

The National Grid Company plc

Connection Charging Methodology

Report on:

CCM-M-01

**Clarification Modification to
The Statement of the Connection Charging Methodology**

26 September 2001

Table of Contents

1. INTRODUCTION	1
2. TERMS OF THE ORIGINAL PROPOSED MODIFICATION	2
Proposed Changes to the Connection Charging Methodology.....	2
Proposed Changes to the Statement of the Connection Charging Methodology	2
Indicative Impact on Connection Charges	3
Impacts on Other Industry Documents.....	3
3. RESPONSES TO THE MODIFICATION PROPOSAL	4
4. CHANGES TO THE PROPOSAL IN LIGHT OF REPRESENTATIONS MADE	4
Consideration of responses	5
5. HOW THE PROPOSED MODIFICATIONS BETTER MEET THE RELEVANT OBJECTIVES	6
6. TIMETABLE FOR IMPLEMENTATION	6

1. INTRODUCTION

Paper CCM–M-01 set out for consultation National Grid's proposed modification to the Statement of the Connection Charging Methodology (Issue 1.0 Revision 0) to improve its accuracy and clarity, as obliged under paragraph LC10B(4) of the Transmission Licence.

Ofgem has requested that National Grid follow a consultation process for these changes. The Authority has directed National Grid to consult CUSC Users on the proposed modification and allow them a period of not less than seven days within which to make written representations. The consultation process ran from 19-25 September 2001.

Following the consultation period, this report sets out Users' responses to the proposed Modification to the Statement of the Connection Charging Methodology (Issue 1.0 Revision 0) and the changes to the proposal resulting from those responses.

Subject to the Authority's power to veto this modification proposal, National Grid intends to make the changes to the Statement of the Connection Charging Methodology (Issue 1.0 Revision 0) for implementation on **1 October 2001**.

2. TERMS OF THE ORIGINAL PROPOSED MODIFICATION

Description of proposed modification to the Connection Charging Methodology
None
Explanation of the issue
To correct a mistranslation in the Statement of the Connection Charging Methodology from the April 2001 LC10 Statement of Charges. That is to add in to Chapter 1, paragraph 1.12 (last bullet) that the generation adjustment applied to Generation Only Spurs is applicable only at 400kV and/or 275kV generation sites.
Justification for proposed modification
To make the Statement of the Connection Charging Methodology materially correct.
Suggested alternatives
None
Implementation date
Effective from 1 October 2001
Proposed changes to the Statement of the Connection Charging Methodology
Generation adjustments (at 400kV and/or 275kV generation sites) apportion to TNUoS a share of the connection charge payable on the lowest cost Generation Only Spur circuit, including lines, cables and terminating switchgear and substation assets. The lowest cost circuit is identified with reference to the associated Net Asset Values excluding the switchgear.
Impacts on existing Connection charges
None.
Impacts on other Industry Documents
None.

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 (Issue 1.0 Revision 0) be modified as above.

Indicative Impact on Connection Charges

None.

Impacts on Other Industry Documents

None.

3. RESPONSES TO THE MODIFICATION PROPOSAL

Comments and views were invited on all the issues raised in the Modification Proposal CCM-M-01.

National Grid has received one response to this Modification Proposal:

British Energy

Further to the above consultation documents issued in respect of the above proposed modifications, British Energy are pleased to advise that having reviewed the proposals, it is clear that there is no material effect on the Connection Charging Methodology and therefore charges to NGC customers, and therefore we have no substantive objections to the proposals going forward for approval by the Authority.

However, we note that there are a number of 'Process' issues which arise from these proposals which require clarification for future proposal modifications:-

- We note the separate email of 19th September "Charging Statement Modifications Issued" (letter from Richard Court) in which the much reduced timetable for consultation is outlined as 'agreed by Ofgem.' It would be helpful if such information is also published on the relevant NGC 'information microsite' in the future in the event of variations to the 28-day consultation period for the avoidance of any doubt.
- We note too that of the three proposed modifications listed under M-01 and M-02, the 'Justification for the proposed modification' is to make the relevant documents 'materially correct.' We think therefore that there is a need to clarify the basis upon which these fairly minor changes are to be made and provide a distinction between NGC's licence requirement to make '**revisions**' to the Charging Statements to keep them "accurate in all material respects" and '**modifications**' which are subject to significantly increased, albeit largely subjective and undefined, criteria to satisfy (the "better" meet/achieve hurdles)

Perhaps there is merit in defining a distinction and therefore a separate 'revision' route?

4. CHANGES TO THE PROPOSAL IN LIGHT OF REPRESENTATIONS MADE

CCM-M-01

In the light of the responses received, National Grid intends to implement the Modification Proposal CCM-M-01 in its original format.

Consideration of responses

In relation to the comments raised regarding the process for these "clarification" modifications to the Charging Statements:

The Modifications page of the Charging web-site shows the timetable for all live modifications. In normal circumstances we would expect the default timetable of 28 days consultation to apply. When a shorter time-scale is required, we will endeavour to inform Users either at the TCMF or through the notification of the modification. The web-site shows reports of the TCMF meetings and any presentations made for those who cannot attend.

Ofgem have requested that National Grid follow a similar consultation process for changes to the Charging Statements (clarifications / updates) as that which we are required to follow for changes to the charging methodologies (i.e. underlying principles and methods). This is not strictly required under the Transmission Licence. However, following this process allows Users to see and comment on all changes that are to be made to the Charging Statements even those which are not affecting the charges or the principles and methods behind their calculation. For example, we would assume Users may have comments on the form of the words used in clarifications to ensure they are understandable to all.

The four issued modifications UoSCM-M-01, UoSCM-M-02, CCM-M-01 and CCM-M-02 are all clarification/updates to the Charging Statements and none of them are modifications to the underlying charging methodology. Hence the Relevant Objectives are not relevant.

We appreciate this may cause confusion and we will endeavour to make it clearer in future reports which are "clarifications" to the Statements and which are "modifications" to the charging methodologies to better meet the Relevant Objectives in the licence. This perhaps could be initiated by a different naming and numbering convention.

In future, we will name these type of changes to the Statements as "clarifications" with numbering as follows:

UoSCM-C-xx **For clarifications/updates to the Statement of the Use of System Charging Methodology**

CCM-C-xx. **For clarifications/updates to the Statement of the Connection Charging Methodology**

UoSC-C-xx **For clarifications/updates to the Statement of the Use of System Charges**

Modifications to the charging methodologies will be named and numbered with an M and be clearly marked as relating to the methodology

UoSCM-M-xx **For modifications to the Use of System Charging Methodology**

CCM-M-xx **For modifications to the Connection Charging Methodology**

Obviously if the methodology is being modified then this will require changes to the Statement of that methodology. These changes will be included within the methodology modification process.

5. HOW THE PROPOSED MODIFICATIONS BETTER MEET THE RELEVANT OBJECTIVES

The proposed modifications do not make any changes to the methodology and therefore have no impact on the Relevant Objectives.

6. TIMETABLE FOR IMPLEMENTATION

Subject to the Authority's power to veto this modification proposal, National Grid intends to make the changes to the Statement of the Connection Charging Methodology (Issue 1.0 Revision 0) for implementation on **1 October 2001**.

The new Statement of the Connection Charging Methodology will be numbered Issue 1 Revision 1.