



**Scottish Hydro Electric Power
Distribution plc
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Our Reference:
Your Reference:

Date: 2nd March 2010
If telephoning or calling please ask for:
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Dear Customer

Electricity Distribution Charges – Effective April 2010

We are writing to operators of electricity generation plant which is connected to export electricity to the Scottish Hydro Electric Power Distribution plc ("SHEPD") network, to advise of our final Distribution Use of System ("DUoS") charges which are to apply from 1st April 2010.

Excerpts from our DUoS charging statement¹, detailing the charges applicable to generators and a glossary of terms, are attached to this letter for your information. This should enable you to gauge the potential financial effect to your plant(s) of these charges.

Further information in relation to different categories of distributed generation is given below.

Low Voltage and High Voltage Generation Connections: DUoS Charges

The DUoS charges which we will apply to all LV or HV connected exporting generators from April 2010 are shown in the attached table. We believe that in most cases these will result in negative overall charges, in recognition of the support such generation typically provides to the distribution network.

Please note that where such charges are negative, SHEPD will apply a credit to the current appointed electricity supplier, as our use of system contract is with that party rather than

directly with you. You may therefore wish to contact your electricity supplier to establish how negative charges may be reflected in your commercial arrangements.

Extra High Voltage Generation Connections : DUoS Charges

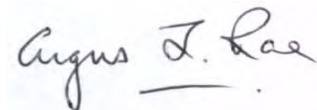
The DUoS charges which we will apply from 1st April 2010 to EHV connected exporting generators are shown in the attached table. Please note however that there is a significant change in these charges (and how they will be applied) in comparison to the indicative DUoS tariff information we published in late December.

At the time of publishing our indicative DUoS tariffs, we had been directed by Ofgem to apply DUoS charges to all distributed generation from 1st April 2010, including the category of “pre-2005”² EHV generation connections. However, it has subsequently been decided that, whilst the exemption from DUoS charges for “pre-2005” EHV connected generators will be withdrawn, the implementation of charges for this category (and related issues) should be the subject of an industry-wide collaboration.

This collaboration is expected to include Ofgem, the GB Distribution Network Operators and affected stakeholders (e.g. generators). Until there is an outcome from this collaborative effort, we will not apply DUoS charges to “pre-2005” EHV connected generation sites. However, when the industry-wide collaboration has concluded, we will, if appropriate, review the DUoS charges applicable to EHV connected generation in accordance with the relevant charging methodology at that point. At that time, we would also intend to provide affected parties with an information update.

Should you have questions or comments in relation to the matters covered in this letter, please get in touch.

Yours sincerely,



Angus Rae
Commercial Policy Manager
Scottish Hydro Electric Power Distribution plc

- 1 The complete statement may be viewed or downloaded from our website www.ssepd.co.uk . Current and recent SSE Power Distribution charging statements can be located under the “Technical Info” link.
- 2 “Pre-2005” generation includes generation connected prior to 1st April 2005 and generation plant where the connection application was received by SHEPD prior to 1st January 2005

Excerpts from SHEPD Use of System Charging Statement¹: Effective April 1st 2010

Generation Tariffs

Suppliers who wish to purchase electricity from distributed generators with NHH metered Measurement Class A MPANs or with HH metered Measurement Class C or E MPANs may, adopt this charge structure depending upon the metered voltage.

The tariffs in Table 8a apply to sites metered at HV or LV. The charges in Table 8b apply to sites metered at EHV.

Table 8a – Generation Tariffs						
Description	Line Loss Factor Code	Fixed charge (p/MPAN/day)	Red or Unrestricted unit charge (p/kWh)	Amber unit charge (p/kWh)	Green unit charge (p/kWh)	Excess reactive power charge (p/kVArh)
Non-Half Hourly Tariffs						
LV Generation NHH	951		(0.882)			
LV Sub Generation NHH	952		(0.789)			
Half Hourly Tariffs						
LV Generation Intermittent	1, 909		(0.882)			0.198
LV Generation Non-Intermittent	2		(2.784)	(1.111)	(0.141)	0.198
LV Sub Generation Intermittent	3		(0.789)			0.174
LV Sub Generation Non-Intermittent	4		(2.496)	(0.992)	(0.126)	0.174
HV Generation Intermittent	5, 910	183.28	(0.403)			0.159
HV Generation Non-Intermittent	6	183.28	(1.298)	(0.489)	0.066	0.159
HV Sub Generation Intermittent	7	183.28	(0.228)			0.046
HV Sub Generation Non Intermittent	8	183.28	(0.754)	(0.261)	(0.038)	0.046
Notes:	Time Periods Unit charges in the red time band apply – between 12:30 to 14:30, and 16:30 to 21:00, Mon to Fri including					

	<p>Bank Holidays</p> <p>Unit charges in the amber time band apply – between 07:00 to 12:30, and 14:30 to 16:30, Mon to Fri including Bank Holidays, and Sat and Sun between 12:30 to 14:00, and 17:30 to 20:30</p> <p>Unit charges in the green time band apply – between 00:00 to 07:00, and 21:00 to 24:00, Mon to Fri including Bank Holidays, and Sat and Sun between 00:00 to 12:30, and 14:00 to 17:30, and 20:30 to 24:00</p> <p>All times are UK clock-time., and are illustrative only subject to change</p>
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SHEPD will, until 31st March 2011, roll forward the current charging methodology for EHV connected Distributed Generation Sites. The charges detailed in Table 8b will be applied to EHV connected generation.

Table 8b –Tariffs for HH metered EHV Generation								
Description	LLFC	Fixed charge (p/MPAN/day)	Capacity charge (p/kVA/month)	Excess capacity charge (p/kVA/day)	Red or Unrestricted unit charge (p/kWh)	Amber unit charge (p/kWh)	Green unit charge (p/kWh)	Excess reactive power charge (p/KVArh)
EHV Generation Export			28.8					
Notes:	Charge applied to post April 2005 EHV connected generation. Pre-April 2005 EHV connected generation will not be liable for these charges pending the outcome of collaborative work between Ofgem, DNOs and Stakeholders.							

Glossary of Terms

The following definitions are included to aid understanding:

Term	Definition
Extra High Voltage	Voltages of 22kV and above
Intermittent Generation	Intermittent generation is defined as a generation plant where the energy source of the prime mover cannot be made available on demand, in accordance to the definitions in ER P2/6. These include wind, tidal, wave, photovoltaic and small hydro. The operator has little control over operating times therefore, a single-rate tariff (based on a uniform probability of operations across the year) will be applied to intermittent generation.
High Voltage (HV)	Nominal voltages of at least 1kV and less than 22kV
High Voltage sub-station (HV Sub)	HV Sub applies to customers connected to the licensee's distribution system at a voltage of at least 1 kV and less than 22 kV at a substation with a primary voltage (the highest operating voltage present at the substation) of at least 22 kV and less than 66 kV, where the current transformer used for the customer's settlement metering or for metering used in the calculation of the customer's use of system charges or credits is located at the substation.
Low Voltage (LV)	Nominal voltages below 1kV
Low Voltage sub-station (LV Sub)	LV Sub applies to customers connected to the licensee's distribution system at a voltage of less than 1 kV at a substation with a primary voltage (the highest operating voltage present at the substation) of at least 1 kV and less than 22 kV, where the current transformer used for the customer's settlement metering is located at the substation.
Non Intermittent Generation	Non-intermittent generation is defined as a generation plant where the energy source of the prime mover can be made available on demand, in accordance to the definitions in ER P2/6. The generator can choose when to operate, and bring more benefits to the network if it runs at times of high load. These include combined cycle gas turbine (CCGT), gas generators, landfill, sewage, biomass, biogas, energy crop, waste incineration and combined heat and power (CHP). A three-rate tariff will be applied to generation credits for half-hourly settled non-intermittent generation.
Ofgem	Office of gas and electricity markets - Ofgem is governed by GEMA and is responsible for the regulation of the distribution companies.
Use of System Charges	Charges for demand and generation customers which are connected to and utilising the distribution network.