



**STATEMENT OF CHARGING METHODOLOGY FOR CONNECTION TO
SCOTTISH HYDRO ELECTRIC POWER DISTRIBUTION PLC'S
DISTRIBUTION SYSTEM**

Version 1.1

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GLOSSARY

“Act”	The Electricity Act 1989, as amended
“Authorised Electricity Operator”	Persons entitled to use SHEPD’s distribution system are those who are authorised by licence or by exemption under the Act to supply, distribute or generate electricity
“Authority”	The Gas and Electricity Markets Authority (GEMA) – the regulatory body for the gas and electricity industries established under the Section 1 of the Utilities Act 2000
“BSC”	Balancing and Settlements Code – contains the governance arrangements for electricity balancing and settlement in Great Britain. The energy balancing aspect allows parties to make submissions to NGET to either buy or sell electricity into/out of the market at close to real time in order to keep the system from moving too far out of phase. The settlement aspect relates to monitoring and metering the actual positions of generators and suppliers (and interconnectors) against their contracted positions and settling imbalances when actual delivery or offtake does not match contractual positions
“CVA”	Central Volume Allocation – centrally registered metering point with no MPAN allocated and not registered in MPRS
“DG”	Distributed Generation
“Distribution Code”	The Distribution Code of the Licensed Distribution Network Operators (DNOs) of Great Britain; produced in accordance with Condition 21 of the Licence and approved by the Authority to define the technical aspects and planning criteria of the working relationship between the DNO and all those connected to its distribution system.
“EHV”	Extra High Voltage – 22,000 volts or higher voltage
“GDUoS”	Generation Distribution Use of System
“GSP”	Grid Supply Point
“HH”	Each day’s consumption data for each meter and consumption type received by SHEPD in a D0275 data flow. The D0275 flow(s) are actual, validated half hourly (HH) advances, and the half hourly consumption values are used in Supplier and Distributor DUoS

	billing where the HH periods are specified in Co-ordinated Universal Time (UTC)
“HV”	High Voltage – 6,600 volts or 11,000 volts plus or minus 6% measured between any two phase conductors
“LDNO”	Means a distribution network operator authorised by a licence granted under the Act to undertake the distribution of electricity and shall include an IDNO Party as defined in the DCUSA
“Licence”	The Electricity Distribution Licence granted to SHEPD under Section 6(1)(c) of the Act
“LV”	Low voltage – 230 volts plus 10% or minus 6% measured between the neutral conductor any two phase conductor
“MPAN”	Meter Point Administration Number
“MPRS”	Meter Point Registration Service
“MRA”	Master Registration Agreement – the MRA is the multi-party agreement that provides a governance mechanism to manage the processes established between electricity suppliers and distribution companies to enable electricity suppliers to transfer customers
“NGET”	National Grid Electricity Transmission plc – the company which owns and maintains the electricity transmission system in England and Wales and operates the system across Great Britain
“NHH”	Non-half hourly
“Ofgem”	The Office of Gas and Electricity Markets
“UoS”	Use of system charges for demand and generation customers who are connected to SHEPD’s distribution system
“SVA”	Supplier Volume Allocation – relates to units that enter settlements and has a MPAN registered in MPRS

INTRODUCTION

1. Introduction

- 1.1 SSE Power Distribution is the trading name of Scottish and Southern Energy Group's transmission and distribution businesses, which operate networks covering the "Scottish Hydro Electric" and "Southern Electric" areas. Southern Electric Power Distribution plc, Scottish Hydro Electric Power Distribution plc and Scottish Hydro Electric Transmission Ltd are part of the Power Systems division of Scottish and Southern Energy plc. Scottish Hydro Electric Power Distribution plc (SHEPD) is the licensed electricity distribution business which operates networks in the North of Scotland area of Great Britain.
- 1.2 This statement has been prepared by SSE Power Distribution (the "Company" or "SSEPD" as the context requires) in accordance with the requirements of SHEPD's Distribution Licence. This statement describes the current terms and conditions for obtaining a new, augmented or reduced Connection to the Company's distribution system (and it sets out the basis of charges made by the Company for such Connection.)
- 1.3 A Connection means either a single Connection or a multiple Connection, such as a housing development, requested by a single party and any request for increased capacity in respect of an existing Connection.
- 1.4 A Connection Charge is a charge levied by the Distribution Network Owner ("DNO") for the provision of assets installed to connect the party or parties to the existing distribution network.
- 1.5 The Connection charging methodology, as approved by the Gas and Electricity Markets Authority ("GEMA"), sets out the basis upon which such charges will be made for connection to the distribution system on a "shallowish" connection policy basis.
- 1.6 This statement is in a form and in such detail as to enable a person to make a reasonable estimate of their Connection Charge. The methodology is to be reviewed, at least once a year, to ensure that it continues to meet the Relevant Objectives as depicted in Licence Condition 13.3 of the Distribution Licence. The methodology will apply to both demand and generation schemes at all distribution voltages including EHV (i.e. up to 132kV in England / Wales and up to 33KV in Scotland).
- 1.7 For the purposes of this Statement, the "Customer" is defined as the person who will sign the Connection Agreement and be responsible for the supply of electricity to the premises. This person may differ from the "Applicant" who is defined as the person who applies for a Connection. The term "Applicant" shall be deemed to include the "Customer" and "Customer's Agent", where appropriate.
- 1.8 Words and expressions used in this statement have the definitions given to them in the Act or in the licence and shall be construed accordingly. The licence requires that the

information contained in this statement will be reviewed at least once each year. The charges and costs shown are current at the time of publication but are subject to change without notice, unless otherwise provided by agreement.

- 1.9 Where a person requires a Connection pursuant to section 16(1) of the Act, the provisions of this statement are without prejudice to the provisions of sections 16 to 24 of the Act.
- 1.10 Instead of asking the Company to offer a complete Connection service, i.e. provide an Offer for Connection which covers all the electrical work required for Connection, a Customer may opt to appoint an accredited Independent Connections Provider ("ICP") to carry out those parts of the work involved in the Connection which are open to competition. That work is referred to as "Contestable Work" and such work maybe carried out by a suitably qualified and accredited ICP. The Lloyds Registration Scheme provides accreditation to ICPs in various modules covering elements of Connection Work. Details of the Registration Scheme shall be available from the Lloyds website at:

<http://www.lr.org>

- 1.11 All Connection Works undertaken by SHEPD are determinable. Charges will be made for items of Connection Work that are Non-contestable regardless of which party carries out the Contestable Connection Work and these will be detailed in any quotation upon request. In some circumstances such as a Connection requiring substantial upgrade of the Distribution or Transmission system, the charges for Non-contestable Connection Work may be the substantial part of any quotation.

2. Purpose of Document

- 2.1 The purpose of this Statement is:

- 2.1.1 To provide a clear and understandable statement of SSEPD's Connection Charging policy and the relevant work areas that are open for competition;

- 2.1.2 To allow customers to make a reasonable estimate of charges for works undertaken by the Company; and,

- 2.1.3 To provide an overview of the legal background, licence requirements and charges for Connection.

3. Persons Entitled to Apply for Connection

- 3.1 Any person may apply for a Connection to the Company's distribution system for the purposes of receiving a supply of electricity.

- 3.2 Persons entitled to seek Connection to the Company's distribution system for the purpose of generating electricity or for supplying electricity are those who are authorised by licence or

by exemption under the Act to generate or supply electricity (referred to in this statement as "authorised electricity operators").

3.3 If a Customer's agent makes an application on behalf of their Customer, they shall be required to provide a letter of Authority from their client, permitting the Company to release such information that may be required so as to provide a quotation.

4. The Company's Connection Policy and Procedure

4.1 The Company's policy and procedures with regards to procuring a Connection are detailed in the following Sections of this Statement:

SECTION 1:	The Company's Connection Application Procedure and Charging Policy
SECTION 2:	Connection Work that must be carried out by the Company
SECTION 3:	Connection Work that either the Company or a accredited ICP may undertake
SECTION 4:	Essential information on Connections
SECTION 5:	Connection issues and specific exclusions
SECTION 6:	Schedules of Company Charges
SECTION 7:	Disputes
SECTION 8:	General Information on the Company

SECTION 1: The Company's Connection Application Procedure And Charging Policy

1. Applying for a Connection

- 1.1. Any person seeking a new, augmented or reduced Connection to the Company's distribution system (the "Applicant") should apply in the first instance to the Engineering Telephone Bureau. (The correspondence address is indicated in the "Address for Contact" details provided in Section 4, Table 5 of this Statement.) The Applicant may be asked to provide a written application and furnish a map reference, location plan and other information relevant to their application. The Company may thereafter contact the Applicant if further information is required to prepare an Offer.
- 1.2. The Customer's accredited ICP/agent may also apply for a Connection upon presentation of a suitable letter of authority from the Customer and such parties shall also be considered to be an Applicant.
- 1.3. The Company may request an Application Fee for, which acts as an advance payment of Engineering Charges and other expenses involved in preparing the Company's Offer for Connection. Indicative Charges are set out in Section 6, Table 9 of this Statement.
- 1.4. The Company will respond as soon as practicable following receipt of a duly completed application (within the periods listed in Table 1 below) specifying the proposed point of Connection to the existing distribution system and offering terms for Connection (the "Offer for Connection") based upon the appropriate level of Connection Work.
- 1.5. Applicants should also note that in some circumstances it may be necessary for the Company to arrange for work arising consequential on the application to be carried on the transmission system. In this case the applicant will be notified of the consequential work required and the likely effect on the Connection's programme and cost.
- 1.6. If the Applicant and the Company fail to agree contractual terms within a reasonable time, or any variation of contractual terms proposed by the Company, either party may ultimately request settlement by the Gas and Electricity Markets Authority established under the Utilities Act 2000 ("the Authority"). However, in the first instance such disputes should be referred to the Energy Ombudsman. More information on resolution of disputes is available in Section 7 of this Statement.

2. Budget and Firm Quotes

- 2.1 If a Customer is at an early stage of finalising their project's electrical requirements, the Company shall, upon request, provide an indication of likely Connection Costs based on the Customer's preliminary requirements. The Company shall prepare this indication on the basis of a desktop study and limited engineering analysis. The Company reserves the right to charge for the provision of this information, but part or all of the charges made subject to

their inclusion in any subsequent “firm” quote, shall be deductible from the final Costs of Connection should the Customer’s project proceed to construction within 1 year of the budget quote.

- 2.2 If the Applicant has established their final electrical requirements they may wish to apply for a firm quote, which shall take the form of a formal Offer for Connection from the Company. It is important to note that it is the Customer’s responsibility to determine the electrical requirements of their project and this may involve extensive pre-Connection application work on their part. Furthermore, the Company may terminate an accepted Offer for Connection if, for example, after one year the Customer has made insufficient progress at the site for the Company to undertake or satisfactorily progress its Connection Works. Therefore, it is important that Applicants time their Connection applications to reflect their project’s authorisation and development programmes and their required Connection energisation dates. Occasionally, Applicants may be charged for feasibility studies required to enable issue of an Offer for Connections. The Company shall notify the appropriate level of charges to the Applicant prior to commencing study work.

3. Levels of Service

- 3.1. The Company shall seek to meet the following standards of service in relation to the provision of indicative and firm Offers for Connection and other requirements. The Applicant shall provide all necessary information reasonably required by the Company to enable the Company to provide the service. Failure by the Applicant to provide such information shall render these standards of service invalid. Details of Applicants’ information requirements are outlined in item 1.1 above.

Table 1: Timescales for Provision of the Company’s Offer for Connection and other services:

Description of the Company’s Service	Timescale (working days)
<i>Provide an Offer for Connection or an Indicative or Budget Quote in which the Company will undertake All Works:</i>	
For all demand or generation projects	Within three months from receipt of complete information from the Applicant
<i>Provide an Offer for Connection or an Indicative or Budget Quote in which the Company will undertake Non-contestable Works only:</i>	
For a demand project with scope of LV mains and service only	Within 15 working days from receipt of complete information from the Applicant

Description of the Company's Service	Timescale (working days)
For a generation project with scope of LV mains and service only	Within 30 working days from receipt of complete information from the Applicant
For a demand connection scheme including HV work	Within 20 working days from receipt of complete information from the Applicant
For a generation connection scheme including HV work	Within 50 working days from receipt of complete information from the Applicant
For a demand connection scheme including EHV work	Within 50 working days from receipt of complete information from the Applicant
For a generation connection scheme including EHV work or any other connection not covered above	Within three months from receipt of complete information from the Applicant
<i>Response to information and design submissions:</i>	
Provide Point of Connection Information	Within 30 working days
Provide Design Approval or Rejection for LV or HV connections (to the Design scope prescribed in G81, as applicable).	Within 10 working days from receipt of completed application and relevant information (unless EHV assets are involved)
Provide Design Approval or Rejection for EHV connections.	Within 20 working days from receipt of completed application and relevant information.
<i>Request for an Agreement for Use of System only:</i>	
	Within 28 days from receipt of complete information from the Applicant

4. Payment Policy

4.1 The Connection Charge (also known as the Customer Contribution) is normally payable in full in advance. In some circumstances and where Connection costs are in excess of £100,000 the Company shall, upon request, offer to stage payments for Connection Works to a schedule determined by the Company. All Connection Charges must be paid in full prior to energisation of the Connection.

- 4.2 Charges payable in relation to the provision of a new, augmented or reduced Connection will be calculated in accordance with the principles set out below and further detailed in Section 6. Such principles will also be incorporated to the extent appropriate in the terms and conditions set out in the Connection Agreement.
- 4.3 The Connection Charge will reflect (subject to the other principles set out in this Statement):
- 4.3.1 the Company's estimated costs of the work to be done by the Company and of the assets to be provided and installed by the Company for the specific benefit of the party seeking the Connection;
 - 4.3.2 the costs to be recovered in the Connection Charge will be determined from the estimated costs of the minimum scheme which would be designed to meet the requirements of the Connection and for the sole benefit of the party being connected, consistent with sound engineering practices and subject to the specifications and standard sizes of equipment used by the Company. Where the scheme actually designed and/or the assets to be installed are of greater size and capacity than the practicable minimum scheme required for that Connection, the costs in excess of that minimum scheme normally shall be borne by the Company. Where the minimum scheme is capable of accommodating additional Connections and the relevant parties agree at the time of application to pay a share of the Connection costs then the costs of the scheme will be apportioned accordingly;
 - 4.3.3 the costs of providing lines or plant to meet any abnormal features or special supply requirements of the Connection, including its capitalised operation, maintenance, repair and replacement costs. An illustrative list of such features is contained in Section 5, Item 4;
 - 4.3.4 where applicable, the capitalised cost of the anticipated operation, repair, maintenance and replacement of the assets required for the Connection. 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 the Company's 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 the Company, this will be the value of such assets as assessed by the Company. In certain cases, it may be possible to agree an annual service charge for the anticipated costs of operation, repair, maintenance and replacement;
 - 4.3.5 As indicated above, Connection Charges are based upon the cost of the assets installed for the benefit of the party seeking Connection. In certain circumstances,

however, the party seeking Connection will be required to make a payment in respect of assets which have been installed previously and which are used for giving the supply to them. The circumstances are laid down in detail in The Electricity (Connection Charges) Regulations 1990, and as amended by The Electricity (Connection Charges) (Amendment) Regulations 2002. The Regulations are available from “The Stationery Office Limited” and also on their website at:

<http://www.hmsso.gov.uk>

4.3.6 Where, on request, a Connection is made to a standard of security different from that normally provided by the Company or at EHV (see Section 4, Item 1.6), the terms described in this statement are not a reliable guide to the charges which will apply. Persons seeking such a Connection should contact the Company. The approval of the Authority is required for Connections that do not meet the Company's minimum standard of security.

5. Use of System

5.1 In addition to charges for Connection, charges generally will be payable also for use of the system. Terms and conditions for use of the Company's distribution system are contained in a separate statement, which is available from the Company on request, or from our web site, details of which are listed in Section 8.

SECTION 2: Connection Work That Must Be Carried Out By The Company

1. The Company's Connection Work

- 1.1 Any person seeking a Connection should apply in the first instance to the Engineering Telephone Bureau. (The correspondence address is indicated in the "Address for Contact" indicated in Section 4, Table 5 of this Statement.) The Applicant may be asked to provide a written application and furnish a map reference and location plan relevant to their application. Our engineers may contact the Applicant if further information is required to prepare an Offer.
- 1.2 For reasons of safety, and to enable the Company to comply with its duty under the Act to develop and maintain an efficient, co-ordinated and economical system of supply, certain Connection Works remain the responsibility of the Company.
- 1.3 The Connection Works that must be undertaken by the Company are referred to as "Non-contestable Connection Work" and include the following:

Table 2: Connection Work That Must Be Carried Out By The Company (the "Non-contestable Connection Work")

Non-contestable Connection Works		Greenfield and Brownfield Connections	All Other Connections
1.	Processing the application, deciding on and planning the Point of Connection to the existing network.	SSEPD	SSEPD
2.	The design, specification and construction of reinforcement and diversion of the existing system, excluding reinforcement and diversion works classified as Contestable in Section 3, Clauses 2.2 and 2.3 ¹	SSEPD	SSEPD
3.	Design and specification of the Non-contestable Connection Works	SSEPD	SSEPD
4.	Approval of an accredited ICP's design for the Contestable Connection Works ²	SSEPD	N/A

¹ For this purpose, means works occasioned by the new or augmented Connection, but not for its sole use.

² ICP's Design shall be undertaken to the prescribed scope of G81 and as supplemented further by the Company's appendices.

5.	Provision of generic specifications for the Contestable Connection Works	SSEPD	SSEPD
6.	Obtaining necessary consents and wayleaves for the Connection Works	SSEPD	SSEPD
7.	Compulsory purchase powers	SSEPD	SSEPD
8.	Live jointing of final connections to the distribution system	SSEPD	SSEPD
9.	Material procurement of the Non-contestable Connection Works	SSEPD	SSEPD
10.	Removal and movement of existing Connection assets	SSEPD	SSEPD
11.	Operation, repair and maintenance of the Non-contestable and Contestable Connection Works (if adopted)	SSEPD	SSEPD
12.	Inspection, monitoring and testing of the Contestable Works.	SSEPD	SSEPD
13.	Reinstatement (both temporary, if appropriate, and permanent) of the Non-contestable Works.	SSEPD	SSEPD

2. Basis of Charges for Connection

- 2.1. Connection Works such as diversions or replacement of embedded assets will be charged at the Company's normal rates, of which indicative costs are indicated in Section 6 of this Statement (Schedules of Company Charges).
- 2.2. Normally, the Company at no charge to the Customer will carry out the final Connection of the Connection Works. However, for Unmetered Connections, Temporary Connections and Supplies and where additional Connections need to be made by the Company because the Developer wishes to have the network energised in stages or phases, the costs of such additional or final Connections will be charged in full.

- 2.3. The cost of obtaining third party wayleaves and consents, including wayleave damage claims (except where due to the Company's negligence) will be charged to the Applicant as part of the All Works or Non-contestable Work only Connection Charge. Where this includes an on going annual charge this may at the Company's sole discretion be replaced with a single initial payment.
- 2.4. Where the Company believe special circumstances exist which will incur costs outside the normal range, e.g. to investigate the effect of motor starting currents or harmonic frequencies, it will notify the charges involved to the person requesting the Connection.
- 2.5. The Company reserves the right to charge for Non-contestable Connection Work services that the Company must provide in relation to Contestable Connection Works to be provided by an ICP and which relate to a part of any new, modified or increased Connection which may be adopted by the Company. These Non-contestable Connection Work services are in addition to any Non-contestable Connection Work that the Company must undertake to facilitate the Connection, such as reinforcement of the existing system. Illustrative charges for the Company's provision of Non-contestable Connection Work services are set out in Section 6, Table 10 of this Statement.

SECTION 3: Connection Work That Either The Company Or An Accredited Independent Connection Provider May Undertake

1. General

- 1.1. Any person seeking Point of Connection information relating to the Company's distribution system so that they may undertake the provision of Contestable Connection Works, in conjunction with the Company's provision of any necessary Non-contestable Connection Works, should apply in the first instance to the Engineering Telephone Bureau. (The correspondence address is indicated in the "Address for Contact" in Section 4, Table 5 of this Statement). The Applicant may be asked to provide a written application and furnish a map reference and location plan relevant to their application. Our engineers will contact the Applicant if further information is required to prepare an Offer.
- 1.2. The Customer's Accredited Independent Connection Provider ("ICP")/agent can also apply for Point of Connection information upon presentation of a suitable letter of authority from the Customer.

2. Who Can Do What Work

- 2.1. The following elements of Connection Work are deemed Contestable and may be carried out by either the Company or an Accredited ICP appointed by the Customer, as indicated in Table 3 below.
- 2.2. Some categories of reinforcement and diversion work associated with Connections are now classified as Contestable. Reinforcement and diversionary works that:
 - 2.2.1 are fully funded by the Applicant;
 - 2.2.2 are physically and electrically separate from the Company's existing network;
 - 2.2.3 do not require access to the Company's operational areas; and,
 - 2.2.4 cover the installation of overhead lines or cables at voltages not exceeding 33 kV and HV/ LV distribution substations.may be undertaken by accredited ICP's and adopted by the Company subject to the requirements indicated in Clause 3 below.
- 2.3. The design of connection reinforcements remains Non-contestable due to the level and complexity of information that would need to be made available to an ICP to allow the ICP to carry out design works is likely to outweigh the benefits of including design work within the scope of Contestable Works. The design of diversion works due to their less complex nature may be Contestable subject to the parameters indicated above.

Table 3: The Connection Work That May Be Carried Out By The Company Or The Customer (the “Contestable Connection Work”)

Contestable Connection Works		Greenfield and Brownfield Connections	All other Connections
1.	Design of the Connection’s Contestable Connection Works including diversion works classified as Contestable in Clauses 2.2 and 2.3 above. ³	Applicant or SSEPD	SSEPD
2.	Obtaining necessary consents and Wayleaves for Contestable Connection Works including reinforcement and diversion works classified as Contestable in Clause 2.2 above.	SSEPD	SSEPD
3.	Project manage the Connection	Applicant or SSEPD	Applicant or SSEPD
4.	Procurement of Materials for the Contestable Connection Works	Applicant or SSEPD	Applicant or SSEPD
5.	Undertake construction of Contestable Connection Works including reinforcement and diversion works classified as Contestable in Clause 2.2 above.	Applicant or SSEPD	Applicant or SSEPD
6.	Carry out cable trenching work on-site	Applicant or SSEPD	Applicant or SSEPD
7.	Install ducts on-site	Applicant or SSEPD	Applicant or SSEPD
8.	Live Jointing excluding Final Connections to the distribution system	Applicant or SSEPD	Applicant or SSEPD
9.	Carry out substation building and civil work on-site	Applicant or SSEPD	Applicant or SSEPD
10.	Carry out non-electrical work off-site (including meeting provisions of New Roads and Street Works Act)	Applicant or SSEPD	Applicant or SSEPD

³ ICP’s Design shall be undertaken to the prescribed scope of G81 and as supplemented further by the Company’s appendices.

Contestable Connection Works		Greenfield and Brownfield Connections	All other Connections
11.	Carry out Quality Assurance inspections of new work and of test and connects to newly installed asset	SSEPD	SSEPD
12.	Install metering and make internal wiring live	The Customer's appointed Supplier	The Customer's appointed Supplier

3. Adoption of Contestable Connection Works Constructed by Others

3.1. Contestable Connection Works constructed by the Customer, their agent or ICP shall be eligible for adoption by the Company, subject to the completion and meeting the requirements of the Company's form of Adoption Agreement.

3.2. The Adoption Agreement is a tripartite agreement between the following parties who are also signatories:

- the Company (the "Distributor");
- the Customer (e.g. for housing developments, the "Developer"); and,
- the constructor of the Contestable Connection Works (the "ICP")

3.3. The Adoption Agreement shall specify the Non-contestable Connection Works to be provided by the Company and the Contestable Connection Works to be undertaken by the accredited ICP.

3.4. The Company will agree to adopt the Contestable Connection Works upon their satisfactory completion and upon receiving a Completion Certificate for the Contestable Connection Works from the accredited ICP. The Completion Certificate must be satisfactorily completed in all respects.

4. Basis of Charges for Connection (Where an Accredited ICP Carries Out The Contestable Connection Work)

4.1. Non-contestable Connection Works such as diversions or replacement of embedded assets will be charged at the Company's normal rates, of which indicative costs are indicated in Section 6, Table 8 of this Statement.

- 4.2. Normally, the Company at no charge to the Customer will carry out the final Connection of the Connection Works. However, for Unmetered Connections, Temporary Connections and Supplies and where additional Connections need to be made by the Company because the Developer wishes to have the network energised in stages or phases, or for temporary Connections, the costs of such additional or final Connections will be charged in full.
- 4.3. The actual cost of obtaining third party wayleaves and consents, including wayleave damage claims (except where due to the Company's negligence) will be charged to the Applicant as part of the All Works or Non-contestable Works only Connection Charge. Where this includes an on-going annual charge this may at the Company's sole discretion be replaced with a single initial payment.
- 4.4. Where the Company believe special circumstances exist which will incur costs outside the normal range, e.g. to investigate the effect of motor starting currents or harmonic frequencies, it will discuss the charges involved with the person requesting the Connection.
- 4.5. As previously indicated in Section 2, Item 2.5 of this statement, the Company reserves the right to charge for Non-contestable Connection Work services that the Company must provide in relation to Contestable Connection Works that will be provided by an ICP and which relate to a part of any new, modified or increased Connection which may be adopted by the Company. These Non-contestable Connection Work services are in addition to any Non-contestable Connection Work that the Company must undertake to facilitate the Connection, such as reinforcement of the existing system. Illustrative charges for the Company's provision Non-contestable Connection Work services are set out in Section 6, Table 10 of this Statement.

SECTION 4: Essential Information on Connections

1. Essential Information Regardless of Who Undertakes Connection Work

1.1. The Customer will be required to determine and state their final electrical requirements prior to the Company accepting their application for Connection and entering into Connection due process which covers provision of an Offer for Connection (the “Quote”).

1.2. Where a detailed study is required prior to design of the scheme the Company will notify the Applicant in advance of the relevant study costs.

1.3. Description of the Offer for Connection:

The Customer will receive from the Company a Quote within the timescales indicated within Section 1, Table 1. The Quote shall be based on the following.

1.3.1 The “All Connection Works” Quote. This quote covers the Company’s undertaking to provide all the Connection Works. The quote shall provide the following information:

- An outline description of all the Connection Works to be provided by the Company;
- the estimated cost for provision of all the Connection Works;
- the estimated time for the Company to carry out all the Connection Works from unqualified acceptance of the quote by the Customer.
- the payment terms for the Company’s provision of all the Connection Works;
- the Operation, Repair and Maintenance charge applicable to all the Connection Works;
- Point of Connection information and earthing arrangements;
- where appropriate, the Agreements and Technical Considerations relevant to the Connection and if required due to the scope of the Connection Works, a Supplemental Agreement covering such matters in more detail; and,
- Clauses covering Disputes, Indemnity, Force Majeure, Termination and Withdrawal.

1.3.2 If so requested by the Customer and in addition to the Quote outlined in 1.3.1 above, the Quote may include an option whereby the Company shall undertake to provide the “Non-contestable Connection Works” only. This option shall provide additional information in the form of:

- An outline description of the Non-contestable Connection Works that will be carried out by the Company;

- the estimated cost for provision by the Company of the Non-contestable Connection Works;
 - the payment terms for the Company's provision of the Non-contestable Connection Works;
 - the Operation, Repair and Maintenance Charge applicable to all the Connection Works, in the event that the Customer wishes the Company to adopt the Contestable Connection Works; and,
 - The estimated time for the Company to carry out the Non-contestable Connection Works from unqualified acceptance of the Quote by the Customer.
- 1.4. The period for acceptance of the Quote shall be 30 days or one month. The Company will consider any request to extend the validity period of an Offer for Connection. Requests must be accompanied by a payment of £250 to cover administrative costs.
- 1.5. The work to be done and the Connection Charge payable will depend on the requirements of the party seeking the Connection, on the condition of the distribution system at the point of Connection, and on other characteristics relevant to the Connection, including the effective capacity and voltage level of the relevant part of the network in relation to the requirements of the party seeking the Connection - see paragraph 1.8 below. A statement showing circuit capacity and loading on specified parts of the system and other relevant information will be provided on request and if reasonably required by the Customer, subject to a charge dependent on the amount of work involved.
- 1.6. The Company reserves the right to set the terms applicable in cases where the normal criteria may not apply following consultation with the Applicant or where the Company has 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.
- 1.7. The costs to be recovered in the Connection Charge will be determined from the estimated costs of the minimum scheme which will be designed to allow Connection of the relevant party to meet their Required Capacity and for the sole benefit of the party being connected, consistent with sound engineering practices and subject to the specifications and standard sizes of equipment used by the Company. The Required Capacity means the design capacity of the Connection at the ownership boundary, as agreed between the Connecting party and the Distributor, and laid down in the Connection Agreement. For multiple connections this may be after taking account of demand diversity and appropriate design standards. Capacity may be for either imports from or exports to the Distributor's network and subject to variation in power factor.

- 1.8. Where the scheme actually designed and/or the assets to be installed are of greater size and capacity than the practicable minimum scheme required for that Connection, the costs in excess of that minimum scheme normally will be borne by the Company. Where the minimum scheme is capable of accommodating additional Connections and the relevant parties agree at the time of application to pay a share of the Connection costs then the costs of the scheme will be apportioned accordingly.
- 1.9. On the above basis the costs of any assets required to connect a party to the existing network are chargeable in full within the Connection Charge. The assets may include extension works, e.g. new overhead lines or cable, along with a contribution to the costs associated with the reinforcement (if any) of the existing distribution network as determined by the Apportionment Rules. There may also be a requirement for other charges to be included within the connection charge such as connection to the Company's system in the case of an Independent Connections Provider ("ICP"). There will be no additional charge for ongoing operation and maintenance ("O&M") of the minimum connection assets. The exception to the O&M charge is where there are additional requirements specific to a particular connection which are above the normal level of assets required to be installed. In determining the connection charge consideration has also to be given to charges to a second or subsequent comer. Under the connection charges regulations, at present, if a new connectee (the second comer) uses assets that have already been paid for by a previous connectee (first comer) then, with certain restrictions, DNOs are required to charge the second comer a proportion of the costs and rebate these to the first comer. With these arrangements this will continue for new connection assets but for reinforcement assets the first comer will only have paid a proportionate share of the reinforcement costs so would not have 'over-paid' and would not need or merit a repayment. However, in this case it is important that the second comer is still charged a proportionate share of these reinforcement assets to ensure that they are not free loading on the original investment. The connection charge normally would be a one off charge at time of connection.

1.10. Reinforcement Apportionment Rules

- 1.10.1. The allocation of reinforcement costs are determined by a proportionate method known as the Apportionment Rules with reinforcement costs being limited to one voltage level above that of the connection, the voltage of connection being the voltage at the point of connection to the existing network.
- 1.10.2. All connecting parties (i.e. all applicants for demand and generation Connections) will be required to contribute to reinforcement costs on a sliding scale basis. The

Apportionment Rules provide sufficient locational signals within the connection charge but equally recognise the benefit that other users will get from the assets installed.

- 1.10.3. In the case of network reinforcements the existing assets will be removed and in some cases will be old or not reusable but in other cases will have some residual value and this value (asset) should be retained by the Company on behalf of customers in general for future use on the system where appropriate.
- 1.10.4. The costs associated with the reinforcement of existing distribution network assets will be split with a share attributed to the connecting party based on their requirements as part of their Connection Charge and the remainder nominally recovered through use of system tariffs. Where, however, the reinforcement costs are particularly high and in the case of generation schemes only the “high cost” element of the reinforcement costs will be collected as part of the connection charge before the Apportionment Rules are applied. Reinforcement is deemed to be “high cost” if it exceeds £200/kW of capacity being connected.
- 1.10.5. The Apportionment Rules for reinforcement are split between an effective network capacity rule and a fault level rule. It is expected that these will cover most scenarios and there may be interactions between the rules on more complex schemes. The rules are to be applied in a consistent manner, which means the security rule will apply to reinforcement works driven by compliance with the security requirement while any other costs (not already apportioned according to the security rule) associated with any reinforcement of assets to ensure the network fault levels remain within rating will be apportioned according to the fault level rule.
- 1.10.6. The Apportionment Rules provide the following set of cost apportionment factors (CAF) which apply to the reinforcement cost to determine its component within the connection charge.

(a) Security requirements

The Security Cost Apportionment Factor for reinforcement will be driven by either thermal capacity or voltage or both and will be assessed against the relevant security standard (e.g. ER P2/6).

$$\text{Security CAF} = \frac{\text{Required Capacity} \times 100}{\text{New Network Capacity}} \quad \text{to a maximum of 100\%}$$

The DNO must determine what the effective (secure) capacity of the existing network is prior to the connection and then the necessary upgrade to ensure the network is secure following the connection of the party. The “New Network Capacity” is the secure network capacity following the reinforcement of the relevant assets.

Where a customer requests an increase in capacity the increment of capacity will be used as the basis of apportioning cost.

(b) Fault Level Requirements

$$\text{Fault Level CAF} = \frac{3 \times \text{fault level contribution from Connection} \times 100}{\text{New Equipment Fault Level Capacity}} \quad \text{to a maximum of 100\%}$$

The reinforcement will be driven by fault level restrictions. This rule recognises that the existing network fault levels are predominantly driven by the system connections (transformer impedance) and therefore the capacity is limited to the remaining headroom. It uses the “New Equipment Fault Level Capacity” which is the equipment rating following the replacement of assets and recognises the granularity of equipment sizes and limits this exposure to connecting parties.

1.11. Contribution to Existing Reinforcement Assets

In cases where reinforcement assets have been installed to allow the connection of a party and due to the incremental plant sizes spare capacity has been created a proportion of this cost will be recovered through Use of System tariffs. However if a subsequent party then connects to the network using some or all of the spare capacity, a proportion of the reinforcement costs will be charged to the second comer within the prescribed periods.

1.12. Apportionment Rules for EHV

The same connection charging boundary apportionment rules for both demand and generation connections at EHV will be applied.

1.13. Contingent Transmission Works

Additional power flows may arise on the transmission system due to new connections to the distribution system. These additional power flows may create a requirement for an extension to the transmission system.

2. Interactive Connection Applications

The principles for managing a number of Connection applications that are deemed interactive will be in accordance with the following:

2.1 The Application Date for a request for Connection is the date on which the Company receives a complete set of data required to progress the Connection application and, where applicable, receives the payment for the associated study work. This signifies the start date of the application process. The data requirements for a Connection application are specified in the Company's Distribution Code.⁴ Relevant information is also specified in the Company's Long Term Development Statement (Licence Condition 25) available at the Company's website at:

<http://www.ssepd.co.uk>

Interested parties should follow the links to the Long Term Development Statements. Alternatively written copies of the Statements are available from the contact address listed below in Table 5. Further information on the Company's website is available in Section 8 of this Statement.

2.2 The Offer Date is the date on which the Company sends to the Applicant the Offer for Connection (the "Offer"). The Company will make an Offer within the period specified in Table 1.

2.3 In making an Offer for terms of Connection the Company takes into account the existing and committed distribution system at time of application. Any assets specified in an Offer are not themselves regarded as part of the committed system until that Offer has actually been accepted.

2.4 The Applicant has 30 days or 1 month to accept the Offer. The Company will consider any request to extend the validity period of an Offer for Connection. Requests must be accompanied by a payment of £250 to cover administrative costs.

⁴ The Distribution Code of Licensed Distribution Network Operators of Great Britain

- 2.5 If at the time of the Offer, the Company has received a second Connection application that involves the same elements of the existing and/or committed distribution network then the terms for Connection will specify that the Offer is deemed interactive with another application.
- 2.6 If a second application is received and a second Offer (that involves or has operational effect on the same elements of the existing and/or committed distribution network) will be or may have to be made while the first Offer is still outstanding, then the Company will inform both parties in writing that their Connection application is deemed interactive with the other application. The Company will specify, in the terms for Connection of the second Offer, that the Offer is deemed interactive with another application. On the date the second Offer is made, the Company will write to the recipient of the first Offer to inform the Applicant that their Offer is deemed interactive with another application.
- 2.7 With such interactive requests, the Application Date and if necessary the time, will be used to sequence Offers in time order.
- 2.8 The above principle of sequencing Offers should be extended to multiple interacting Offers.
- 2.9 The Acceptance Date is the date on which the Company receives from the Applicant the signed Offer for Connection and, where applicable, any payment. The Company will notify all recipients of interactive Offers when an acceptance has been received. This notification will state that their acceptance is acknowledged and they have been successful in their application, or that the Offer has been withdrawn. On the withdrawal of the Offer, the Applicant may wish to re-apply, in which case the Company will issue a revised Offer to the Applicant⁵.
- 2.10 If, at the request of the first Applicant, the Company is required to suspend work on its formal Offer, its Application Date will be suspended forthwith. The second comer will then take priority, be advised accordingly, and a revised Offer made.
- 2.11 The above detail will normally be utilised for load and generation Connection applications of 1MVA and above, connected at 11kV and above.

3. O & M Charges

- 3.1 Charges for operation, repair, maintenance and replacement (O & M Charges) are not normally payable as part of the Connection Charge.

⁵ Subject to the requirements of The Distribution Code of Licensed Distribution Network Operators of Great Britain

- 3.2 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 the Company are installed, the additional ongoing operation, repair, maintenance and replacement costs are not supported by the Use of System tariff.
- 3.3 In these circumstances such costs will be capitalised and added to the Connection Charge.
- 3.4 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 the Company's 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 the Company, this will be the value of such assets as assessed by the Company. 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.
- 3.5 Operation and Maintenance charges assessed on Connections are levied on the following basis:

Table 4: O & M Charge Coverage

Connection Category	O & M Scope	Value	Capitalised Charge Composition
For Demand or Load Connections with additional assets beyond the minimum scheme	Operation, repair, maintenance and replacement of the additional assets required for the Connection.	30%	(1% O&M Charge + 1.7% Replacement Charge) x 20 years x 6.9% discount factor
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%	(1% O&M Charge + 1.1% Replacement Charge) x 15 years x 6.9% discount factor

Note to Table 4: 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 6.9% 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 3.4 of section 5, while replacement costs of other related assets are recovered as shown in Table 4.

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

3.6.1 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;

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

3.6.3 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 of out-of hours plant failure;

3.6.4 payment of wayleaves and compensation claims;

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

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

3.6.7 provision of maintenance spares and specialist tools for maintenance activities;

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

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

3.7 Additionally, the Company provides a number of central services of benefit to connection customers, notably:

3.7.1 maintenance of the integrity of customers' connections as the distribution system develops;

3.7.2 management of the Company's wider environmental responsibilities as they affect connection customers; and,

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

4. Post Quote Acceptance

4.1 It will be necessary for the person seeking Connection to enter a Connection Agreement with the Company. The Connection Agreement will set down the specific terms and conditions that will apply in relation to the making of the Connection and for the long term. While such terms and conditions will be consistent with this statement, the agreement will take precedence.

4.2 The Connection Agreement will set out the Company's obligations regarding the Connection, and will require the connected party to:

- | pay all and any charges due in respect of the Connection as described in this statement;
- | comply with the provisions of the Distribution Code (which is available on request from the Company, at a charge of £15 per unserved copy or £30 for a served copy, with future updates) as approved from time to time by the Authority. A copy may also be downloaded at www.dcode.org.uk.

4.3 The Connection Agreement will, in appropriate cases, also contain terms and conditions for the carrying out of any works involved in relation to the Connection. In some cases the person seeking the Connection may be able to negotiate with the Company to carry out some of those works (for example, on site trenching) himself. The assets installed during the course of any works between the existing network and the new exit point(s) will be owned (following adoption from the Applicant, if appropriate, under the Adoption of Contestable Connection Work provisions), operated and maintained by the Company and the Company shall be entitled to use such assets for the purpose of giving supply to others.

4.4 Authorised electricity operators will be required, in addition, to enter into the GB Grid Code or any alternative Agreement or Code and any necessary supplemental agreement pursuant thereto, governing Connections to and use of Scottish Hydro Electric Transmission Limited's ("SHETL") transmission system as operated by NGET in their capacity as GB System Operator ("GBSO"), unless the Company is informed by the GBSO that this is not required in any particular case.

4.5 Upon a Customer accepting their Offer for Connection, several other Agreements in addition to the Connection Agreement and which will require to be concluded prior to energisation and/or commissioning of the Connection and include inter alia.

4.5.1 Demand, or Load, Connections

- i. An Agreement for the Supply of Electricity in respect of the premises;
- ii. Agreements for provision of Metering and Data Aggregation and Data Collection services;
- iii. In the event the Customer wishes to construct Contestable Connection Works, an Adoption Agreement.

4.5.2 Generation Connections

- i. An Embedded Generation Connection Agreement in respect of the premises;
- ii. Any bilateral or other agreement as required by NGET in their capacity as GBSO;
- iii. A Generator Use of System or other agreement as required by the Company;
- iv. If required, an Agreement for the Supply of Electricity in respect of the premises;
- v. Agreements for provision of Metering and Data Aggregation and Data Collection services;
- vi. An Operating Agreement which outlines the operating responsibilities with regard to the generation site;
- vii. In the event the Customer wishes to construct Contestable Connection Works, an Adoption Agreement.
- viii. The Customer shall also be required to enter a Power Purchase Agreement with a Supplier covering the export of electricity, and exhibit same to the Company prior to final Connection and/ or commissioning of the Connection.

4.6 All necessary Agreements must be completed prior to the final Connection and/or commissioning of the facility, but nothing herein contained nor any drafts submitted in Connection with the above agreements shall be binding on either party as to the final form and content of such agreements until each such agreement is finally agreed and executed by the parties.

4.7 For the avoidance of doubt, in the event the Applicant wishes the Company to adopt any Contestable Connection Works, any Offer for Connection incorporating such Contestable Connection Works will be conditional upon completion of the Company's Adoption Agreement, to the extent necessary, prior to commencement of any Contestable

Connection Works by an accredited ICP. It should be further noted that there is no obligation upon the Company to adopt Contestable Connection Works however the Company may do so on a voluntary basis under the terms of the Company's Adoption Agreement.

- 4.8 Model versions of the Agreements listed are generally available to Customers for information purposes.

5. Adoption Agreement

- 5.1 Where a Customer elects to either directly or indirectly undertake, through their accredited ICP, the Contestable Connection Works it will be necessary for the Customer and if applicable their accredited ICP, to enter into an Adoption Agreement with the Company.

This agreement will deal with such things as:

- 5.1.1 the obligation of the person seeking the Connection to appoint an accredited ICP to carry out the construction works;
- 5.1.2 the design and specification of the works and of the materials to be used;
- 5.1.3 safety rules and procedures;
- 5.1.4 the extent and timing of the works and equipment;
- 5.1.5 rights for circuits and sub-stations;
- 5.1.6 recording of work and location of cable routes and equipment on site and the provision of this information to the Company;
- 5.1.7 arrangements for inspection, monitoring and testing of the works and rectification of any faults discovered during this process;
- 5.1.8 the provision of an abnormal standard of security or additional network capacity for the Applicant, where relevant;
- 5.1.9 any additional works to be carried out at the request of the Company for the benefit of other Customers;
- 5.1.10 the arrangements for reinstatement (both temporary, if appropriate, and permanent) of the site, including the circuit routes;
- 5.1.11 the procedure for the Company to adopt the assets installed during the works and make the final Connection and energisation;
- 5.1.12 liability to the Company for any defects in the works or assets and indemnification of the Company for any loss or liability arising out of the work or assets;

- 5.1.13 the payment of any residual Connection Charge or fees. (Connection charges or fees will be calculated in accordance with the principles set out in this statement).
- 5.2 This Adoption Agreement is additional to any contract(s) the person seeking the Connection has to enter into with his own ICP(s).
- 5.3 Provided that an accredited ICP carries out the Contestable Connection Work, the assets installed during the course of this work between the existing network and the new exit point(s) may be adopted and then owned, operated and maintained by the Company with effect from completion of the work to the reasonable satisfaction of the Company, compliance testing of the Contestable Connection Works, Connection to the network and energisation of the Connection, in all cases in accordance with the Company's Adoption Agreement. Thereafter, the Company shall be entitled to use such assets for giving supply to others.

6. Supplier Registration

- 6.1 The Customer shall be required to enter into, prior to energisation of their Connection, a Supply Agreement or Contract with an authorised electricity Supplier. The Company may request confirmation of the Supplier's identity so that they may ensure that the Meter Point Administration Number (MPAN) is recorded on the relevant Meter Point Administration System (MPAS).

7. Advice on Reducing Connection Charges

- 7.1 Connection Charges can be significant where the available capacity of the distribution network is limited. In this event the network may require significant upgrade works to accept increased demand/load and/or generation output. To mitigate such costs it is advisable that the Customer:
- 7.1.1 establishes final electrical requirements that accurately reflect their potential demand and takes account of the diversity of their electrical supply;
 - 7.1.2 takes cognisance of locational factors and available network capacity when selecting a site or premises that will require an electricity Connection;
 - 7.1.3 ensures that they operate the electrical equipment at their premises at an efficient power factor, as near unity as possible, or install power factor correction equipment to mitigate reactive power demands;
 - 7.1.4 limit motor starts and other electrical factors to the minimum necessary for the efficient operation of their electrical equipment; and,

Example 2: Connection For 200 Houses

Application for connection to a development of 200 houses. A new 11kV/LV substation will be required on the site.

To provide connection, the following new assets will be required:

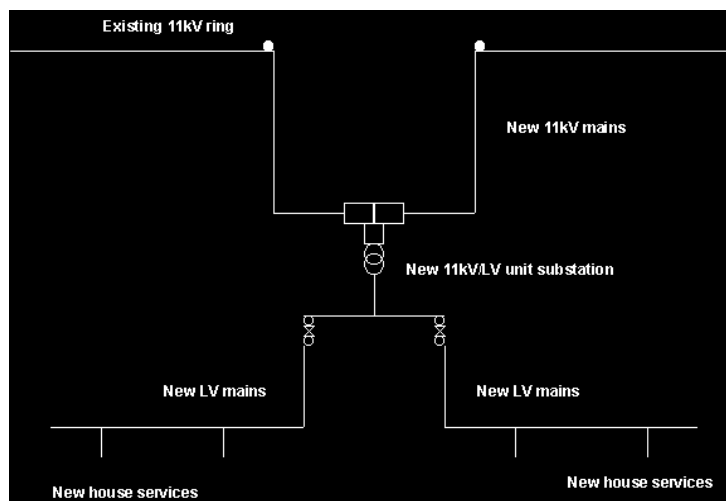
2no. 11kV straight joints to existing network

11kV mains extension

11kV/400v unit substation

Low voltage mains

Single phase services to each house



The connection charge will take account of the following:

Full cost of new assets.

Example 3: Single Industrial or Commercial Connection at LV with Capacity of 600 kVA

Application for 600kVA at 230/ 400 V. A new substation will be required on the customer's premises. The customer has requested that a ring connection be provided.

To provide connection, the following new assets will be required:

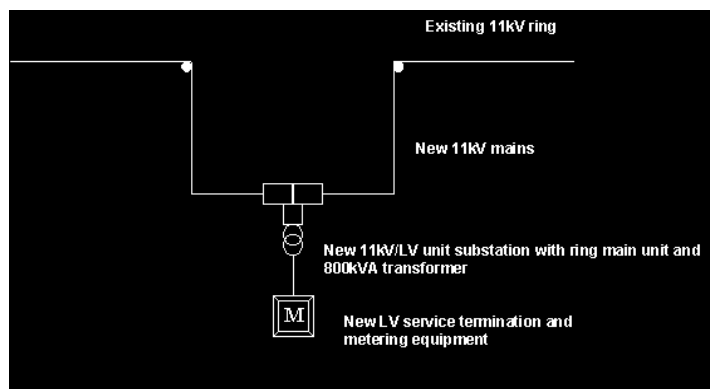
2no. 11kV straight joints to existing network

11kV mains extension

11kV/400v unit substation with 800kVA transformer

Service termination

Metering current transformers/panel



The Connection Charge will take account of the following:

Full cost of new assets and:

Capitalised repairs and maintenance charge for the additional assets provided for enhanced security of supply (i.e. the second 11kV cable and associated equipment) applied at 30% of the additional costs.

Example 4: Single Industrial or Commercial Connection at LV With Capacity of 200 kVA Where Reinforcement is Required

Application for 200kVA at 230/400 V. Connection will be to an existing LV main but reinforcement at the local 11kV/ LV substation will be required.

To provide connection, the following will be required:

Reinforcement:

Replacement 800kVA transformer at existing 11kV/LV substation.

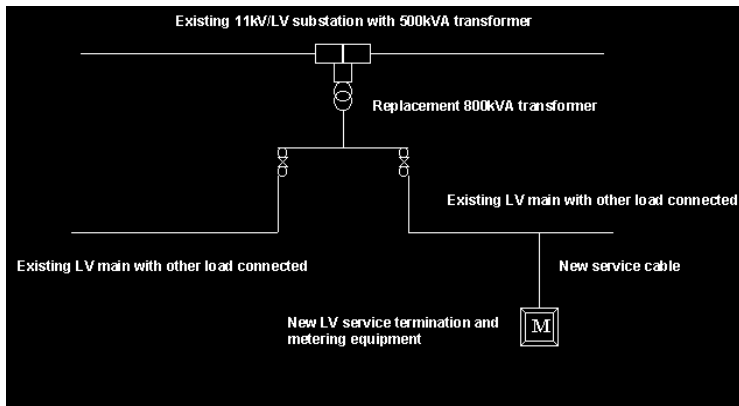
New Assets:

Service joint to existing LV main

Service cable

Service termination

Metering current transformers/panel



The Connection Charge will take account of the following:

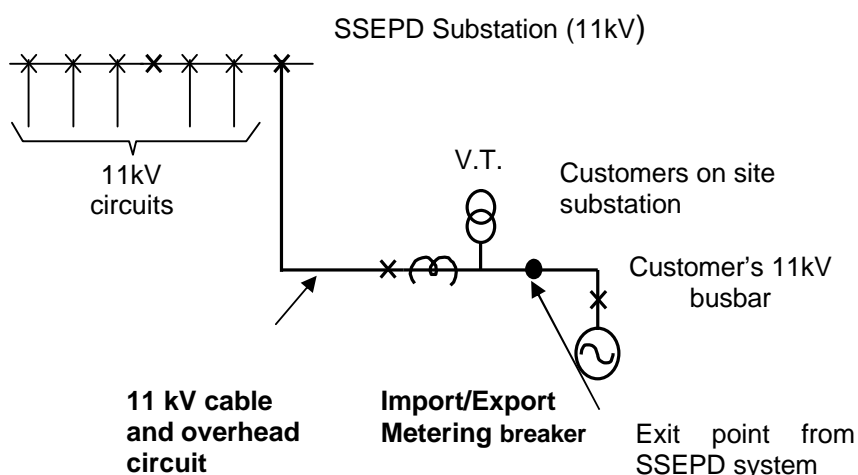
Full cost of new assets and 25% of the full cost of the replacement 800 kVA transformer – calculated under the “security” CAF as 200 kVA / 800 kVA.

(No credit value will be given in respect of the recovered 500 kVA transformer).

Example 5: Demand or Generation Connection up to 3,000 kVA Including Reinforcement

This details an illustrative cost to provide a connection for up to 3,000 kVA involving reinforcement. The example shows the application of the cost apportionment rules for both system security and fault level. The costs of the dedicated connection assets as shown in Calculation A involve a significant new circuit length to an existing substation. This includes laying a cable/overhead line from the customer’s 11,000 volt busbar to our primary substation. The point of connection between our distribution system and the customer’s wiring installation would be the point at which the customer’s cable terminated on the company’s 11,000 volt metering breaker at the customer’s on site substation.

This example further assumes that our substation needs reinforcing. Calculation B sets out the apportionment charge for reinforcement necessary to increase by security capacity. Calculation C sets out the apportionment charge for reinforcement necessary to increase fault level capacity. The apportionment charge in each case would be added to the charge for the dedicated assets to determine the total connection charge applicable. This example assumes that the existing substation has a security capacity of 20,000 kVA and a fault level capacity of 250,000 kVA. The new substation will have a security capacity of 30,000 kVA and a fault level capacity of 315,000 kVA.



Calculation A – dedicated connection assets for demand or generation :-

The indicative cost for this work would be £86,500. This would be comprised of £35,000 for the high voltage cable, £26,500 for the overhead line and £25,000 for the high voltage, metered bus coupler circuit breaker.

This component of the customer contribution would be calculated as follows:

Dedicated connected assets	£86,500
Hence, Dedicated Connection Cost	£86,500

Calculation B – Security Capacity for demand

- Existing network security capacity = 20,000kVA (2 no. 20MVA transformers)
- Requested capacity = 3,000kVA
- New network security capacity = 30,000kVA (2 no. replacement 30MVA transformers)
- Cost of transformer installation = £1,000,000

$$\text{Security CAF} = \frac{\text{Required Capacity} \times 100}{\text{New Network Capacity}} \%, \quad (\text{maximum } 100\%)$$

$$\text{Security CAF} = \frac{3,000 \times 100}{30,000} = 10\%$$

Security reinforcement charge = 10% of £1,000,000 = £100,000

This would be added to the cost of the dedicated assets to give a total connection charge of £100,000 + £86,500 = **£186,500**.

(No credit value will be given in respect of 2 no. recovered 20MVA transformers)

Calculation C – Fault level capacity for generation

Existing network fault level capacity = 250,000 kVA (11 kV switchboard rated at 250 MVA)

Requested fault level capacity = 24,000 kVA

New network security capacity = 315,000 kVA (315 MVA rating of replacement 11kV switchboard)

Cost of new Switchboard = £750,000

$$\text{Fault Level CAF} = \frac{3 \times \text{fault level contribution from Connection} \times 100}{\text{New Equipment Fault Level Capacity}} \%, \quad (\text{max } 100\%)$$

$$\text{Fault Level CAF} = \frac{3 \times 24,000 \times 100}{315,000} = 22.9\%$$

Fault level reinforcement charge = 22.9% of £750,000 = £171,750

This would be added to the cost of the dedicated assets to give a total connection charge of £171,750 + £86,500 = **£258,250**

Table 5: The Company's Contact Addresses

Enquiry type	Connection Type	Contact Point
Budget or Formal Offer for Connection for:	Domestic and Load Connections e.g. for Greenfield Housing Developments etc.	<p>Engineering Bureau Customer Service Centre SSE Power Distribution Limited Lower Drayton Lane Cosham Portsmouth PO6 2HF</p> <p>Tel: 08457 444555 and request "New Connections"</p>
	Demand Connections at 33 kV and above	<p>C Trikha System Planning Manager Scottish Hydro Electric Power Distribution plc c/o 55 Vastern Road Reading Berkshire RG1 8BU</p> <p>Tel: 0118 953 4661 Fax: 0118 953 4657 E mail: chandra.trikha@scottish-southern.co.uk</p>

	<p>Demand Connections at 11 kV and above</p>	<p>A M Smith Network Development Manager Scottish Hydro Electric Power Distribution plc Inveralmond House 200 Dunkeld Road Perth PH1 3AQ Tel: 01738 456283 Fax: 01738 455211 E mail: mark.a.smith@scottish-southern.co.uk</p>
	<p>Generation Connections</p>	<p>A Morrison Major Connections Contracts Manager Scottish Hydro Electric Power Distribution plc Inveralmond House 200 Dunkeld Road Perth PH1 3AQ Tel: 01738 456982 Fax: 01738 455211 E mail: alec.morrison@scottish-southern.co.uk</p>

Enquiries Relating to the Long Term Development Statement

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Enquiries Relating to the Statement of Charging Methodology for Connection to the Scottish Hydro Electric Power Distribution plc Distribution System

Scottish Hydro Electric Power Distribution plc

A J Rae
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Scottish Hydro Electric Power Distribution plc
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SECTION 5: Connection Issues And Specific Exclusions

1. Temporary Connections

- 1.1 Customers seeking a Connection for temporary supplies will be charged the full cost of the work to be done and the assets to be installed by the Company for the purposes of making the Connection. A portion of the Connection Charge in respect of assets, which are recoverable in a cost-effective manner by the Company at the termination of the supply, may be refundable and this will be described in the Connection Agreement for the temporary supply.

2. Speculative Connection enquiries

- 2.1 Customers seeking a Connection for supplies to speculative developments or other similar enterprises will be charged the full cost of the work to be done and the assets to be installed by the Company for the purposes of making the Connection.

3. Generator Connections

- 3.1 Where the party seeking Connection has installed or intends to install on-site generation capacity and seeks Connection to the system for the purposes of taking a supply from the system at any time (either intermittent or continuous), the principles for determining the charge for Connection will be in accordance with this statement. Such persons should contact the Company to discuss the prevailing requirements of the Distribution Code and the Grid Code which relate to on-site generation. In addition, where the person seeking Connection is doing so for the purposes of generating electricity, reference should be made to the Distribution Code.
- 3.2 A generator authorised by licence under Section 6 of the Act or by exemption under Section 5 of the Act (other than generators previously connected to the system with respect to their pre-existing generation capacity) and connected to the SHEPD distribution system will be liable for a charge to cover the operation and maintenance of the assets which constitute the generator's Connection only in the circumstances described in the previous section of this statement.
- 3.3 Other charges will be made to the generator for use of the system in respect of electricity that they export to the system as described in SHEPD's Statement of Charging Methodology for Use of System. See also paragraph 1.14 in section 4.
- 3.4 Unless agreed otherwise with the Company, 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.

3.5 Additional power flows may arise on the transmission system due to new connections to the distribution system. These additional power flows may create a requirement for an extension to the transmission system.

4. Illustrative List Of Abnormal Services Which May Be Reflected In The Connection Charge

4.1 The following charges for abnormal services may levied within the Customer's Connection Charge:

- | service termination where the Customer fails to provide and/or install ducts to facilitate the installation of services into the premises;
- | progression of work required other than in an orderly fashion in accordance with normal engineering policies and practices thus imposing additional costs;
- | transformer/substation sites not provided to the Company in suitable locations at normal prices or rents, taking account of both cable access and access by personnel;
- | multiple occupancy premises where the Developer fails to provide all necessary civil work including ducts, access ways, chases and covers, etc.;
- | loads with abnormal characteristics which affect the security and standard of service on the system, for example arc welders and large motors; and,
- | If the Customer requests a security of supply over and above the minimum requirement of their Connection, i.e. for a back up supply.

5. Unmetered Connections

5.1 Any person seeking a new, augmented or reduced Unmetered Connection to the Company's distribution system should apply in the first instance to Engineering Telephone Bureau. (The correspondence address is indicated in the "Address for Contact" indicated on Section 4 of this Statement). The Applicant may be asked to provide a written application and furnish a map reference, location plan and other information relevant to their application.

5.2 The Unmetered Connection Works that must be undertaken by the Company are indicated in the following table:

Table 6: Unmetered Connection Work That Must Be Carried Out By The Company (The “Non-contestable Connection Works”).

Unmetered Connections Non-contestable Works		Service provided by
1.	Processing the application, planning and deciding on the Point of Connection	SSEPD
2.	The design, specification and construction of reinforcement and diversion of the existing system, excluding reinforcement and diversions works classified as Contestable in Section 3, Clauses 2.2 and 2.3 ⁶	SSEPD
3.	Design and Specification of the Non-contestable Connection Works	SSEPD
4.	Approval of the accredited ICP's Design for the Contestable Connection works ⁷	SSEPD
5.	Provision of generic specifications for the Contestable Connection Works	SSEPD
6.	Obtaining all necessary consents and Wayleaves for the Connections Works	SSEPD
7.	Compulsory purchase powers	SSEPD
8.	Live Jointing of Final Connections to the distribution system	SSEPD
9.	Material Procurement of the Non-contestable Connection Works	SSEPD
10.	Removal and Movement of existing Connection assets	SSEPD

⁶ For this purpose, means works occasioned by the new or augmented Connection, but not for its sole use

⁷ ICP's Design shall be undertaken to the prescribed scope of G81 and as supplemented further by the Company's appendices.

Unmetered Connections Non-contestable Works		Service provided by
11.	Operation, repair and maintenance of the Non-contestable and Contestable Connection Works (if adopted)	SSEPD
12.	Reinstatement (both temporary, if appropriate, and permanent) of the Non-contestable Works.	SSEPD
13.	Carry out Quality Assurance inspections, monitoring, testing of new works and connect newly installed assets.	SSEPD
14.	Permanent dis-connections.	SSEPD

5.3 The following elements of Unmetered Connection Work are deemed to be Contestable and may be carried out by either the Company or an accredited ICP appointed by the Customer.

Table 7: Unmetered Connection Work That May Be Carried Out By Either The Company Or An Accredited ICP Appointed By The Customer (The “Contestable Connection Works”)

Unmetered Connections Contestable Works		Service provided by
1.	Design of the Unmetered Connection’s Contestable Works including diversion works classified as Contestable in Section 3, Clauses 2.2 and 2.3 ⁸	Applicant or SSEPD
2.	Project manage the Connection	Applicant or SSEPD
3.	Procurement of Materials for the Unmetered Connection’s Contestable Works	Applicant or SSEPD

⁸ ICP’s Design shall be undertaken to the prescribed scope of G81 and as supplemented further by the Company’s appendices.

Unmetered Connections Contestable Works		Service provided by
4.	Undertake construction of Unmetered Connection's Contestable Works including reinforcement and diversion works classified as Contestable in Section 3, Clauses 2.2 and 2.3.	Applicant or SSEPD
5.	Carry out cable trenching work on-site	Applicant or SSEPD
6.	Install ducts on-site	Applicant or SSEPD
7.	Live Jointing except Final Connections to the distribution system	Applicant or SSEPD
8.	Reinstatement (both temporary, if appropriate, and permanent) of the Contestable Works.	Applicant or SSEPD
9.	Carry out non-electrical work off-site (including meeting provisions of New Roads and Street Works Act)	Applicant or SSEPD

6. Changes To A Customer's Authorised Capacity And/Or Supplier

- 6.1 If a Customer taking a supply from the Company wishes to change Supplier then, unless he already has a separate Connection Agreement with the Company, it will be necessary for him to enter into such a separate agreement. This will cover the terms upon which he may remain connected to the distribution system, and will also provide for the recovery of any outstanding Connection Charges which have not been paid under existing arrangements.
- 6.2 Where a Supplier or Customer wishes a supply to be permanently de-energised he should provide a minimum of two days notice (or such other period as may be specified in his agreement) to that effect. The Company will arrange to de-energise and the Customer shall arrange via their Supplier for metering reading as required. The Company will make no additional charge for the provision of this service if carried out during normal working hours.
- 6.3 Temporary de-energisation (and subsequent re-energisation) resulting from the failure by a Supplier or Customer to comply with the terms of their use of system or Connection Agreement as the case may be, or carried out at the request of a Supplier or Customer will be at the expense of that Supplier or Customer.

- 6.4 Where it becomes necessary to disconnect a Customer, that is to have the Company's electrical equipment removed from site, for any reason, any payments outstanding in first providing that Connection will become due forthwith.
- 6.5 If the Customer requires the supply to be disconnected, this should be requested in writing. On receipt of such a request the Company will take all reasonable steps to remove the equipment in accordance with the Customer's reasonable requirements. Normally low voltage service termination equipment would be removed within 5 working days but up to three months' notice may be required to remove high voltage substation plant. In the case of EHV supplies the Company should be consulted at an early stage and a programme for the removal of equipment will be subject to individual assessment.
- 6.6 On termination of a Connection Agreement the Company retains the right to remove its equipment. Where it is cost effective to do so the Company will remove such equipment, and no charge will be made to the Customer. Assets which it is not cost effective to recover (e.g. buried cables) will normally be made safe and left on site, but if the Customer requires the Company to remove them, the cost of removal will be payable by the Customer. All such equipment will remain the property of the Company until otherwise agreed in writing with the Company.
- 6.7 Temporary disconnection (and reconnection) of the premises at the request of the Customer will be carried out at the expense of the Customer.

7. Embedded Distribution Networks

- 7.1 Where a Connection is provided to an LDNO licensed distribution network embedded within the Company's network, the level of demand recorded at the connection point between the Company's network and the LDNO network may take a period of time to materialise to the extent of the maximum available capacity stated in the Connection Agreement between the Company and the LDNO (the "Maximum Capacity").
- 7.2 Where capacity charges are applicable to such an LDNO network connection, the availability charge shall initially be based on the recorded demand in the month or the highest recorded demand in any previous month since energisation of the Connection, whichever is the higher value.
- 7.3 The Company will review the level of the Maximum Capacity in conjunction with the LDNO and this review will take place three years from the date of energisation of the Connection for the licensed embedded distribution network.
- 7.4 If, during this review, the LDNO chooses to relinquish any proportion of the Maximum Capacity, the released capacity will be made available for use by the Company's other

customers and the Maximum Capacity in the Connection Agreement will be reduced to match the LDNO's required reserve capacity level.

- 7.5 Following this review, the availability charge will equal the applicable Maximum Capacity in the Connection Agreement, with effect from the month following the review.
- 7.6 If, at any time, prior to or following this review, the LDNO should require to increase the Maximum Capacity, the LDNO should apply to the Company in the normal way and further connection charges may apply.

SECTION 6: Schedules Of Company Charges

1. Items of significant cost

1.1 Items of significant cost required for Connection to, or reinforcement of, the Company's existing network are listed in the following Table.

Table 8: Indicative Costs For Connection Equipment

Equipment	Type	Costs	Quantity
Street Light Service	single column (up to 5 metres from main)	£429 to £759	per column
LV Service	single phase (up to 20 kVA)	£49 to £189	per metre
	three phase (up to 200 kVA)	£93 to £252	per metre
LV mains	Underground (95 mm ² - 300 mm ²)	£75 to £287	per metre
	Overhead (50 mm ² - 95 mm ²)	£23 to £26	per metre
11 kV mains	Underground (70 mm ² - 240 mm ²)	£189 to £439	per metre
	Overhead (25 mm ² - 100 mm ²)	£28 to £47	per metre
	Overhead (50 mm ² - 120 mm ²)	£45 to £50	per metre
11kV/LV substation	Pole-mounted (25 kVA - 200 kVA)	£4,000 to £8,700	per item
	Ground-mounted (315 kVA - 1000 kVA)	£28,500 to £39,100	per item
	Transformer change - pole mounted	£2,800 to £8,300	per item
	Transformer change - ground mounted	£12,500 to £25,900	per item
	Switchgear change	£9,795	per item
11 kV substation (HV metered)	Up to 1 MVA	£18,900	per item
	1 MW to 4 MVA	£23,700	per item
	4 MW to 6 MVA	£ poa	per item
33 kV mains	Underground	£190 to £491	per metre
	Overhead (175 mm ²)	£59 to £91	per metre

Equipment	Type	Costs	Quantity
33 kV substation - Outdoor transformers	1 x (5 MVA - 15/30 MVA) new	£459,000 to £792,000	per item
	1 x (5 MVA - 15/30 MVA) change	£498,000 to £735,000	per item
	2 x (5 MVA - 15/30 MVA) new	£879,000 to £1,375,000	per item
33/11 kV substation - Switchgear	33 kV switchgear - outdoor (3 - 6 units)	£732,000 to £983,000	
	11 kV switchgear - Indoor (7 - 9 units)	£612,000 to £983,000	

1.2 The indicative costs shown in this schedule are current at January 2009, but are subject to change without notice.

1.2.1 The costs shown above are provided so that the Applicant may make a reasonable estimate of Connection costs.

1.2.2 The costs shown above are complete costs of installation (i.e. including jointing and permanent reinstatement) for normal items of typical Connection equipment used by the Company;

1.2.3 The plant change costs exclude any credit for the removed plant;

1.2.4 Ranges of costs refer to corresponding plant sizes and numbers of items;

1.2.5 All mains costs are based on shorter lengths of smaller sized conductors and longer lengths of larger sized conductors to give a typical range.

1.3 Factors influencing costs and charges

1.3.1 Standards governing the system.

1.3.2 Length of cable/line required from existing system.

1.3.3 Size of Customer demand in relation to available capacity of existing network, including the age of the assets and the condition of the network.

1.3.4 Whether any extension or reinforcement of the existing network is by underground cable or overhead lines.

1.3.5 Type of ground requiring excavation; type and extent of reinstatement necessary, including New Roads and Street Works Act requirements; need for road crossings.

1.3.6 Availability of wayleaves/easements for cables/lines including any planning consents.

1.3.7 Availability of suitable substation sites including any necessary planning consents.

1.3.8 Necessity of overtime working.

1.4 Items included in costs

Provision and installation of all electric lines and electrical plant required to make the Connection, including the provision of equipment, labour and materials, installation costs, transport plus overheads including the cost of the design and specification of the Connection scheme requirements.

2. Charges For Connections of 11 KV and Above.

2.1 Connection Application Fee

2.1.1 A Connection Application fee, which acts as an advance payment of Engineering Charges and other expenses involved in preparing an offer of terms, is payable to the Company' at the time of each application. The amount of the fee is dependent on both the electrical capacity and the highest voltage at the Point of Common Coupling and will normally be in accordance with the table below.

2.1.2 The Point of Common Coupling ("POCC") is the point on the Company's distribution system that is electrically nearest to the proposed new or modified connection at which other customers' loads are, or may be, connected.

Table 9: Indicative Connection Application Fees

Highest Voltage at Point of Common Coupling	Capacity (MW)	Application Fees
11	Any	£5,000
33	up to 30	£7,500
33	>30	£10,000

2.1.3 All fees are subject to the addition of VAT.

2.1.4 The Company reserves the right to vary these amounts, depending upon the size and complexity of the scheme and the amount of work involved.

2.1.5 If for any reason additional offers of terms are required for the same scheme, the Company will discount the Application Fees for the additional offers by up to 50%, provided there are no significant differences in the parameters. If there are significant differences, no discount to the Application Fee will be applicable.

2.1.6 The Application Fees will be reduced by up to 50% for modifications to existing Connections.

3. Use of System Applications

3.1 Where the application is for use of system only, the offer will normally be made within 28 days subject to all relevant data to the application being provided by the applicant. No charge will normally be made for such an application.

4. Indicative Charges For Non-contestable Connection Work Services.

4.1 The illustrative costs shown below relate to those Non-contestable Connection Work services that the Company must provide in relation to Contestable Connection that will be provided by an ICP and which relate to a part of any new, modified or increased Connection which may be adopted by the Company. These non-contestable services are in addition to any non-contestable work that the Company must undertake, such as reinforcement of the existing system.

4.2 Approval of Design and Specification

4.2.1 The Company reserves the right to determine the specific circumstances under which design of system extensions for new or increased connections from the existing distribution system can be undertaken by accredited ICP's. In all instances the design is subject to the Company's approval.

4.2.2 Indicative charges for typical Connections are provided in Table 10:

Table 10: Non-contestable Connection Work Services Provided by The Company

Non-contestable Connection Work Services Provided by The Company	Charge
Design Approval – Domestic Connections	
Up to 20 plots	£250
21 to 100 plots	£350
101 to 200 plots	£400
Over 201 plots	£500
Design Approval – Commercial/Industrial Connections at LV	
Under 45kVA	£250
46kVA to 150kVA	£250

Non-contestable Connection Work Services Provided by The Company	Charge
151kVA to 500kVA	£400
Over 500kVA, abnormal loads HV connections	£750
Primary substation	£4,500
Inspection & Monitoring	
1-100	£30 per plot
101 – 200	£25 per plot
201+	£5,000 per site
One off commercial industrial connections HV/LV	£450
Abortive visit	£40
Site visit requested by 3 rd party	£80
Primary substation works	£7,500
Witness of testing	
Secondary Type Substation	£750
Primary Substation	£10,000
Pole Mounted Transformer	£150

- 4.2.3 The above **illustrative** charges are based at January 2009, are for guidance only and will be subject to review from time to time. The charges actually levied by the Company may be varied to reflect the individual circumstances of a given Connection.
- 4.2.4 Connections made at a voltage above 415V or those with a generation facility or involving work at 33 kV will be individually assessed.
- 4.2.5 Costs associated with the obtaining of legal rights, wayleaves, consents or permissions and those costs pertaining to supervision and commissioning will be individually assessed upon each application.
- 4.2.6 The Company shall only provide design approval to the person requesting the Connection(s) i.e. the main developer, their appointed agent or their accredited

ICP. Any subsequent requests from those parties will also be charged on the above basis.

4.2.7 The Company reserves the right to charge additional costs or fees for any re-designs.

4.2.8 Where the Company is requested to provide system information, the charges will be individually assessed reflecting the expenses that are to be incurred.

SECTION 7: Disputes

1. Dispute and determination procedure

1.1 Where the Customer is not satisfied with the terms Offered by the Company, the Customer should initially contact the Company to seek to resolve any disputed matters. The Company dispute handling procedure is detailed on the Company's website at:

<http://www.ssepd.co.uk>

The procedure can be found under the "Customer Service" link.

1.2 If, after following the steps detailed in the Company's dispute handling procedure agreement cannot be reached, the Customer may approach the Energy Ombudsman. They are able to investigate and, in most instances, make decisions in relation to complaints and disputes.

1.3 The contact details for the Energy Ombudsman are:

Energy Ombudsman

PO Box 966

Warrington

WA4 9DF

Phone: 0845 055 0760 or 01925 530 263

Textphone: 18001 0845 0511 513 or 18001 01925 430 886

E-mail: enquiries@energy-ombudsman.org.uk

Website: www.energy-ombudsman.org.uk

1.4 Should an unresolved dispute be passed to the Authority for a determination, the findings will be published on the Ofgem website at:

<http://www.ofgem.gov.uk/ofgem/index.jsp>

SECTION 8: General Information On The Company

1. Transmission and Distribution

- 1.1 Under the trading name of SSE Power Distribution Limited (SSEPD), Scottish and Southern Energy plc manages its two distribution networks comprising 123,000kms of underground cable and overhead lines, delivering power to nearly 30% of the country's landmass, serving approximately 3.3 million customers.
- 1.2 SSEPD is also a trading name for Scottish and Southern Energy plc's electricity transmission business which owns and operates the high voltage 132kV and 275kV transmission system in the north of Scotland, in some of the UK's most inhospitable terrain. It also operates the high voltage interconnection with ScottishPower over which energy is traded for onward transmission to the energy markets in England and Wales.
- 1.3 SSE Pipelines, which also operates under the SSEPD trading name, is a licensed public gas transporter, owning and operating gas mains and services throughout Great Britain. SSE Pipelines has thousands of domestic, commercial and industrial properties connected to its gas networks.

2. The Company's Website

- 2.1 The Company maintains a website in which it publishes its annual Charging Statement and other information of interest to various parties.
- 2.2 The web site URL address is:

<http://www.ssepd.co.uk>

The Annual Charging Statements and other associated information can be found under the appropriate "Technical Info" link.