

The National Grid Company plc

**Connection Charging Methodology
Modification Proposal**

CCM-M-02

**Update Modification Proposal to
The Statement of the Connection Charging
Methodology**

19 September 2001

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Executive Summary

This paper sets out for consultation National Grid's proposed modification to the Statement of the Connection Charging Methodology to make it materially correct.

Outline of Proposed Modification

CCM-M-02 (a)

Description of proposed modification To update the terminology in the Statement of the Connection Charging Methodology in line with the new Standard Licence Conditions (electricity and gas) which come in to effect on 1 October.
Explanation of the issue To replace wording "Licence Condition 10B" with "Licence Condition C7B" and add the "Utility Act 2000" where relevant.
Justification for proposed modification To make the Statement of the Connection Charging Methodology materially correct.
Suggested alternatives None.
Implementation date 1 October 2001
Proposed changes to the Statement of the Connection Charging Methodology <u>About this Document, paragraph 3:</u> "The document has been published by NGC in accordance with Condition 40B- C7B of the Transmission Licence and it is approved by the Gas and Electricity Markets Authority (the Authority)." <u>General Introduction</u> <u>Paragraph 1:</u> "...NGC is required by the Electricity Act 1989, as amended by the Utility Act 2000 , to develop....." <u>Paragraph 2:</u> "Following the changes, Licence Condition 40B- C7B of the Transmission Licence States that:" <u>Paragraph 4:</u> "Licence Condition 40- C7 also requires NGC to....."

Paragraph 5:

“As part of Licence Condition 40B-C7B NGC has to ensure that the Connection Charging Methodology meets the relevant licence objectives for connection charges.”

Glossary, page 64, paragraph 1:

“The following definitions are intended to assist the reader's understanding of this document. In the event of conflict with definitions given elsewhere, those used in the Electricity Act 1989 *(as amended by the Utility Act 2000)*.....”

Impacts on existing Connection charges

None.

Impacts on other Industry Documents

None.

CCM-M-02 (b)

<p>Description of proposed modification</p> <p>To up date terminology in the Statement of the Connection Charging Methodology in line with the PES split in to separate supply and distribution licences.</p>
<p>Explanation of the issue</p> <p>The Utilities Act 2000 means that the supply and distribution activities of the PES companies shall be separated as 1 October 2000. The term PES will no longer be accurate and has to be updated to Public Distribution System Operator and Supplier.</p>
<p>Justification for proposed modification</p> <p>To make the Statement of the Connection Charging Methodology materially correct.</p>
<p>Suggested alternatives</p> <p>None</p>
<p>Implementation date</p> <p>1 October 2001</p>
<p>Proposed changes to the Statement of the Connection Charging Methodology</p> <p><i>Generation Only Spurs, paragraph 1.12:</i></p> <p><u>Bullet point 1:</u> “Normally Public Electricity Supplier (PES) Public Distribution System Operator or directly connected customers’ connection charges care confined to.....”</p> <p><u>Bullet point 2:</u> “Overhead lines and cables are excluded in the calculation of generation connection charges if such overhead lines and cables are essential to connect demand at PES Public Distribution System Operator exit points;”</p> <p><u>Bullet point 3:</u> “Generation Only Spurs (i.e. where there is no PES Public Distribution System Operator exit point)”</p> <p><u>Bullet point 4:</u> “In the case of “multiple spurs” which serve to connect both generation and demand at PES Public Distribution System Operator exit points, where not all these circuits are required by security standard to serve the PES Public Distribution System Operator exit point, the more costly circuits are classed as connection. For the avoidance of doubt multiple spurs serving generation only will be treated as connection assets; “</p>

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Remove Footnote.

Glossary, page 66:

Addition of : "**Public Distribution System operator**: any holder of a distribution licence who was the holder, or is a successor to a company which was the holder of a Public Electricity Supply Licence relating to the distribution activities in England and/or Wales on the CUSC Implementation Date"

Addition of: "**Supplier**: a holder of an electricity supply licence"

Impact on existing Connection charges

None.

Impacts on other Industry Documents

None.

1. Introduction

National Grid is obliged under the Transmission Licence:

- (i) to make revisions to the Charging Statements in order that the information set out in these statements shall continue to be accurate in all material respects;
- (ii) to keep the Connection Charging Methodology at all times under review;
- (iii) to make such modifications of the Connection Charging Methodology as may be requisite for the purpose of better achieving the relevant objectives, which are:
 - a. to facilitate effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
 - b. to result in charges which reflect, as far as reasonably practicable, the costs incurred by National Grid in its Transmission Business; and
 - c. to take account of the developments in National Grid's Transmission Business.
 - d. to facilitate competition in the carrying out of works for connection to the Licencee's Transmission system.

Before making a modification to the Connection Charging Methodology, National Grid is also required by the Transmission Licence to consult with CUSC Users on the proposed modification and allow them a period of not less than 28 days within which to make written representations. The Authority can consent to a shorter consultation period.

The purpose of this document is to set out for consultation National Grid's proposal to modify the Statement of the Connection Charging Methodology to make it materially correct.

2. Background to the Issues

See details provided in each individual modification's Executive Summary.

3. Explanation of the Issues

See details provided in each individual modification's Executive Summary.

4. Proposed Modifications

Proposed Changes to the Connection Charging Methodology

The Connection Charging Methodology is not affected by the modification.

Proposed Changes to the Statement of the Connection Charging Methodology

It is proposed that the Statement of the Connection Charging Methodology be modified as indicated in the Executive Summary.

Indicative Impact on Connection Charges

None.

Impacts on Other Industry Documents

None.

5. Responses to this Consultation

Comments and views are invited on all the issues raised in this consultation document. In order that your comments and views are included in National Grid's report to the Authority, responses must be received by **25 September 2001**. If you wish to provide comments on this review, then responses are welcome via e-mail to:

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Or alternatively, written comments may be addressed to:

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If you have further queries, please do not hesitate to contact Sarah McGill on: **02476 423841**.