

# Assessment & Design Fees Briefing

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# New regulations on connections offer costs

- BEIS has decided that DNOs can charge A&D fees
- New regulations planned to go live on 6 April 2018
- The Government Response and Impact Assessment is available at <https://www.gov.uk/government/consultations/assessment-and-design-fees-consultation-on-draft-regulations>
- Allowing DNOs the option to charge A&D fees should create the following outcomes:
  - Allocate costs more fairly
  - Improve the efficiency of the connections process



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# The Electricity (Connection Offer Expenses) Regulations 2018

- Connection Offer Expenses are commonly known as A&D fees
- The Regulations are now law as of 28 February 2018 when the Minister approved them
- They are expected to come into effect on 6 April 2018 (subject to parliamentary procedure)
- Ofgem and Northern Powergrid support the Government's view that this is fairer than the current arrangements where only those customers who accept connection offers are charged these costs
- Northern Powergrid will introduce charges from the 6 April 2018 go-live date for firm quotations and budget offers



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# The New Regulations – High level principles

- The DNO must inform the applicant in writing if they are required to pay A&D Fees before the expenses are incurred
- This is called the first notice, on application, followed by a cool off period
- Expenses reasonably incurred include any of the following:
  - assessing the impacts of the connection on the distribution system;
  - assessing the impacts of the connection on a transmission system;
  - designing the connection, including, in particular:
    - designing any reinforcement works required to add capacity to the distribution system;
    - designing any reinforcement works required to add capacity to a transmission system;
    - designing any required extension of the distribution system;
    - designing any required extension of a transmission system
  - processing the application including, but not limited to, preparing the information to be included in the notice given under S16A(5) of the Act



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# The Regulations – High level principles (continued)

- A second notice will be submitted at the time the quote is issued which will:
  - specify the amount to be paid by the applicant;
  - give sufficient information to enable the applicant to understand how the amount has been determined;
  - specify when payment must be made and how payment may be made and;
  - include a statement of the effect of section 23 of the Act (determination of disputes).



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# Changing Standard Licence Condition 12 (SLC12)



- Currently SLC12 requires distributors to offer terms for the making of a connection as soon as possible and, in any event, in not more than 65 working days (WD)
- If there were no change to SLC12 the distributor would be obliged to release the connection offer within 65WD even if the applicant had not paid the A&D fee
- Ofgem are proposing to change SLC12 to exempt the distributor from this obligation...
- ...i.e. so the DNO does not need to offer terms where the requester has not paid the relevant charge within a reasonable timescales requested by the distributor
- Ofgem have issued a consultation with a response deadline of 28 March 2018  
<https://www.ofgem.gov.uk/publications-and-updates/notice-statutory-consultation-proposal-modify-standard-condition-12-all-electricity-distribution-licences>

# Indicative A&D Fees – our price ranges (Section 16)

Demand	Range	Generation	Range
Small works	Payable on acceptance	G83	No charge
S16 LV	£350 - £430	S16 LV	£350 - £430
S16 HV	£430 - £1540	S16 HV	£720 - £2000
S16 EHV	£7880	S16 EHV	£7880

Budget estimates will be charged at a rate of:

- Demand - £190 to £510 depending on voltage level
- Generation - £150 to £620 depending on voltage level

# Indicative A&D Fees – our price ranges (SLC 15)

- The tables show the proposed A&D fees where we carry out the non-contestable works only

Demand	Range
Small works	Payable on acceptance
SLC15 LV	£270 - £330
SLC15 HV	£330 - £1250
SLC15 EHV	£7140

Generation	Range
G83	No charge
SLC15 LV	£270 - £330
SLC15 HV	£620 - £1770
SLC15 EHV	£7140

# Discussion

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