



## **SP Distribution**

### **Overview Statement**

**Supporting document to SP Distribution suite of charging statements**

**Effective from 1st April 2012**

**Version 1.0**

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## 1. Introduction

- 1.1. SP Distribution is a licensed electricity distribution business: the area we cover can be seen below.



- 1.2. We distribute electricity to a range of customers, comprising domestic, commercial and industrial, through a network of overhead lines, underground cabling and substations at various voltage levels.
- 1.3. Our distribution licence (“the Licence”) is issued under the Electricity Act 1989, as amended from time to time.
- 1.4. We produce a suite of documents that describe charges for connection to and use of our system and the methodologies behind them.
- 1.5. This overview statement has been created to support the following documents:

- 1.5.1. Use of System (UoS) Charging Methodology Statement for use of our electricity distribution system – pursuant to Standard Licence Condition 13;
  - 1.5.2. Statement of Methodology and Charges for Connection to SP Distribution’s Electricity Distribution Network - pursuant to Standard Licence Conditions 13 and 14;
  - 1.5.3. Use of System Charging Statement - pursuant to Standard Licence Condition 14;
  - 1.5.4. Statement of Charges for the Provision of Legacy Metering Equipment - pursuant to Standard Licence Condition 36;
  - 1.5.5. Statement of Charges for MPAS and Data Services - pursuant to Standard Licence Conditions 18 and 36; and
  - 1.5.6. Miscellaneous Services Statement.
- 1.6. Our statements have been prepared in a form approved by the Gas and Electricity Markets Authority (GEMA). These are available in PDF format, and can be downloaded from our website at <http://www.scottishpower.com/ConnectionsUseMetering.htm>. Where paper copies are required, a fee of £15.00 plus VAT may, at our discretion be payable for each copy provided.
- 1.7. Should you have any queries with regard to this statement please contact:
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## **2. Licence Obligations**

### **Relevant objectives**

- 2.1. The relevant objectives as defined in our Electricity Distribution Licence are:

- a) That compliance with the Use of System 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 Use of System 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 Use of System 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 Use of System Charging Methodology, as far as is reasonably practicable, properly takes account of developments in the Licensee's distribution business.

#### **Standard licence conditions**

- 2.2. **Standard Licence Condition (SLC) 13** – Charging methodologies for Use of System and Connection - details the requirement to have both a Connection and a Use of System Charging Methodology in place that has been approved by the Gas and Electricity Markets Authority (“GEMA”) on the basis that it achieves the relevant objectives.
- 2.3. We are also required to review these statements annually in accordance with paragraph 13.2(a) of LC1, and in order to comply with paragraph 13.2(b) of LC1 to make such modifications to the statement as will better achieve the relevant objectives as defined above.
- 2.4. **Standard Licence Condition (SLC) 14** – Charges for Use of System and Connection - details the requirement to have charging statements that set out the basis on which charges are made for Use of System and the provision of connections.
- 2.5. A separate statement is produced for Use of System charges under paragraph 14.1 of LC1, whereas for connections this is combined with the methodology statement.
- 2.6. We are obliged to review our Use of System charging statement annually, in accordance with paragraph 14.6 of LC1 and must make any changes that are necessary to ensure that the information provided continues to be accurate.

- 2.7. **Standard Licence Condition (SLC) 18** – Provision of and charges for Metering Point Administration Services (MPAS) – we must ensure provision of MPAS under and in accordance with the provisions of the Master Registration Agreement (MRA) and provision of data transfer services provided by the Data Transfer Service.
- 2.8. Separate statements are produced that set out the basis on which charges will be made for the provision of each of these services.
- 2.9. **Standard Licence Condition (SLC) 36** - Charges for the Provision of Legacy Metering Equipment and Data Services - details the requirement to have charging statements that set out the basis on which charges are made for the provision of legacy metering equipment and data services.

#### **General**

- 2.10. Words and expressions used in the statements have the definitions given to them in the Act or the Licence and shall be construed accordingly. Charges and costs shown are current at the time of publication and will not be changed, except as provided for in the relevant agreement.
- 2.11. Use of our electricity distribution network is subject to the terms and conditions of the Distribution Code as approved from time to time by the GEMA. In exceptional cases, parties may be entitled to use of the system under special arrangements to be agreed with us.
- 2.12. Our statements have been prepared in a form approved by the GEMA. These are available in PDF format, and can be downloaded from our website at <http://www.scottishpower.com/ConnectionsUseMetering.htm>. Where paper copies are required, a fee of £15.00 plus VAT may, at our discretion be payable for each copy provided.

### **3. Price Control References**

- 3.1. Regulation of our distribution business is primarily the responsibility of the GEMA, which works through the Office of Gas and Electricity Markets (Ofgem). Regulation is applied via the Licence, which includes a price control mechanism. Price controls are determined for five year periods and set limits on the total revenue that we can earn

from our core distribution activities. Use of System charges may vary year on year, both to reflect the costs attributable to each customer class, and also to ensure balance with our allowed revenue.

#### **4. Connection and Use of System Charges**

- 4.1. Charges for distribution assets are split between connection and use of system. The boundary (which is consistent for demand and generation) is explained in our “Connection Charging Methodology and Charging Statement”. The Connection Charging Methodology and Charging Statement details the calculation of connection charges and also contains indicative charges and examples, to aid understanding of connection charges.
- 4.2. Our “Statement of Use of System Charges” details the Use of System charges that are applied for the supply of electricity to Exit Points and/or the transportation of electricity across our network from Entry Points.

#### **5. Contractual Framework**

##### **Distribution Connection and Use of System Agreement (DCUSA)**

- 5.1. Suppliers, Generators and Electricity Distributors who are entitled to use our electricity distribution network are those who are authorised, by licence or by exemption under the Act, to supply, generate or distribute electricity (“Authorised Electricity Operators”). In order to protect all users of the network, we will require evidence of authorisation, before agreeing terms for use of the network.
- 5.2. Users seeking to use our distribution system will be required to be a party to and comply with a use of system agreement. Licensed Authorised Electricity Operators may fulfil this requirement by being a party to the DCUSA in accordance with their licence. More information can be found on the DCUSA website [www.dcusa.co.uk](http://www.dcusa.co.uk).
- 5.3. If the applicant and SP Distribution fail to agree contractual terms or any variation of contractual terms proposed by us, either party may request settlement by Ofgem.
- 5.4. Terms and conditions for connection of premises or other electrical systems to our electricity distribution network are contained in our Connection Charging

Methodology and Charging Statement. Persons seeking to use our distribution system with respect to a new supply must apply for connection in accordance with the terms and conditions described in that statement.

- 5.5. Where a person requires a connection to the distribution network pursuant to Section 16 of the Electricity Act (1989), the provisions of this statement are without prejudice to the provisions of sections 16 to 22 of the Electricity Act (1989) (those sections which deal with the rights, powers and duties of SP Distribution as an electricity distributor) in respect of the distribution of electricity to owners or occupiers of premises.
- 5.6. The methods by which charges will be made for use of our system are detailed in the use of system agreement. For ease of reference, in DCUSA the information is listed within the following three areas:
  - 5.6.1. **Billing and Payment by Settlement Class** - for information regarding non-site specific billing please refer to 'Billing and Payment by Settlement Class' of the DCUSA.
  - 5.6.2. **Site Specific Billing** - for information on Use of System billing in respect of a site specific customer, please refer to the 'Site Specific Billing and Payment' section of the DCUSA.
  - 5.6.3. **Transactional Billing** - for information on transactional billing please refer to the 'Transactional Charges' section of the DCUSA.
- 5.7. For a list of our transactional charges please refer to our 'Statement of Miscellaneous Services'.



## 6. Glossary of Terms

6.1. The following definitions are included to aid understanding:

| Term   | Definition  |
|--|---|
| <b>Customer</b>  | A person to whom a user proposes to supply, or for the time being supplies, electricity through an exit point, or from whom a user, or any relevant exempt supplier, is entitled to recover charges, compensation or an account of profits in respect of electricity supplied through an exit point   |
| <b>Data Transfer Service</b>                                       | <p>Means the service referred to in Section B, Condition 37 of the Electricity Distribution Licence;</p> <p>The licensee, in conjunction and co-operation with all other Distribution Services</p> <p>Providers, must:</p> <p>(a) establish, or procure the establishment of; and</p> <p>(b) subsequently operate and maintain, or procure the subsequent operation and maintenance of,</p> <p>a service, to be known as the Data Transfer Service, for providing Data Transfer Services in accordance with the provisions of this condition.</p> |
| <b>Distribution Code</b>   | Means the Distribution Code approved by the Authority that the licensee is required to maintain in force under standard condition 21 (The Distribution Code) for the purposes set out in that condition.  |
| <b>Distribution Licence</b>  | The Electricity Distribution Licence granted, or treated as granted pursuant to section 6(1) of the Act.  |
| <b>Distribution Connection and Use of System Agreement (DCUSA)</b> | The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between the licensed electricity distributors, suppliers and generators of Great Britain.   |
| <b>Electricity Act</b>   | Means the Electricity Act 1989.   |
| <b>Entry Point</b>   | A boundary point at which electricity is exported onto a distribution system from a connected installation or from another distribution system not forming part of the total system (boundary point and total system having the meaning given to those terms in the BSC).   |

|                                      |   |
|--------------------------------------|---|
| <b>Exit Point</b>                    | A boundary point at which electricity is imported from a distribution system to a connected Installation or to another distribution system not forming part of the total system (boundary point and total system having the meaning given to those terms in the BSC)  |
| <b>GEMA</b>                          | The Gas and Electricity Markets Authority (GEMA) – the regulatory body for the gas and electricity industries established under section 1 of the Utilities Act 2000   |
| <b>License</b>                       | <p>Any company wanting to:</p> <ul style="list-style-type: none"> <li>• supply gas or electricity</li> <li>• run a gas or electricity network, or</li> <li>• generate electricity</li> </ul> <p>must either be exempt from the requirement to hold a licence for these activities or be licensed by Ofgem, under its powers in the Gas and Electricity Acts.</p>  |
| <b>Ofgem</b>                         | Office of gas and electricity markets - Ofgem is governed by GEMA and is responsible for the regulation of the distribution companies.  |
| <b>MPRS</b>                          | Meter Point Registration System   |
| <b>Master Registration Agreement</b> | <p>The Master Registration Agreement must be an agreement made between:</p> <p>(a) on the one part, the licensee and all other Electricity Distributors; and</p> <p>(b) on the other part:</p> <p style="padding-left: 40px;">(i) all Electricity Suppliers (or their agents) that require the provision of Metering Point Administration Services from at least one Electricity Distributor, and</p> <p style="padding-left: 40px;">(ii) such other persons as are, for Settlement Purposes, appropriate parties to the agreement.</p> |
| <b>Use Of System</b>                 | Means use of the licensee’s Distribution System for the distribution of electricity by the licensee on behalf of any person (and agreements for Use of System include all those provisions of the Distribution Connection and Use of System Agreement that relate to such use).   |
| <b>Use of System Charges</b>         | Charges for demand and generation customers which are connected to and utilising the distribution network.  |
| <b>User</b>                          | Is a supplier, generator or distribution network operator.  |