STCP19-6 Issue 006 Application Fee

STC Procedure Document Authorisation

Party	Name of Party Representative	Signature	Date
National Grid Electricity System Operator Ltd			
National Grid Electricity Transmission plc			
SP Transmission plc			
Scottish Hydro Electric Transmission plc			
Offshore Transmission Owners			

STC Procedure Change Control History

Issue 001	19/01/2005	First issue
Issue 002	04/03/2005	BETTA Go-Live Version
Issue 003	25/10/2005	Issue 003 incorporating PA034 & PA037
Issue 004	24/11/2009	Issue 004 incorporating changes for offshore regime
Issue 005	29/01/2014	Issue 005 incorporating PM074
Issue 006	01/04/2019	Issue 006 incorporating National Grid Legal Separation changes

1 Introduction

1.1 Scope

1.1.1 This procedure determines how Application Fee data is provided to NGESO to establish the level and treatment of fees associated with Applicants applying for a new or modified Connection to the National Electricity Transmission System or certain Agreements for Use of System.

1.1.2 It contains a detailed procedure which includes:

- responsibilities;
- clear actions and timings;

1.1.3 This procedure applies to NGESO and each TO.

1.1.4 For the purpose of this document, the TO(s) are:

- NGET;
- SPT;
- SHET: and
- All Offshore Transmission Licence holders as appointed by Ofgem from time to time.

1.2 Objectives

1.2.1 The purpose of this procedure is to detail how the Application Fee process will be addressed across the NGESO~TO interface.

1.2.2 This process specifies the following:

- the responsibilities of NGESO and the TO(s) in relation to Application Fee activities between the TO(s)and NGESO;
- the requirements for exchange of information related to Application Fee requirements; and
- the lines of communication to be used;

1.3 Background

1.3.1 NGESO shall be responsible, inter alia for the contractual interface with the Applicants, and the calculation, development and invoicing of Connection and TNUoS charges. NGESO shall also be responsible for establishing and maintaining a Statement of Use of System Charges.

1.3.2 The Statement of Use of System Charges includes schedules of fees payable by Applicants submitting applications in accordance with the CUSC and the Charging Methodologies.

1.3.3 NGESO will require information from each TO to enable NGESO to establish and maintain the Application Fees published in the Statement of Use of System Charges, and to determine the payments between NGESO and each TO associated with the application process.

1.3.4 Fees are payable in respect of applications for new connection agreements, certain Use of System agreements and for modifications to existing agreements based on reasonable costs incurred by NGESO as set out in the Charging Methodology Statements (which includes charges passed through from the TO(s)).

1.3.5 Applicants can opt to pay an Application Fee based on either variable price or on a fixed price basis in respect of new connection agreements (unless otherwise stated),

certain Use of System agreements and modifications to existing agreements as detailed in the Charging Methodologies.

1.3.6 The Statement of Use of System Charges contains the fixed prices for Application Fees which are dependent upon size, type and location of the applicant's scheme.

1.3.7 Applicants opting for a variable price Application Fee pay an advance of reasonable costs, based on the fixed prices shown in the Statement of Use of System Charges. These charges will be reconciled once the actual costs have been calculated using the charge out rates contained in the Statement of Use of System Charges.

1.3.8 The Application Fees published in the Statement of Use of System Charges will be based on the daily charge out-rates stated in the Statement of Use of System Charges.

1.3.9 In the case of variable price Application Fees the Application Fee will be payable by the Applicant to NGESO. NGESO shall be responsible for collecting all processing costs in order to reconcile the final fee and for outturning to the Applicant.

1.3.10 NGESO shall notify the TO(s) once the Application Fee has been cleared in accordance with STCP 18-1, Connection and Modification Application Procedure.

2 Key Definitions

2.1 For the purposes of STCP19-6:

2.1.1 Advanced Fee means the indicative fee based on the fixed prices.

2.1.2 Application Fee means the fee payable by each Applicant applying for a new or modified Connection to the National Electricity Transmission System or certain Agreements for Use of System.

2.1.3 Final Fee means the actual fee.

2.1.4 NGESO Lead person means the named contact(s) within NGESO for revenue issues as advised to the TOs from time to time.

2.1.5 Processing Charges means the charges levied by the TO to NGESO for processing applications.

2.1.6 Processing Costs means the internal costs incurred by NGESO as a result of the application process.

2.1.7 TO Charging Statement means the statement for which the TO Transmission Services charges are based.

2.1.8 TO Lead Persons means the named contact within the TOs for revenue issues as advised to NGESO from time to time.

3 Procedure

3.1 "Application Fee" setting

3.1.1 By 1 September each year the NGESO Lead person shall email/send letter to the TO Lead persons requesting proposed daily charge-out rates by grades and fixed price Application Fees, in accordance with the breakdown to be published in the Statement of Use of System Charges, for work to be carried out by the TO(s) for the following Financial Year.

3.1.2 By 30 October each year, the TO(s) shall forward their proposed daily charge-out rates by grades in accordance with the TO Charging Statements for the following Financial Year to NGESO using the Application Fee proforma contained in Appendix A1. The TO shall provide an explanation for any significant variation from the data submitted for the previous Financial Year.

3.1.3 The TO(s) shall calculate their components of the fixed price Application Fee in accordance with their TO Charging Statement and submit to NGESO by 30 October each year using the application fee refresh template contained in Appendix A2.

3.1.4 NGESO shall calculate the Application Fees to be published in the Statement of Use of System Charges.

3.1.5 NGESO shall submit the charges and rates to Ofgem prior to publication in the Statement of Use of System Charges for the following Financial Year and update TO(s) via email/letter.

3.1.6 All parties shall provide all necessary assistance to respond to any reasonable query from Users or Ofgem regarding the Application Fees and daily charge out rates.

3.1.7 The Application Fees and daily charge out rates will be applicable for the following Financial Year and published in the Statement of Use of System Charges.

~~3.1.7~~3.1.8 In the Financial Year preceding the next regulatory price control period, NGESO and the Onshore Transmission Owners may notify one another and agree (on a unanimous basis only), any reasonable temporary adjustments to the provisions in 3.1 to allow them to be fulfilled. E.g. data substitutions, submission date changes.

3.2 Application sent to NGESO

3.2.1 The Applicant can contact NGESO prior to submitting an application in order to find out the appropriate Application Fee.

3.2.2 NGESO may need to contact the TO(s) by email/letter in order to ascertain the correct Application Fee before responding to the Applicant e.g. to take into account a previous feasibility study see 3.3.

3.2.3 TO(s) shall confirm by email/letter that the Application Fee is correct or provide their revised components where appropriate. NGESO shall confirm the Application Fee to the Applicant.

3.2.4 For the avoidance of doubt, TOs shall not levy an Application Fee for any NGESO Modification Application submitted as a result of modifications initiated under STCP16-1 Investment Planning.

3.3 Application with previous feasibility study sent to NGESO

3.3.1 If an Applicant wishes to assess connection options before making an application, the TO(s) and/or NGESO (as appropriate) will carry out a feasibility study at the Applicant's request (STCP17-1 on Feasibility Studies refers). Work carried out on a feasibility study may lead to a reduction in any subsequent fixed price Application Fee to reflect the amount of work under the feasibility study that could be adopted under the application.

3.3.2 It is likely that the Applicant will advise that a feasibility study has been carried out and request an appropriate reduction on a fixed price Application Fee in accordance with the Statement of Use of System Charges. Should an Application Fee reduction be agreed between NGESO and the TO(s), then NGESO shall confirm the Application Fee in writing to the Applicant.

3.4 Invoicing

3.4.1 Once a week, NGESO will email a report to the TO(s) with details of any offers that have been signed/lapsed in the previous week where they are the Host or Affected TO. This report should include the following Application Fee information in respect of each application with the TO:

- Site name;
- TO name;
- Date fee invoiced;
- Application type (new or mod);
- Application Fee type (fixed or indicative);
- Fee received;

All values to be exclusive of VAT

Where there are no signed/lapsed offers in the week a nil return email will be issued.

3.4.2 Within 10 business days following submission of the above report, the TO(s) shall inform NGESO by email/letter of the values that will be invoiced to NGESO (unless otherwise agreed).

3.4.3 Within a further 20 business days following 3.4.2 the TO(s) will submit their invoice to NGESO for payment (unless otherwise agreed).

TIMELINE FOR COMPLETING NGESO APPLICATION FEE RECONCILIATIONS FOR SCOTTISH OFFERS					
Business Days	5 +	10 +	20		
NGESO internal notification that	NGESO email TOs requesting costs *	NGESO receive notification of costs from	TO's submit invoice to NGESO	NGESO pay TO's invoice	NGESO concludes reconciliation and raises ad hoc to customer
Calendar days	7 +	21 +	28 +	30 +	4
Reasonable endeavours deadline:					
* Weekly email to also include cumulative list of any costs requested but not yet received from previous weeks.					

3.5 Reconciliation of indicative Application Fees

3.5.1 In the case of indicative Application Fees, NGESO shall consolidate all the Processing Charges from the TO(s), together with any Processing Costs NGESO has incurred and perform a reconciliation using the published charge-out rates in The Statement of Use of System Charges for the relevant years.

3.5.2 NGESO will use it's reasonable endeavours to complete reconciliations within 90 days of the offers being signed/lapsed.

3.5.3 NGESO shall send a balancing invoice/credit note to the Applicant if the Application Fee has not been fixed. This reconciliation will take account of any agreed Application Fee reduction.

3.6 Refund of Application Fee upon Commissioning

3.6.1 Where a refund is due to the Applicant, in accordance with the TO Charging Statements NGESO shall raise an invoice to the TO(s) for the TO(s) component of the indicative or fixed Application Fee.

3.6.2 Following receipt of an invoice in 3.6.1, the TO(s) shall settle the balance with NGESO in accordance with STCP13-1 Invoicing and Payment Process (Ad-Hoc activities).

3.6.3 NGESO shall refund the Applicant's Application Fee in accordance with the Charging Methodologies.

Appendix A:

A1: Charge-out Rates for Variable Price Applications

	£/day			
	NGET	**SPT**	**SHET**	**OFTO**
Section Manager Internal Solicitor				
Principal Power System Engineer				
Senior Power System Engineer Project Manager Account Manager Senior Wayleave Officer				
Power System Design Engineer Draughtsman				
Graduate Engineer				
Craftsman				
Administrative Support				

A2: Application Fee Refresh Template

This template can be found on the STC website as follows:

http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/STC/The-STC/

Appendix B: Abbreviations & Definitions

Abbreviations

Affected TO	Affected Transmission Owner
SHET	Scottish Hydro Electric Transmission plc
SPTL	SP Transmission Limited
TO	Transmission Owner

Definitions

STC definitions used:
Connection
Completion Date
Financial Year
National Electricity Transmission System
Modification
NGET
NGESO
Transmission Services
User

CUSC definitions used:
Applicant
Bilateral Agreements
Bilateral Connection Agreement
Bilateral Embedded Generation Agreement
Offer
Statement of Use of System Charges
Use of System

Definition used from other STCPs:
Charging Methodologies
STCP14-1: Data Exchange for Annual Charge Setting
STCP13-1 Invoicing and Payment Process (Ad-Hoc activities)