)~~the GB Seven Year Statement.~~

All ~~Fees-fees~~ subject to other additional costs covering any other special design requirements e.g. subsea survey, advance wayleaving etc. being payable or underwritten by NGET.

All fees are subject to the addition of VAT.

No application fee is payable for any SPT initiated works.

The MW (mega-watt) value is the final value applied for.

**Table A – Applications in Zone B – NGET North where SPT Affected TO**

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	9,345	67
	100 – 1320	14,952	34
	>1320	44,857	13
New Onshore Supply Point	Any	7,729	-
New Offshore Application – Per Connection Site	-	7,948	-
Statement of Works (1)	-	250	-
Statement of Works Modification Application (2)	-	1,000 or 6,200	-
TEC Increase	<100	9,345	67
	100 – 1320	14,952	34
	>1320	44,857	13
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	9,345	0.75
	100 – 1320	14,952	
	>1320	44,857	
Modification Application to Existing Supply Point	Any	5,797	-
Embedded Generation Application	<100	9,345	0.3
	100 – 1320	14,952	
	>1320	44,857	
Embedded Modification Generation Application	<100	9,345	0.2
	100 – 1320	14,952	
	>1320	44,857	
Design Variation in addition to Standard Offer	<100	9,345	1.5
	100 – 1320	14,952	
	>1320	44,857	

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Statement of the Basis of TO Charges  
SP Transmission ~~Ltd~~plc

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	9,345	67
	100 – 1320	14,952	34
	>1320	44,857	13
New Onshore Supply Point	Any	7,729	-
New Offshore Application – Per Connection Site	-	7,948	-
Statement of Works (1)	-	250	-
Statement of Works Modification Application (2)	-	1,000 or 6,200	-
<del>TEC Increase</del>	<del>&lt;100</del>	<del>9,345</del>	<del>67</del>
	<del>100 – 1320</del>	<del>14,952</del>	<del>34</del>
	<del>&gt;1320</del>	<del>44,857</del>	<del>13</del>
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	9,345	0.75
	100 – 1320	14,952	
	>1320	44,857	
Modification Application to Existing Supply Point	Any	5,797	-
Embedded Generation Application	<100	9,345	0.3
	100 – 1320	14,952	
	>1320	44,857	
Embedded Modification Generation Application	<100	9,345	0.2
	100 – 1320	14,952	
	>1320	44,857	
Design Variation in addition to Standard Offer	<100	9,345	1.5
	100 – 1320	14,952	
	>1320	44,857	

**Table B – Applications in Zone B – SPT South where SPT Host TO**

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	18,141	131
	100 – 1320	29,025	65
	>1320	87,076	25
New Onshore Supply Point	<100	8,976	-
	>100	30,917	-
New Offshore Application – Per Connection Site	-	31,790	-
Statement of Works (1)	-	500	-
Statement of Works Modification Application (2)	-	2,500 or 15,500	-
TEC Increase	<100	18,141	131
	100 – 1320	29,025	65
	>1320	87,076	25
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	18,141	0.75
	100 – 1320	29,025	
	>1320	87,076	
Modification Application to Existing Supply Point	<100	6,732	-
	>100	23,188	
Embedded Generation Application	<100	18,141	0.3
	100 – 1320	29,025	
	>1320	87,076	
Embedded Modification Generation Application	<100	18,141	0.2
	100 – 1320	29,025	
	>1320	87,076	
Design Variation in addition to Standard Offer	<100	18,141	1.5
	100 – 1320	29,025	
	>1320	87,076	

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Statement of the Basis of TO Charges  
SP Transmission ~~Ltd~~plc

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	18,141	131
	100 – 1320	29,025	65
	>1320	87,076	25
New Onshore Supply Point	<100	8,976	-
	>100	30,917	-
New Offshore Application – Per Connection Site	-	31,790	-
Statement of Works (1)	-	500	-
Statement of Works Modification Application (2)	-	2,500 or 15,500	-
<del>TEC Increase</del>	<100	18,141	131
	<del>100 – 1320</del>	<del>29,025</del>	<del>65</del>
	>1320	87,076	25
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	18,141	0.75
	100 – 1320	29,025	
	>1320	87,076	
Modification Application to Existing Supply Point	<100	6,732	-
	>100	23,188	
Embedded Generation Application	<100	18,141	0.3
	100 – 1320	29,025	
	>1320	87,076	
Embedded Modification Generation Application	<100	18,141	0.2
	100 – 1320	29,025	
	>1320	87,076	
Design Variation in addition to Standard Offer	<100	18,141	1.5
	100 – 1320	29,025	
	>1320	87,076	



**Table C – Applications in Zone C – SPT North where SPT Host TO**

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	25,397	189
	100 – 1320	39,910	91
	>1320	116,101	40
New Onshore supply Point	<100	8,976	-
	>100	30,917	-
New Offshore Application – Per Connection Site	-	31,790	-
Statement of Works (1)	-	500	-
Statement of Works Modification Application (2)	-	2,500 or 15,500	-
TEC Increase	<100	25,397	189
	100 – 1320	39,910	91
	>1320	116,101	40
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	25,397	0.75
	100 – 1320	39,910	
	>1320	116,101	
Modification Application to Existing Supply Point	<100	6,732	-
	>100	23,188	
Embedded Generation Application	<100	25,397	0.3
	100 – 1320	39,910	
	>1320	116,101	
Embedded Modification Generation Application	<100	25,397	0.2
	100 – 1320	39,910	
	>1320	116,101	
Design Variation in addition to Standard Offer	<100	25,397	1.5
	100 – 1320	39,910	
	>1320	116,101	

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Statement of the Basis of TO Charges  
SP Transmission Ltd plc

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	25,397	189
	100 – 1320	39,910	91
	>1320	116,101	40
New Onshore supply Point	<100	8,976	-
	>100	30,917	-
New Offshore Application – Per Connection Site	-	31,790	-
Statement of Works (1)	-	500	-
Statement of Works Modification Application (2)	-	2,500 or 15,500	-
<del>TEC Increase</del>	<100	25,397	189
	100 – 1320	39,910	91
	>1320	116,101	40
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	25,397	0.75
	100 – 1320	39,910	
	>1320	116,101	
Modification Application to Existing Supply Point	<100	6,732	-
	>100	23,188	
Embedded Generation Application	<100	25,397	0.3
	100 – 1320	39,910	
	>1320	116,101	
Embedded Modification Generation Application	<100	25,397	0.2
	100 – 1320	39,910	
	>1320	116,101	
Design Variation in addition to Standard Offer	<100	25,397	1.5
	100 – 1320	39,910	
	>1320	116,101	

**Table D – Applications in Zone C – SHETL where SPT Affected TO**

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Statement of the Basis of TO Charges  
SP Transmission [Ltd plc](#)

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	6,542	48
	100 – 1320	10,280	23
	>1320	29,905	10
New Onshore supply Point	<100	2,244	-
	>100	7,729	-
New Offshore Application – Per Connection Site	-	7,948	-
Statement of Works (1)	-	250	-
Statement of Works Modification Application (2)	-	1,000 or 6,200	-
TEC Increase	<100	6,542	48
	100 – 1320	10,280	23
	>1320	29,905	10
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	6,542	0.75
	100 – 1320	10,280	
	>1320	29,905	
Modification Application to Existing Supply Point	<100	1,683	-
	>100	5,797	
Embedded Generation Application	<100	6,542	0.3
	100 – 1320	10,280	
	>1320	29,905	
Embedded Modification Generation Application	<100	6,542	0.2
	100 – 1320	10,280	
	>1320	29,905	
Design Variation in addition to Standard Offer	<100	6,542	1.5
	100 – 1320	10,280	
	>1320	29,905	

Statement of the Basis of TO Charges  
SP Transmission ~~Ltd~~plc

<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Rate £/MW</b>
New Onshore Application	<100	6,542	48
	100 – 1320	10,280	23
	>1320	29,905	10
New Onshore supply Point	<100	2,244	-
	>100	7,729	-
New Offshore Application – Per Connection Site	-	7,948	-
Statement of Works (1)	-	250	-
Statement of Works Modification Application (2)	-	1,000 or 6,200	-
<del>TEC Increase</del>	<100	6,542	48
	<del>100 – 1320</del>	<del>10,280</del>	<del>23</del>
	>1320	29,905	10
<b>Application Type</b>	<b>MW</b>	<b>Base Fee (£)</b>	<b>Factor</b>
Modification Application	<100	6,542	0.75
	100 – 1320	10,280	
	>1320	29,905	
Modification Application to Existing Supply Point	<100	1,683	-
	>100	5,797	
Embedded Generation Application	<100	6,542	0.3
	100 – 1320	10,280	
	>1320	29,905	
Embedded Modification Generation Application	<100	6,542	0.2
	100 – 1320	10,280	
	>1320	29,905	
Design Variation in addition to Standard Offer	<100	6,542	1.5
	100 – 1320	10,280	
	>1320	29,905	

**Notes:**

Application fees are calculated on the following basis:

New Onshore Application	≡	= Base Fee + (MW x Rate/MW)
CEC Increase	≡	= Base Fee + (CEC Increase MW x Rate/MW)
New Offshore Application	≡	= Number of offshore connection sites x Base Fee
<u>On-Shore Modification Application</u>	≡	= Base Fee x Factor
<u>Off-Shore Modification Application</u>	≡	= <u>Base Fee x number of Transmission Interface Sites x Factor</u>
Embedded Generation Application	≡	= Base Fee x Factor
Embedded Generation Modification Application	≡	= Base Fee x Factor

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**Statement of Works**

1. In response to any Statement of Works request, SPT will provide a Statement of Works response which will inform only whether there are any transmission system works required. No formal terms of offer will be provided.
2. In the event the Statement of Works response provided by SPT to NGET show that transmission works are required by the embedded distribution connection, NGET will be required to submit a formal Modification Application.
  - a. For in Area-area offers where SPT are the Host TO and where no significant network assessment required, the applicable fee for this Modification Application is £2,500. Where there is significant network assessment required, the applicable fee for this Modification Application is £15,500.
  - b. For out of Area-area offers where SPT are the Affected TO and where no significant network assessment required, the applicable fee for this Modification Application is £1,000. Where there is significant network assessment required, the applicable fee for this Modification Application is £6,200.

**Appendix 3 CHARGE-OUT RATES**

<b>Grade</b>	<b>Rate (£/day)</b>
Section Manager or Internal Solicitor	<u>920893</u>
Principal PowerSystems Engineer	<u>770748</u>
Senior PowerSystems Engineer, Project Manager or Senior Wayleave Officer	<u>643624</u>
PS Engineer or Draughtsman	<u>513498</u>
Graduate Engineer	<u>430418</u>
Craftsman (Linesman, Cable Jointer, Substation Fitter)	<u>390379</u>
Admin support	<u>340330</u>

All fees are subject to the addition of VAT.

## Glossary of Terms

<b><del>Abertive Works</del></b>	<del>Works undertaken by SPT that are no longer required due to a required change to the specification of the transmission construction works.</del>
<b><u>Affected TO</u></b>	<u>A TO who owns or operates a transmission system which is electrically impacted by a User's connection to a Host TO's transmission system</u>
<b><u>Allowed TO Revenue</u></b>	as set out in TO's Transmission Licence
<b>Authority</b>	<u>The Gas and Electricity Markets Authority (GEMA) established under Section 1 of the Utilities Act 2000</u> <del>The Gas and Electricity Markets Authority (Ofgem).</del>
<b><u>BETTA</u></b>	<u>British Electricity Trading and Transmission Arrangements</u>
<b><u>BETTA Go-Live Date</u></b>	<u>1 April 2005</u>
<b>Bilateral Connection Agreement</b>	<u>An agreement between the SO and the User covering the connection to the TO's transmission system.</u> <del>An agreement between NGET and the User covering the connection to SPT's transmission system.</del>
<b>Connection Site Specification</b>	As defined in Section D, Part One, sub-paragraph 2.6.1 of the STC
	In relation to any transmission system and or connection works: -
	<u>a) <del>a)</del></u> all such planning (including Public Inquiry) and other statutory consents; and
<b>Consents</b>	<u>b) <del>b)</del></u> all wayleaves, easements, rights over or interests in land or any other consent; or for commencement and carrying on of any activity proposed to be undertaken at or from such works when completed
	<u>c) <del>c)</del></u> permission of any kind as shall be necessary for the construction of the works
<b><del>Construction Costs</del></b>	<del>The costs, including overheads, of constructing the connection</del>
<b>CUSC</b>	Connection and Use of System Code
<b><u>Entry Point</u></b>	<u>A point of connection at which electricity may be exported from a User's installation onto the Transmission System i.e. Generation</u>
<b><u>Exit Point</u></b>	<u>A point of connection at which electricity may flow from the Transmission System to the User's installation, i.e. Demand</u>
<b><del>Licence</del></b>	<del>Transmission licence granted or treated as granted under section 6(1)(b) of the Act</del>
<b><u>Host TO</u></b>	<u>The TO which will electrically connect the User to a transmission system which is owned or operated by that TO</u>
<b>NGET</b>	National Grid Electricity Transmission plc <del>acting as the Great Britain System Operator</del>
<b><u>Pre BETTA</u></b>	<u>Before 1 April 2005</u>
<b><u>Pre-Vesting</u></b>	<u>Means on or before 31 March 1990</u>
<b>Price Control</b>	As set out in <u>the TO's SPT's Licence.</u>
<b><u>Pre-Vesting</u></b>	<u>Means on or before 31 March 1990</u>
<b>Post-Vesting</b>	Means after 31 March 1990
<b><u>SO</u></b>	<u>System Operator</u>
<b><u>Retail Price Index (RPI)</u></b>	<u>Table 36: RPI: All items index 1947-2013 "CHAW" published by the Office for National Statistics and as amended monthly</u>
<b><u>SO</u></b>	<u>System Operator. This being NGET</u>
<b>STC</b>	The System Operator <del>f</del> Transmission Owner Code
<b>TO</b>	<u>An onshore or offshore Transmission Owner. This being SP Transmission plc</u>
<b><u>Transmission Interface Site</u></b>	<u>the site at which the Transmission Interface Point is located</u>
<b><u>Transmission Interface Point</u></b>	<u>means the electrical point of connection between the Offshore Transmission System and an Onshore Transmission System</u>

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<b><u>Transmission Licence</u></b>	<u>Transmission Licence granted or treated as granted under section 6(1)(b) of the Act</u>
<b><u>TO</u></b>	<u>Allowed Transmission Owner Revenue as set out in SPT's Licence</u>
<b><u>TO Construction Agreement</u></b>	<u>An onshore TO Construction Agreement or an Offshore TO Construction Agreement between SPT and NGET pursuant to the STC</u>
<b><u>Transmission Voltage</u></b>	<u>In Scotland usually voltages at 132kV or above.</u>
<b><u>Termination Amount</u></b>	<u>On termination, an amount to recover the Net Asset Value of the connection assets plus the cost of removing the connection assets if required.</u>
<b><u>User</u></b>	<u>A generation or demand customer connected to SPT's transmission system and party to NGET's bilateral agreement(s).</u>

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