

Modification Proposal

Modification number: 0024/2016 – Update of our specific connection charging methodology in accordance with Standard Licence Condition (SLC) 13.4

Date Submitted: 18 December 2015

Version number: v0_1

Date Approved:

Date Rejected:

Proposed Implementation Date: 1 February 2016

Details of Proposal:

Northern Powergrid is seeking the approval of the Authority to modify our specific connection charging methodology for our Northeast and Yorkshire licence areas in accordance with Standard Licence Condition (SLC) 13.4 to reflect:

- Changes in relation to the Competition in Connections Code of Practice (CinC COP);
- The fact that we passed the competition test in the HV work market sector and are seeking to update the table in paragraph 6.30 'Margin included in Connection Offers'; and
- The addition of paragraph 6.31 to provide the de-minimis value referred to in DCUSA Schedule 22, paragraph 1.33 which was introduced by DCP190 Credit for Equipment Recovery Associated with Temporary Connections.

Description of the changes:

We propose to make the following modifications in relation to the CinC COP:

- 1) Additional wording in paragraphs 6.3 and 6.4 to explain that ICPs can carry out certain works in accordance with the CinC COP;
- 2) A new paragraph 6.5 which explains our Operational Access arrangements in accordance with the CinC COP. Additional references have been added in Section 6 to this paragraph;
- 3) Changes to paragraphs 6.7 and 6.8 to explain the revised inspection and monitoring regime;
- 4) Deletion of the words "at your discretion" in paragraph 6.10 to clarify that the ICP or the developer can be the customer;
- 5) Change to paragraph 6.11 to reflect that there will not be a direct charge for design approval;
- 6) A new paragraph 6.15 which clarifies the circumstances where a diversion associated with a connections project can be carried out by an ICP;
- 7) Changes to the Table of Contestable/Non-Contestable Work in paragraph 6.19 to reflect the CinC COP arrangements;

We are proposing to update the table in paragraph 6.30 Margin included in Connection

Offers to reflect the fact that we passed the competition test in the HV work market sector.

We have included an additional paragraph 6.31 'Credit for equipment recovery associated with Temporary Connections' which provides the de-minimis value referred to in DCUSA Schedule 22, paragraph 1.33.

We are also amending paragraphs 2.5 and 3.9 to change "three months" to "sixty five working days" in line with the revised SLC12.

Licence objectives:

The specific connection charging methodology has the following objectives set out in standard licence condition 13:

- 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.

Why the proposal better meets the objectives:

This modification better meets Relevant Objectives SLC 13.3 (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.

This modification better meets this relevant objective as it allows compliance with our obligations under the CinC COP by providing clarity on the activities the ICPs can carry out and to provide details of the inspection and monitoring regime.

Changes in relation to SLC12 and the inclusion of a de-minimis value better facilitate the relevant objective SLC13.3(c) as it provides clarity on what Northern Powergrid consider is the reasonable cost of determining whether the equipment used for a temporary connection can be reused, calculating any refund due and processing any credit payment.

Conclusions:

We intend to implement the proposed changes contained in this modification proposal as soon possible subject to receiving a non-veto decision from the Authority.