



**Scottish & Southern**  
Electricity Networks

**STATEMENT OF CHARGING METHODOLOGY FOR USE OF THE  
SCOTTISH HYDRO ELECTRIC POWER DISTRIBUTION PLC  
EMBEDDED DISTRIBUTION NETWORKS**

**Effective from 1<sup>st</sup> April 2013**

**The methodology set out in this statement was approved on 30<sup>th</sup> April 2013 by the Gas and Electricity Markets Authority**

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**STATEMENT OF CHARGING METHODOLOGY FOR USE OF THE  
SCOTTISH HYDRO ELECTRIC POWER DISTRIBUTION PLC  
DISTRIBUTION SYSTEM**

## **Introduction**

Scottish Hydro Electric Power Distribution plc (“SHEPD”) is the licensed electricity distribution business which operates networks in the north of Scotland. We also own and operate small, embedded distribution systems in other parts of Scotland. This statement is produced by SHEPD, in accordance with the requirements of its Electricity Distribution Licence.

Scottish and Southern Electricity Networks is a trading name of SHEPD, Southern Electric Power Distribution plc and Scottish Hydro Electric Transmission plc. All of these companies are part of the SSE plc Group.

## **Licence Obligations**

This statement describes the Use of System Charging Methodology under which authorised Users will be charged for use of the SHEPD embedded networks in the SP Distribution Limited DNO area in Scotland.

Notwithstanding our obligation to set Use of System charges in line with the special conditions of our Electricity Distribution Licence (as amended from time to time), SHEPD is obliged, under Licence Condition 13, of its Licence, to prepare a statement approved by the Authority setting out the methodology upon which charges will be made for the provision of Use of System. We are also obliged to review our Use of System Charging Methodology statement annually.

Words and expressions used in this statement have (unless specifically defined herein) the definitions given to them in the Act or the Licence and shall be construed accordingly.

Additional copies of this statement can be obtained from our website: [www.ssen.co.uk](http://www.ssen.co.uk).

## **Price Control**

The Licence contains conditions that require SHEPD to produce charges for the provision of services including Use of System. Use of System charges may vary from time to time.

## **Use of System**

SHEPD will levy Use of System charges to Users for use of its Distribution System associated with the supply of electricity to exit points, for the export of electricity from generators from entry points and for the transportation of electricity across its Distribution System.

Users entitled to use the SHEPD Distribution System are those who are authorised by licence or by exemption under the Act to supply, distribute or generate electricity. In order to protect all Users of the system, SHEPD may require evidence of authorisation before agreeing terms for use of its Distribution System.

Whilst this statement details the methodology that is used by SHEPD to calculate Use of System charges, our Licence Condition 14 Charging Statement details the Use of System charges which will be applied. The Charging Statement can be obtained from our website: [www.ssen.co.uk](http://www.ssen.co.uk).

Prospective Users seeking use of the Distribution System shall procure that the Meter Operator, Data Collector and Data Aggregator appointed for each metering point supplied in relation to which the supply of electricity is measured by Settlements metering equipment shall provide SHEPD with any data required to be provided to SHEPD, without charge, by the person appointed in that capacity.

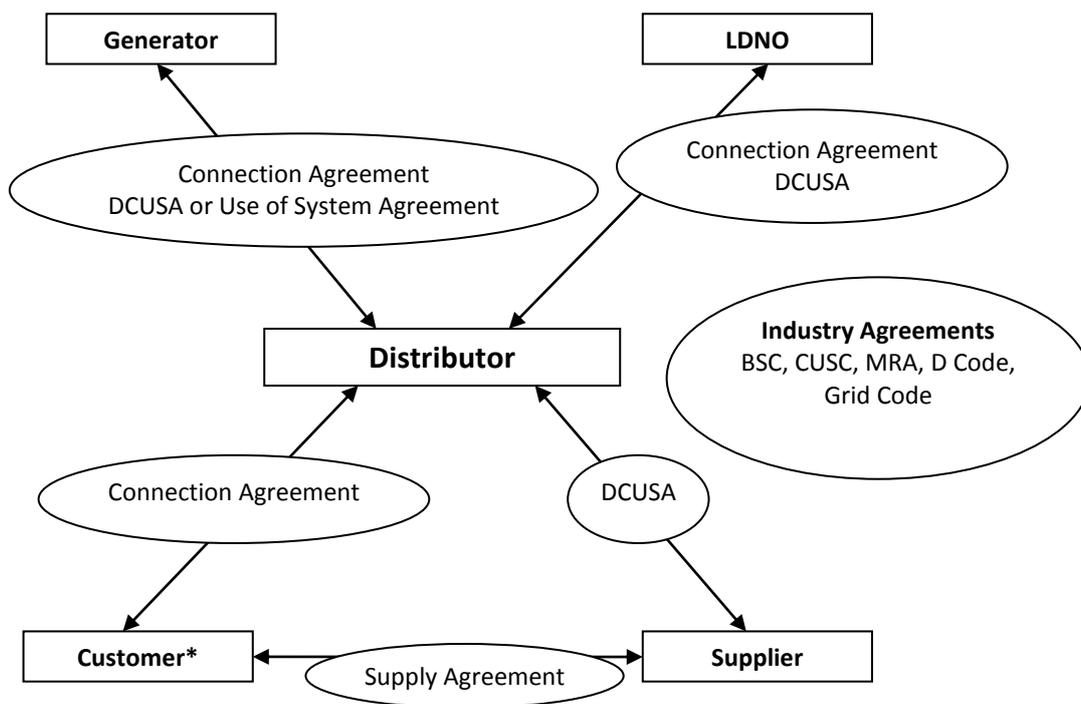
Terms for payment of Use of System charges, any requirement to provide appropriate security to SHEPD in respect of the charges billed but unpaid and/or estimated to arise, and interest payments applicable to late payments shall be in accordance with the relevant terms of the DCUSA.

Use of System charges are applied to the electricity measured (or as otherwise determined by SHEPD) at the exit or entry points to or from the SHEPD electricity distribution system. However, Suppliers must demonstrate that at all times the quantity of electricity entering the Distribution System for the purpose of providing a supply equals the metered quantity delivered from that exit point plus the amount of electrical losses appropriate to the voltage at which the supply is delivered and to the source of the supply, as shown in the tables in our Licence Condition 14 Statement. Relevant metering information or being a party to the Balancing and Settlement Code will be considered to be adequate demonstration. Suppliers should refer to the tables to calculate the amount of electricity that they must provide. The same loss adjustment factors are reflected automatically in the settlement system.

This statement details the charging methodology that is applied for the calculation of Use of System charges. The Licence Condition 14 Charging Statement details the actual Use of System charges to be applied, whilst the Licence Condition 13 Connection Statement details the Connection Charging Methodology that is used for calculation for connection charges. These statements can be obtained from our website: [www.ssen.co.uk](http://www.ssen.co.uk).

## **The Contractual Framework**

The following flowchart shows the contractual framework for a customer trading through either Supplier Volume Allocation (SVA) or Central Volume Allocation (CVA) Settlements.



\* demand or generator

Users seeking to use the SHEPD Distribution System will be required, prior to using the system, to be a party to the Distribution Connection and Use of System Agreement (DCUSA) or (if appropriate) enter into an alternative agreement with SHEPD setting out the obligations of both parties. The User will be required to:

- pay all charges due in respect of use of the system as described in this statement, our Licence Condition 14 Charging Statement for our Embedded Networks in the SP Distribution Limited DNO area in Scotland, and the accompanying schedules;
- enter into any necessary arrangements with National Grid Electricity Transmission (NGET) for use of the Transmission System unless SHEPD is informed by NGET that this is not required in any particular case;
- be a party to the Balancing and Settlement Code (BSC); and
- comply with the provisions of the Distribution Code (where applicable),

Subject to the Act, the Electricity Distribution Licence and any agreement between us, if the User and SHEPD fail to agree in respect of any of our existing embedded distribution networks contractual terms for Use of System, or any variation of contractual terms proposed by SHEPD, either party may request determination by the Authority.

While the terms and conditions in the agreements will be consistent with those in this statement, the agreement will take precedence.

Terms and conditions for connection of premises or other electrical systems to the SHEPD Distribution System are contained in our Licence Condition 13 document titled “Statement of Methodology and Charges for Connection to Scottish Hydro Electric Power Distribution plc’s Distribution System” which is available from our website: [www.ssen.co.uk](http://www.ssen.co.uk).

### **Line Loss Factor Methodology**

SHEPD produces Line Loss Factors (also known as loss adjustment factors) for use in Settlements following a Line Loss Factor Methodology, which is approved by Elexon and is compliant with Balancing and Settlement Code Procedure (BSCP)128. Copies of the SHEPD ‘Statement of Line Loss Factors Methodology for the Scottish Hydro Electric Power Distribution plc Electricity Distribution Network’ are available from our website: [www.ssen.co.uk](http://www.ssen.co.uk).

### **Contact Details**

This statement has been prepared in order to discharge SHEPD’s obligation under Standard Licence Condition 13 of our Electricity Distribution Licence. If you have any questions about the contents of this statement please contact us at the address shown below. Also given below are contact details for Ofgem should Users wish to enquire separately on matters relating to this statement.

Angus Rae	Ofgem
Commercial Policy Manager	9 Millbank
Scottish Hydro Electric Power Distribution plc	London
Inveralmond House	SW1P 3GE
200 Dunkeld Road	Tel: 020 7901 7000
Perth	<a href="http://www.ofgem.gov.uk">www.ofgem.gov.uk</a>
PH1 3AQ	
Tel: 01738 456609	
Fax: 01738 456555	
e-mail: <a href="mailto:angus.rae@sse.com">angus.rae@sse.com</a>	

## **Use of System Charging Methodology**

Where SHEPD operates distribution networks outside its Distribution Services Area (DSA), it will charge any domestic demand users connecting to those networks in a manner which ensures that overall DUoS charges paid by the domestic demand user do not exceed those to which it would be liable if it connected to the network of the “host” DNO in whose DSA the SHEPD network is situated.

For non-domestic HV and LV demand users and/or distributed generators connecting to SHEPD’s networks outside its DSA, charges will be set in a manner which ensures that overall DUoS charges paid by the HV and LV demand Users do not exceed those to which it would be liable if it connected to the network of the “host” DNO in whose DSA the SHEPD network is situated.

For demand users and/or distributed generators metered at 22,000 volts or above, or metered at an EHV/HV substation, the DUoS charges will be set on a site specific basis. The charges will reflect the local network and connection configuration, and will include the “host” DNO’s ‘boundary’ EDCM Use of System charge for the site, and costs associated with fulfilment of SHEPD’s obligation to provide a safe and secure distribution network.

### Nested Distribution Systems in Out of Area Networks

Where SHEPD operates distribution networks outside its DSA, it will charge any nested networks in a manner which is the same as that described above for Out of Area Networks.

## **Distribution Charging Methodologies Forum**

SHEPD along with the other Distribution Network Operators collectively hold a regular meeting known as the Distribution Charging Methodologies Forum (DCMF) to discuss and explain developments in the charging methodologies. This forum is also open to any interested party and gives the opportunity for all parties to raise and discuss any issues that they have with the charging methodologies. For more information on the DCMF please contact Electralink by email: [dcmf@electralink.co.uk](mailto:dcmf@electralink.co.uk).

## **Distribution Generation Network Unavailability**

SHEPD will make compensation payments to customers for network outages under two schemes.

The majority of customers are compensated under the Guaranteed Standards’ arrangements. Customers who are off supply for greater than defined periods of time are entitled to a payment. This scheme applies to all demand customers and to all generators not included in the scheme described below.

For customers with exporting generation which meets the qualification criteria the scheme known as Distribution Generation Network Unavailability (DGNU) will apply.

### **Where Our Use of System Charges are Published**

SHEPD's Use of System tariffs are published in our Licence Condition 14 Statement. This statement can be obtained from our website: [www.ssen.co.uk](http://www.ssen.co.uk).

Hard copies are also available on request at a cost of £5 by following up the contact details on page 7.

## GLOSSARY OF TERMS

Term	Definition
Act	The Electricity Act 1989
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	The Balancing and Settlement Code, which contains the governance arrangements for electricity balancing and settlement in Great Britain.
CDCM	The Common Distribution Charging Methodology used for calculating charges to Designated Properties as required by Standard Licence Condition 13A of the Electricity Distribution Licence.
Charging Year	Means a 12 month period starting from 1 April in any calendar year
CUSC	NGET’s Connection and Use of System Code
Customer	<p>A person to whom a User proposes to supply, or for the time being supplies, electricity through an Exit Point, or from whom, a User or any relevant exempt Supplier, is entitled to recover charges, compensation or an account of profits in respect of electricity supplied through an Exit Point.</p> <p>or</p> <p>a person from whom a User purchases, or proposes to purchase, electricity, at an Entry Point (who may from time to time be supplied with electricity as a Customer of that User (or another electricity supplier) through an Exit Point.</p>
CVA	Central Volume Allocation as defined in the BSC;
DCUSA	The Distribution Connection and Use of System Agreement (DCUSA), which is a multi-party contract between the licensed electricity distributors, suppliers and generators of Great Britain. It is a requirement that all licensed electricity distributors and suppliers become parties to the DCUSA.
Designated EHV Properties	As defined in standard condition 13B of the Electricity Distribution Licence

Term	Definition
Designated Properties	As defined in standard condition 13A of the Electricity Distribution Licence
DG	Distributed Generator / Distributed Generation, which is generation directly connected or embedded within the Distribution System.
Distribution Code, D Code	<p>The Distribution Code of the Licensed Distribution Network Operators (DNOs) of Great Britain; produced in accordance with Condition 9 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. The Distribution Code can be downloaded from:</p> <p><a href="http://www.dcode.org.uk">www.dcode.org.uk</a></p>
Distribution Services Area	The area specified by the Authority that a DNO as Distribution Service Provider will operate.
Distribution System	<p>The system consisting (wholly or mainly) of:</p> <p>Electric lines owned or operated by an authorised distributor that is used for the distribution of electricity from grid supply points or generation sets or other entry Points to the points of delivery to Customers or Users; or</p> <p>any transmission licensee in its capacity as operator of that licensee's transmission system or the GB transmission system;</p> <p>and includes any remote transmission assets (owned by a transmission licensee within England and Wales) that are operated by that authorised distributor and any electrical plant, electricity meters, and Metering Equipment owned or operated by it in connection with the distribution of electricity, but does not include any part of the GB transmission system.</p>
DNO	Distribution Network Operator, an Electricity Distributor who operates one of the fourteen Distribution Services Areas and in whose Electricity Distribution Licence the requirements of Section B of the standard conditions of that licence have effect.
EDCM	The EHV Distribution Charging Methodology used for calculating charges to Designated EHV Properties as required by standard licence condition 13B of the Electricity Distribution Licence.

Term	Definition
EHV	Extra High Voltage – 22,000 volts or higher voltage.
Electricity Distribution Licence	The Electricity Distribution Licence granted or treated as granted pursuant to section 6(1) of the Act.
Embedded network	An electricity Distribution system operated by an LDNO and embedded within another distribution network.
Entry Point	A boundary point at which electricity is exported onto a Distribution System to a connected installation or to another Distribution System, not forming part of the total system (boundary point and total system having the meanings given to those terms in the BSC).
Exit Point	A point of connection at which a supply of electricity may flow from the Distribution System to the Customer’s Installation or User’s Installation or the Distribution System of another person.
GDUoS	Generation Distribution Use of System charges
HV	High voltage – 6,600 volts or 11,000 volts plus or minus 6% measured between any two-phase conductors.
LDNO	A Licensed Distribution Network Operator.
Licence	The Electricity Distribution Licence granted to SHEPD under Section 6(1)(c) of the Act.
LLF	Line Loss Factor (LLF), the factor which is used in Settlement to adjust the Metering System volumes to take account of losses on the Distribution System.
LLFC	Line Loss Factor Class (LLFC), an identifier assigned to an SVA Metering system which is used to assign the LLF and Use of System Charges.
LV	Low voltage – 230 volts plus 10% or minus 6% measured between the neutral conductor and any two-phase conductor.
Metering Point	The point at which electricity is exported to or imported from the licensee’s Distribution System is measured, is deemed to be measured, or is intended to be measured and which is registered pursuant to the provisions of the MRA. (For the purposes of this statement Grid supply Points are not ‘Metering Points’)

Term	Definition
Metering System	Particular commissioned metering equipment installed for the purposes of measuring the quantities of Exports and Imports at the Boundary Point.
MPAN	Meter Point Administration Number, a number relating to a Metering Point under the MRA.
MPRS	Meter Point Registration Service
MRA	Master Registration Agreement, the multi-party agreement that all licensed Suppliers and Distributors enter into that governs the essential interactions between them.
NGET	National Grid Electricity Transmission plc, the company which owns and operates the high-voltage electricity transmission network in England and Wales.
Ofgem	The Office of Gas and Electricity Markets, governed by GEMA, which is responsible for the regulation of electricity distribution companies.
Registrant	means the person registered in accordance with the BSC as responsible for the Metering System
Relevant DG	Means Distributed Generation (except for standby generation operating in parallel with the SHEPD Distribution System for testing purposes only) which is subject to GDUoS.
Settlement	The determination and settlement of amounts payable in respect of charges (including reconciling charges) in accordance with the Balancing and Settlement Code.
SHEPD	Scottish Hydro Electric Power Distribution plc
Supplier	An organisation with a Supply Licence which can register itself as supplying electricity to a Metering Point.
SVA	Supplier Volume Allocation, as defined in the BSC.
User(s)	Someone who has a Use of System agreement with SHEPD, e.g. a Supplier, Generator or LDNO.
Use of System charges	Charges for demand and generation customers which are connected to and utilising the distribution network.