

Connection Offer and POC Offer Terms and Conditions

- 6.21 Our Connection Offers and POC Offers are made on our standard terms and conditions. Where we believe that alternative terms and conditions are appropriate, we may negotiate special terms and conditions with you, as provided for in Section 22 of the Electricity Act. Our costs incurred in the negotiation of these terms and conditions, including our legal costs, are recoverable from you.
- 6.22 We reserve the right to set the terms applicable in cases where the normal criteria may not apply, following consultation with you or where we have reasonable grounds for concluding that the proposed Connection would reduce the security of the system to a level below the standard required by the Act.
- 6.23 We may terminate an accepted Connection Offer if, for example, after one year you have not made sufficient progress at the site for us to undertake or satisfactorily progress our connection works. Therefore it is important that you time your connection application to reflect the project's authorisation and development programmes and the required energisation date.
- 6.24 ~~Unless agreed otherwise with us, necessary replacement of age-expired sole user assets which have been installed for the purposes of connection of a generator will be at the expense of that generator, although the replacement cost may be shared to the extent that the generator does not have sole use of those assets.~~

Operation and Maintenance Charges

- 6.26 Charges for operation, repair, maintenance and replacement ("O&M Charges") are not normally payable as part of the Connection Charge.
- 6.27 However, where additional assets or in the case of generation schemes only the "high cost" assets beyond those required for the Minimum Scheme acceptable to us are installed, the additional ongoing operation, repair, maintenance and replacement costs are not supported by the Use of System tariff.
- 6.28 In these circumstances, such costs will be capitalised and added to the Connection Charge.
- 6.29 ~~Capitalised costs are derived from the annual estimated costs of work related to the component parts of the network used for the Connection using an appropriate discount rate reflecting our cost of capital, and are usually expressed as a percentage of the initial capital value of the assets. Where this includes assets that will be provided by a person or party other than us, we will assess the value of such assets. These charges are normally payable in full in advance however, in certain cases, it may be possible to agree an annual service charge for the anticipated costs of operation, repair, maintenance and replacement.~~
- 6.30 ~~Operation and Maintenance charges assessed on Connections are levied on the following basis:~~ will apply in relation to schemes over and above the Minimum Scheme (including flexible connections) at a rate of 21% for schemes connected at LV or HV and 25% for schemes connected at EHV or 132kV.
- 6.31 ~~For flexible connections, where there are annual third party costs incurred by us in operating the flexible connection, these will be charged to the customer on an annual basis.~~

O&M Charge Coverage

Connection Category	O&M Scope	Value	Capitalised Charge Composition
For demand and load connections with additional assets beyond the Minimum	Operation, repair, maintenance and replacement of	32.0%	(1% O&M Charge + 1.7% Replacement Charge) x 20 years x 5.6% discount factor

Scheme	the additional assets required for the Connection.		
For generation connections with additional assets beyond the Minimum Scheme and for "high cost" schemes	Operation, repair and maintenance of the assets required for the Connection.	20.9%	(1% O&M Charge + 1.1% Replacement Charge) x 15 years x 5.6% discount factor

Note to Table:

Under a full accountancy treatment, the O&M charge for demand connections would include an element for replacement of 2.5% over 40 years at 5.6% discount factor. However, experience has shown that network development and load migration over a lengthy period means that replacement on a like for like basis is not always required for customer specific assets. Thus a reduced allowance for replacement is used. Similarly and for the avoidance of doubt, generation connection sole user assets are replaced as detailed in clause ~~6.32.1~~ **Error! Reference source not found.** while replacement costs of other assets are recovered as shown in the Table above.

6.32—The operations, repair and maintenance service provided by us is not limited to the routine maintenance of assets in accordance with specified maintenance frequencies but also includes the following:

6.32.1—total site care, covering site safety, security and environmental protection, maintenance of site drawings, the maintenance of general site well being, the provision of statutory signing and labelling of the site and of individual assets and training of third parties requiring access to the site, as required;

6.32.2—payment of rates, electricity, water and telephone charges associated with the connection site;

6.32.3—24 hour standby and out of hours 365 days of the year to give customers a rapid response and repair service in case of emergencies or out-of-hours plant failure;

6.32.4—payment of wayleaves and compensation claims;

6.32.5—local liaison, notably with statutory authorities, wayleave grantors and members of the public;

6.32.6—assessment and reporting on asset health and performance followed by major asset overhaul and refurbishment when necessary;

6.32.7—provision of maintenance spares and specialist tools for maintenance activities;

6.32.8—maintenance of a stock of strategic spares for major plant items to minimise recovery times following plant failures; and

6.32.9—specialist back-up through access to electricity industry technical expertise.

6.33—Additionally, we provide a number of central services of benefit to connection customers, notably:

6.33.1—maintenance of the integrity of customer's connections as the distribution system develops;

6.33.2—management of our wider environmental responsibilities as they affect connection customers;

6.33.3—operation of connection assets, including safety switching at substations and the co-ordination of outage programmes with customers.