

## Questionnaire

### About your organisation

Name of respondent	Pat Wormald
Company	CE Electric UK
Responding on behalf of	Yorkshire Electricity Distribution plc and Northern Electric Distribution Ltd (YEDL & NEDL)

### Existing charging arrangements for site-specific maintenance

1. Charges for site-specific maintenance presently account for about 8 per cent of revenue collected from connection charges and around 1 per cent of the total revenue collected through infrastructure charges. The annual average charge for site-specific maintenance is £30k per connection site.

To what extent do you support the following statements?

- a. The existing connection charging methodology is sufficiently cost reflective to not justify developing cost-capture systems to further enhance the cost reflectiveness of the site-specific maintenance component of the connection charge.

Agree	<input type="checkbox"/>	Neutral	<input type="checkbox"/>	Disagree	<input checked="" type="checkbox"/>
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- b. The present arrangements for charging for site-specific maintenance costs do not discriminate between Users or classes of User.

Agree	<input checked="" type="checkbox"/>	Neutral	<input type="checkbox"/>	Disagree	<input type="checkbox"/>
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- c. The current methodology for recovering the costs associated with site-specific maintenance is proportionate to the level of these costs.

Agree	<input type="checkbox"/>	Neutral	<input checked="" type="checkbox"/>	Disagree	<input type="checkbox"/>
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- d. The existing charging methodology for recovering site-specific maintenance costs is proportionate to the current contestability arrangements.

Agree	<input type="checkbox"/>	Neutral	<input checked="" type="checkbox"/>	Disagree	<input type="checkbox"/>
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Please add any justification you feel appropriate for your choices above.

We do not have sufficient information to say whether these charges are proportionate as we do not get to know the amount of maintenance carried out, the frequency of this work or the actual cost per site. Whilst we pay a site specific charge there is no feedback or schedule of works given to users
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detailing that any work has been carried out at these sites in a particular year.

**Relative merits of reforming the contestability arrangements**

2. Do you believe the benefits to your organisation of contestable maintenance are:

Significant		Limited	✓	None		Negative	
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If you have answered "significant" or "negative" benefit, please elaborate:

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3. If you answered "significant" or "limited" benefit in 2 above, to what extent do you believe these benefits outweigh the perceived liabilities and risks associated with assuming responsibility for site-specific maintenance:

More benefit		Similar		More liabilities	✓
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4. Given your views on the balance between the benefits and liabilities, and the magnitude of your site-specific maintenance charges, do you believe the site-specific maintenance charging arrangements should be changed at the present time?

Yes		No		Balanced		Don't know	✓
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5. In order to best facilitate contestable maintenance site-specific maintenance charges should ideally be based on actual costs incurred. This requires new systems and frameworks to capture, process, communicate and report individual maintenance costs on an asset-specific basis, and convert them into maintenance charges for each User on a site-by-site basis. To implement these arrangements on a GB basis is likely to give rise to additional one-off and ongoing costs for TOs and the GBSO, including the development of suitable contractual frameworks and cost-capture systems.

Do you believe the potential benefits of contestability are such that systems should be developed by the transmission licensees to capture costs on a site, user and asset specific basis?

Yes		No	✓	Balanced		Don't know	
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**Options for changing site-specific maintenance charges**

6. Similar systems and processes would also be required to implement "pass-through" arrangements for site-specific maintenance costs.

If these systems were not implemented, to what extent would you support any of the following options:

- a. Absorb site-specific maintenance costs within the transmission running cost factor (which would result in a connection GAV-related non-locational charge) set for the duration of the price control period:

Support	<input checked="" type="checkbox"/>	Neutral	<input type="checkbox"/>	Against	<input type="checkbox"/>
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- b. Absorb within the transmission running cost factor, as in (a) above, but determine this factor on an annual basis:

Support	<input type="checkbox"/>	Neutral	<input checked="" type="checkbox"/>	Against	<input type="checkbox"/>
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- c. Introduce regional site-specific maintenance factors for each TO area:

Support	<input type="checkbox"/>	Neutral	<input type="checkbox"/>	Against	<input checked="" type="checkbox"/>
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- d. Maintain the status quo for the time being and keep the methodology under constant review in accordance with the requirement of National Grid's Transmission Licence:

Support	<input checked="" type="checkbox"/>	Neutral	<input type="checkbox"/>	Against	<input type="checkbox"/>
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Please add any justification you feel appropriate for your choices above.

Setting the cost over the price control period, would benefit users in that they would be better able to factor these costs into their forecast. The averaging process provides more stability than truly site specific, however, the cost of establishing this process could far outweigh the benefits, particularly if the interest in taking up contestability remains low. Including in the transmission running cost would reduce the current level of transparency.

### **Other comments**

7. Please provide any further comments you have on the charging arrangements for site-specific maintenance.

Ideally we would like to see some details of the work carried out even if the charges cannot be allocated on a site by site basis, this way the position could be monitored for future consideration, especially when considering assets reaching their nominal 40 year life.

Users ultimately pay for the replacement of assets, so it would be beneficial from a forecasting point of view to monitor the cost of any enhanced maintenance as opposed to paying for their replacement.