



MODIFICATION PROPOSAL

**To Amend The Statements of Methodology and Charges for
Connection of Southern Electric Power Distribution plc and
Scottish Hydro Electric Power Distribution plc**

Date : 23 September 2015

For Approval by the Gas and Electricity Markets Authority

Table of contents

1.	Introduction	4
2.	Description Of The Proposed Modification	4
3	Reasons For The Proposed Change And Relevant Objectives	5
4	Timetable For The Implementation Of The Modification	7

Issue Authority

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Version Control

Version	Changes
1.1	Revised following Ofgem feedback received 2 October 2015

1. Introduction

- 1.1 This Modification Proposal from Scottish and Southern Energy Power Distribution seeks the approval of the Authority to implement proposals to amend the Statements of Methodology and Charges for Connection of Southern Electric Power Distribution plc (“SEPD”) and Scottish Hydro Electric Power Distribution plc (“SHEPD”) (the “Statements”) in accordance with Standard Licence Condition (SLC) 13.4.
- 1.2 SSEPD have identified a requirement to make amendments to the SEPD and SHEPD Statements to reflect Authority decisions relating to the Competition in Connections Code of Practice, Standard Licence Condition 12, DCUSA Change Proposal (DCP) 190 and developments in our own businesses.

2. Description Of The Proposed Modifications

- 2.1 We propose to make the following modifications:
- Changes in relation to Competition in Connections Code of Practice (CinC CoP):
 - Amendment to add new paragraphs 6.10 – 6.14 to provide additional details regarding inspection and monitoring of Contestable Works.
 - Amendment to wording in paragraph 6.3 to make it clear that Independent Connection Providers (ICPs) can now identify Point of Connection (POC) in some scenarios
 - Amendment to wording in paragraph 6.4 to make it clear that ICPs can now carry out design approval in some scenarios
 - Amendment to Table 6.19 to ensure alignment with changes to paragraphs 6.3 and 6.4
 - Changes in relation to SLC 12:
 - Amendment in paragraph 2.5 from 3 months to 65 working days in line with revised SLC 12
 - Amendment to table 3.9 from 3 months to 65 working days in line with revised SLC 12

- Changes in relation to DCP190:
 - Addition of paragraph 6.34 to provide the de-minimus value referred to in DCUSA Schedule 22, paragraph 1.33 (paragraph 5.33 of the Common Connection Charging Methodology) which was introduced to DCUSA Schedule 22 by DCP190
 - Changes in relation to developments in our own businesses:
 - Amendment to paragraph 4.2 to change quotation validity period from 30 days to 90 days in line with customer requests
- 2.2 The proposed changes to the Statements are highlighted in the tracked changes versions of the SEPD and SHEPD Statements enclosed with this Modification Report.

3 Reasons For The Proposed Change And Relevant Objectives

- 3.1 The proposals made within this modification report would enable SEPD and SHEPD to better meet one or more of the Relevant Objectives in relation to the Charging Methodology detailed in SLC 13.3 in their respective Distribution Licences. The Relevant Objectives better met by the amendments are detailed below.
- 3.2 **Changes in relation to CinC CoP:** these amendments reflect the development of the CinC CoP, which identified that competition in the connections market could be improved by licensees ensuring that their inspection and monitoring regimes are common and transparent and that ICPs can identify POC and carry out design approval and final connection in particular scenarios. Standard Licence Condition 13.3 (b) states: “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”. The proposed amendments better achieve this Relevant Objective as they meet the requirements of the CinC CoP by improving clarity regarding the detail of the inspection and monitoring regime and tasks that ICPs can carry out and ensure that all ICPs understand what inspections works are subject to.

Standard Licence Condition 13.3 (d) states: “that so far as is consistent with subparagraphs (a) (b) and (c) the methodology as far as is reasonably practicable, properly takes account of developments in the licensee’s distribution business”. The proposed amendment also contributes to better achievement of this Relevant Objective since it reflects developments in our businesses regarding the inspection and monitoring regime following adoption of the CinC CoP.

3.3 Changes in relation to SLC 12: these amendments bring our Statements into alignment with Standard Licence Condition 12.6 (c) and our connection offers. Standard Licence Condition 13.3 (a) states: “that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence”. The proposed amendments better achieve this Relevant Objective as they ensure the Statements reflect our current obligations and practice.

3.4 Changes in relation to DCP190: the majority of the DCP 190 working group agreed that DCP190 better facilitates Standard Licence Condition 13.3 (a) which states: “that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence”, as DNOs are required to have a CCCM and a charging statement in place. By clarifying how the CCCM should be applied in the context of temporary connections, DCP190 facilitates compliance with the requirements set out in the licence. DCP190 also has the effect of enabling consistency amongst DNOs in the provision of credit for the recovery of equipment associated with a temporary connection and ensuring that this is reflected in the CCCM.

By setting the de minimis value the proposed amendment also better achieves Standard Licence Condition 13.3 (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” as it ensures that a credit is only provided where the reasonable administrative costs incurred will be higher than the value of the equipment recovered

3.5 Changes in relation to developments in our own businesses: this amendment reflects our response to customer feedback that extension of this

period would represent a better service to connections customers. Standard Licence Condition 13.3 (d) states: “that so far as is consistent with subparagraphs (a) (b) and (c) the methodology as far as is reasonably practicable, properly takes account of developments in the licensee’s distribution business”. The proposed amendment contributes to better achievement of this Relevant Objective since it reflects a development in our business’ policy to improve customer service by providing more time for customers to consider connection offers and secure other requirements such as finance and planning consents.

4 Timetable For The Implementation Of The Modification

- 4.1 Subject to receiving a non-veto decision from the Authority, Scottish and Southern Energy Power Distribution intend to implement the proposed changes contained within this Modification Proposal on 22nd October 2015.