

## 14.4 Other Charges

- 14.4.1 —In addition to the basic annual connection charges set out above, the User may pay The Company for certain other costs related to their connection. These will be set out in the Bilateral and Construction Agreements where appropriate and are described below.

### One-off Works

- 14.4.2 To provide or modify a connection, the transmission licensee may be required to carry out works on the transmission system that, although directly attributable to the connection, may not give rise to additional connection assets. These works are defined as “one-offs”. Liability for one-off charges is established with reference to the principles laid out below:

- Where a cost cannot be capitalised into either a connection or infrastructure asset, typically a revenue cost
- Where a non-standard incremental cost is incurred as a result of a User's request, irrespective of whether the cost can be capitalised
- Termination Charges associated with the write-off of connection assets at the connection site.

Consistent with these principles and in accordance with Connection Charging Methodology modification GB ECM-01, which was implemented on 1 December 2005, a one-off charge will be levied for a **Category 1 Intertripping Scheme** or a **Category 3 Intertripping Scheme**. A one-off charge will not be levied for a **Category 2 Intertripping Scheme** or a **Category 4 Intertripping Scheme**.

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A one-off charge, payable as a Transmission Charge, may be levied were the User either: delays their date of connection to the transmission system or, requests a connection earlier than the year of Transmission Entry Capacity being taken.

- 14.4.3 -The one-off charge is generally a charge equal to the cost of the works involved, together with a reasonable return, as shown in 14.4.4 below.

- 14.4.4 For information, the general formula for the calculation of the one-off charge for works is outlined below.

One-off Charge = (Construction Costs + Engineering Charges) x (1 + Return %) + IDC + LD Premium

Where:      Engineering Charges = “Engineering Charge” x job hours  
                Return % = 6%  
                IDC = Interest During Construction  
                LD Premium = The Company Liquidated Damages Premium (if applicable)

- 14.4.5 The calculation of the one-off charge for write-off of assets is outlined below:

—Write-off Charge = 100% of remaining NAV of redundant assets

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14.4.6 One-offs are normally paid on an agreed date, which is usually upon completion of the works. However, arrangements may be agreed between the transmission licensee and the User to pay the charge over a longer period. If a one-off is paid over a longer period it is termed a Transmission Charge. It is usually a depreciating finance charge or annuity based charge with a rate of return element and may include agreement on a schedule of termination payments if the agreement is terminated before the end of the annuity period. The charge is usually inflated annually by the same RPI figure that is used to inflate GAVs, though Users can request alternative indexation methods.

14.4.7 For those Transmission Charges as described in the last paragraph of 14.4.2 above the charge will be equal to the annual depreciation charge on the applicable GAV together with a reasonable return.

14.4.8 The general formula for the calculation of such Transmission Charges is outlined below. This calculates the annual charge which will be billed monthly.

$$\text{Annual Transmission Charge}_n = D (GAV_{dn}) + R (NAV_{dn})$$

Where: n = the year to which charge relates within the Depreciation Period  
GAV<sub>dn</sub> = GAVd for year n. (GAV<sub>d</sub> is re-valued each year by RPI)  
NAV<sub>dn</sub> = Net Asset Value and is the mid-year value for year n based on re-valued GAV<sub>dn</sub>  
D = Depreciation rate 2.5% (equal to 1/40 of GAV)  
R = real rate of return (6%)

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~~14.4.6~~14.4.9 Where an infrastructure asset has been subject to One-off Works, and a User has paid a relating charge calculated in accordance with paragraph 14.4.4, The Company may adjust the treatment of the assets within the TNUoS transport model as set out in paragraphs 14.15.12 to 14.15.20.

### Miscellaneous Charges

~~14.4.7~~14.4.10 Other contract specific charges may be payable by the User, these will be set out in the Bilateral and Construction Agreements where appropriate.

### Rental sites

~~14.4.8~~14.4.11 Where The Company owns a site that is embedded within a distribution network, the connection charge to the User is based on the capital costs and overheads but does not include maintenance charges.

### Final Metering Scheme (FMS)/Energy Metering Systems

~~14.4.9~~14.4.12 Charges for FMS metering are paid by the registrant of the FMS metering at the connection site. It is charged on a similar basis as other Connection Assets. The electronic components of the FMS metering have a replacement and depreciation period in line with those advised by the transmission licensees, whilst the non-electronic components normally retain a 40 year replacement and depreciation period (or a User specified depreciation period as appropriate).