

**OVERVIEW STATEMENT
(SUPPORTING DOCUMENT TO ELECTRICITY
NORTH WEST LIMITED'S SUITE OF CHARGING
STATEMENTS)**

This statement is effective from 1st April 2009

Electricity North West Limited
Registered Office:
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WA3 6YF.

Registered no: 2366949 (England)

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1. Introduction

1.1 Electricity North West Limited produces a suite of documents that describe how we charge for connection and use of our system and the methodologies behind those charges.

1.2 This Overview statement has been created by Electricity North West to support the following suite of documents:

- Statement of charging methodology for use of Electricity North West Limited's electricity distribution network;
- Statement of charges for use of Electricity North West Limited's electricity distribution network;
- Statement of methodology and charges for connection to Electricity North West Limited's electricity distribution network;
- Statement of charges for Distributor legacy basic meter asset provision and data services offered by Electricity North West Limited; and the
- Statement of charges for miscellaneous services offered by Electricity North West Limited

1.3 If you need to contact Electricity North West regarding any aspect of this document please write to or telephone our Commercial Manager at:

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1.4 Electronic copies of this statement are available, from the following website: <http://www.enwLtd.co.uk/ofgem.htm>. Alternatively, hard copies can be provided at a cost of £10.00 plus VAT, per copy.

2. Who we are

- 2.1 Electricity North West Limited is the licensed electricity distribution business serving the North West part of England, including an area that extends roughly from Buxton to Carlisle and from Blackpool to Settle. We distribute electricity to a range of Customers, comprising domestic, commercial and industrial, through a network of 14,000 km of overhead lines, 45,000 km of underground cabling and substations at various network levels). Our distribution licence is issued under the Electricity Act (1989)¹.

¹ As amended by the Utilities Act 2000, the Sustainable Energy Act 2003 and Energy Act 2004.

3. Licence Obligations

- 3.1 The relevant objectives as defined in our Electricity Distribution Licence are:
- a. That compliance with the Use of System charging methodology and the connection charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence;
 - b. That compliance with the Use of System charging methodology and the connection charging methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity;
 - c. That compliance with the Use of System charging methodology and connection charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by the licensee in its distribution business; and
 - d. That, so far as is consistent with sub-paragraph (a), (b) and (c), the Use of System charging methodology and connection charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.
- 3.2 The **Statement of Charging Methodology for Use of Electricity North West Limited's Electricity Distribution Network** describes the Use of System charging methodology, under which Users will be charged for use of Electricity North West's distribution system. We are obliged, under Condition 13 of our Electricity Distribution Licence, to comply with various requirements. Under Paragraph 13.1 we are required to prepare a statement approved by the Authority setting out the methodology upon which charges will be made for use of our electricity distribution network. We are also obliged to review this statement annually in accordance with paragraph 13.2 and make such modifications to the statement that better achieve the 'relevant objectives' as defined in paragraph 3.1 of this statement.
- 3.3 The **Statement of Charges for Use of Electricity North West Limited's Electricity Distribution Network** details Electricity North West's Use of System tariffs. We are obliged, under Condition 14 of our Electricity Distribution Licence, to comply with various requirements. Under Paragraph 14.1, we are required to prepare a statement, the form of which is approved by the Authority, setting out the basis on which charges will be made for use of our electricity distribution network. We are also obliged to review our Use of System Charges statement annually.. The statement also describes the terms and conditions under which Users may use our electricity distribution network, for the purposes of transporting electricity.
- 3.4 The **Statement of Methodology and charges for Connection to Electricity North West Limited's Electricity Distribution Network** describes Electricity North West's Connection Charging Methodology and charges that will apply where we provide services as a Statutory undertaker and to support the competitive connections market. We are obliged, under our Electricity Distribution Licence, to comply with various requirements. We are required to prepare a statement approved by the Authority setting out the methodology upon which charges will be made for connection to our electricity distribution network. We are also required to review our connection charging methodology annually and make such modifications to the Connection Charging Methodology Statement that better achieve the 'relevant objectives' as defined in paragraph 3.1 of this statement.

- 3.5 The **Statement of Charges for Distributor Legacy Basic Meter Asset Provision and Data Services Offered by Electricity North West Limited** describes Electricity North West's charges for the provision of Legacy Meters and Data Services in accordance with Condition 36 of our Electricity Distribution Licence. Under paragraph 36.3(a) of that Condition, there is a requirement that the terms and charges contained in this statement will be reviewed at least once in each year.
- 3.6 The Statement of Charges for **Miscellaneous Services** Offered by Electricity North West Limited describes Electricity North West's charges for the provision of ancillary services that support the competitive supply markets and other distribution network operators.
- 3.7 Words and expressions used in the statements, mentioned within 3.2 to 3.5 of this section, have the definitions given to them in the Act or Licence and shall be construed accordingly. Charges and costs shown are current at the time of publication and will not be changed, except as provided for in the relevant agreement.
- 3.8 Use of our electricity distribution network is subject to the terms and conditions of the Distribution Code as approved from time to time by the Gas and Electricity Markets Authority, which works through the Office of Gas and Electricity Markets (OFGEM).

4. Price Control References

- 4.1 Regulation of our distribution business is primarily the responsibility of the Gas and Electricity Markets Authority, which works through the Office of Gas and Electricity Markets (OFGEM). Regulation is applied via a Distribution Licence, which includes a price control mechanism. Price controls are determined for 5 year periods and set limits on the total revenue that we can earn from our core distribution activities. Use of System Charges may vary year on year, both to reflect the costs attributable to each Customer class, and also to ensure balance with our allowed revenue.

5. Connection and Use of System Charges

- 5.1 Charges for distribution assets are split between connection and Use of System. The boundary (which is consistent for demand and generation) is explained in our Statement of Charging Methodology and Charges for Connection to Electricity North West Limited's Electricity Distribution Network. This statement details the calculation of connection charges, and also contains indicative charges and examples, to aid understanding of connection charges.

Our Statement of Charges for Use of Electricity North West Limited's Distribution Network details the Use of System Charges that are applied for the supply of electricity to Exit Points and Connection Points and/or the transportation of electricity across our network from Entry Points.

6. The Contractual Framework (DCUSA)

- 6.1 Users entitled to use Electricity North West's electricity distribution network, are those who are authorised, by Licence or by exemption under the Act, to supply, generate or distribute electricity ("Authorised Electricity Operators").
- 6.2 Users seeking to use Electricity North West's distribution system will be required to be a party to and comply with the DCUSA in accordance with their licence. This requirement shall include all the criteria as stated in 16.1 of DCUSA plus:
- paying all charges due in respect of Use of the System, as described in our Statement of Charges for Use of Electricity North West Limited's Distribution Network; and
 - complying with the provisions of the Distribution Code (a copy of which is available free of charge from the Distribution Code website, www.dcode.org.uk or alternatively an unserved copy is available for £50 plus packing, postage and VAT.

If the applicant and Electricity North West fail to agree contractual terms, or any variation of contractual terms we proposed, either party may request settlement by the Office of Gas and Electricity Markets (OFGEM).

- 6.3 Terms and conditions for connection of premises or other electrical systems to our electricity distribution network are contained in our Statement of Methodology and Charges for Connection to Electricity North West Limited's Electricity Distribution Network, which is available on request. Persons seeking use of the system with respect to a new supply must apply for connection in accordance with the terms and conditions described in that statement.
- 6.4 Where a person requires a connection to Electricity North West's electricity distribution network pursuant to Section 16 of the Electricity Act (1989), the provisions of this statement are without prejudice to the provisions of sections 16 to 22 of the Electricity Act (1989) (those sections which deal with the rights, powers and duties of Electricity North West Limited, as an electricity distributor), in respect of the distribution of electricity to owners or occupiers of premises.

7. Charging For Use of System

7.1 This section lists the methods by which charges will be made for use of Electricity North West's electricity distribution system. The information is listed within the following three areas:

- Billing and payment by settlement class;
- Site Specific billing; and
- Transactional billing.

Billing and payment by settlement class

7.2 The following information covers Use of System Billing, in respect of Settlements - Supercustomer.

7.3 The Supercustomer approach to use of system billing makes use of the way that the Supplier's energy settlements are calculated. In brief, the Use of System Charges billed to the Supplier will consist of:

- a fixed portion, based on the aggregated number of Metering Point Administration Numbers (MPANs) registered and therefore supplied to; and
- a unit portion based on the aggregated kWh consumption per Settlement Class combination.

The charge is calculated in a way that corresponds to the calculation of the Supplier's energy purchases, as follows:

Settlements process

7.4 Suppliers register MPANs of the Exit Points that they supply, within Electricity North West's Distribution Services Area, with our Meter Point Administration Service. These registration details are passed on by the Supplier to the Data Aggregator, who uses them to provide usage data into the settlements process.

7.5 The settlements process consists of the following steps:

- Data Collectors pass consumption information to the Data Aggregator, based on periodic meter readings and estimates;
- The Data Aggregator aggregates consumption by Supplier and Settlement Class, and sends it to the Supplier Volume Allocation Agent (SVAA);
- SVAA profiles Supplier consumption into half-hour values, to calculate energy purchases and to generate a Use of System report that details consumption by Settlement Class;
- We receive a daily use of system report, detailing consumption in our Distribution Services Area. Each Supplier receives a copy of that Use of System report (with consumption figures for other Suppliers removed);
- For each Settlement Day, the above steps are normally carried out once for an Initial Settlement Run, three times for subsequent reconciliation Settlement Runs and once for a final Reconciliation Run. The Settlement Run process lasts for 14 months from Initial Settlement Run to final Reconciliation Run, unless there are specific disputes. This process builds up to an increasingly accurate picture of consumption; and
- Suppliers receive a Daily Statement from us, detailing Use of System Charges

and consumption (kWh and MPAN count), by Settlement Class for a given Settlement Day and a specific Settlement Run. Suppliers also receive a periodic bill, showing amounts due. The bill covers all Settlement Days, for which Use of System reports have been received during the financial period and taking account of all reconciliation to date.

- 7.6 For information on the Initial Account, and Reconciliation Accounts, please refer to 'Billing and Payment by Settlement Class' of the DCUSA.

Site specific billing and payment

- 7.7 For information on Use of System Billing, in respect of Site Specific customers, please refer to 'Site Specific Billing and Payment' of the DCUSA.

Transactional Billing

- 7.8 For information on Transactional billing please refer to 'Transactional Charges' of the DCUSA.
- 7.9 For a list of Electricity North West's Transactional Charges please refer to the Statement of Charges for Miscellaneous Services Offered by Electricity North West Limited.

8. Glossary of terms

8.1 The following definitions are included to aid understanding.

Authority	The Gas and Electricity Markets Authority (GEMA) – the regulatory body for the gas and electricity industries established under section 1 of the Utilities Act 2000.
Balancing and Settlement Code or BSC	Balancing and Settlements Code, including all Party Service Lines and BSC Procedures (as therein defined) made under it, established pursuant to the GB System Operator Licence.
Customer	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.
Daily Statement	A statement based on the Supercustomer DUoS Report and providing the data items set out in Data Transfer Catalogue D0242 as amended from time to time in accordance with the provisions of the Master Registration Agreement.
Data Aggregator	Has the meaning given to that term in the Balancing and Settlement Code.
Data Collector	A person appointed to provide data retrieval and/or data processing services (the terms data retrieval and data processing being defined in paragraph 11 of Condition 36A of the Distribution Licence).
Data Transfer Catalogue	The catalogue of data flows, data definitions and data formats established under the Master Registration Agreement.
Distribution Licence	The Electricity Distribution Licence granted, or treated as granted to Electricity North West Limited, pursuant to section 6(1) of the Act.
Distribution Services Area	Has, in respect of each Company, the meaning given to that term in paragraph 5(b) of Condition 2 of that Company's Distribution Licence.
Elxon	The Balancing and Settlements Company.
Entry Point	A Boundary Point at which electricity is exported onto a Distribution System from a Connected Installation or from another distribution system not forming part of the Total System (Boundary Point and Total System having the meaning given to those terms in the BSC).
Exit Point	A Boundary Point at which electricity is imported from 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 meaning given to those terms in the BSC).
Initial Account	Has the meaning given to that term in Clause 20 of DCUSA.
Initial Settlement Run	Has the meaning given to that term in the Balancing and Settlement Code.
Interim Information Settlement Run	Has the meaning given to that term in the Balancing and Settlement Code.
Master Registration Agreement or MRA	The Master Registration Agreement established pursuant to the Distribution Licences of the DNO Parties.
MPAN	Meter Point Administration Number.
MRASCo	Has the meaning given to that term in the Master Registration Agreement.

Reconciliation Account	Has the meaning given to that term in Clause 20.4 of DCUSA.
Reconciliation Run	Has the meaning given to the term “Reconciliation Settlement Run” in the Balancing and Settlement Code.
Settlement Class	Has the meaning given to that term in the Balancing and Settlement Code.
Supercustomer DUoS Report	A report of profiled data by Settlement Class providing the data items set out in Data Transfer Catalogue D0030 (as amended from time to time in accordance with the provisions of the Master Registration Agreement).
Settlement Day	Has the meaning given to that term in the Balancing and Settlement Code.
Settlement Run	Means, as appropriate, an Initial Settlement Run, Reconciliation Run, or Interim Information Settlement Run.
Use of System Charges	Charges for demand and generation customers which are connected to and utilising Electricity North West’s distribution network.
User	Is a Supplier, Generator or IDNO.

Version Control

Version	Date	Details	Author
1	1 Apr. '08	Final publication for 1 st Apr. '08	F P Welsh
2	9 Dec '08	Indicative for 1 Apr. '09	A Sherry
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