



# **Statement of charges for the provision of Legacy Metering Equipment by Northern Electric Distribution Limited**

**Effective from 1 October 2009**

**Version 1.0**



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# 1 Explanatory Notes

## 1.1 Introduction

CE Electric UK Funding Company (CE) is the ultimate UK parent company of Northern Electric Distribution Ltd (Northern).

This statement has been prepared by Northern in accordance with the requirements of condition 36 of its electricity distribution licence (“the Licence”) issued under the Electricity Act 1989 (“the Act”). Words and expressions that are defined in the Act and are used in this statement have the definitions given to them in the Act and should be construed accordingly.

This statement describes the service of providing Legacy Metering Equipment offered by Northern and sets out the basis of the charges made by Northern for such service.

The charges in this statement relate to the provision of Legacy Metering Equipment as defined in standard condition 1 of the Licence in the form effective from 1 June 2008. Charges for enhanced meter asset provision (i.e. services additional to those comprising the provision of Legacy Metering Equipment) will be quoted upon application on a bespoke basis.

The Licence requires that the terms and charges contained in this statement should be reviewed at least once each year. Charges and costs shown are current at the time of publication and will not be changed except as provided for in the relevant distribution connection and use of system agreement (DCUSA) and subject to the requirements of standard condition 36 of the Licence.

Northern's distribution use of system (UoS) charges are subject to a separate regulatory price control and are published in our separate Statement of Use of System Charges, in accordance with standard condition 14 of the Licence.

## 1.2 Fee for Statement

Standard condition 36.5 of the Licence states that:

*The licensee may make a charge for any Charging Statement given or sent under paragraph 36.4(b) but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on the Authority's estimate of the licensee's reasonable costs of providing the statement.*

Northern does not propose to charge for providing single copies of the statement where these are downloaded, in PDF format, from the CE website. Access to this facility can be gained at [www.ce-electricuk.com](http://www.ce-electricuk.com).

### 1.3 Entitlement

In accordance with standard licence condition 34 (in the form of the licence in force from 1 June 2008), upon application Northern will offer to enter into an agreement with any person for the provision of Legacy Metering Equipment within its distribution services area, specifically:

*The service of providing Legacy Metering Equipment comprises the provision of Metering Equipment (which, at the licensee's own choice, may be Metering Equipment owned by itself or by any person other than the person making the application to the licensee under paragraph 34.4.) in respect of premises at which such equipment had been installed on or before 31 March 2007 and is of the same functionality as was being provided by the licensee on 1 June 2003.*

### 1.4 Conditions for the provision of Legacy Metering Equipment

The terms and conditions for the provision of Legacy Metering Equipment by Northern are set out in our non-half hourly meter asset provision agreement, which may be obtained from Northern using the contact details in section 1.9 of this statement. In order to protect all users of this Northern service, security may be required.

### 1.5 Meter Operation (MOp) Services

Northern does not provide MOp services.

### 1.6 Charges for the provision of Legacy Metering Equipment

As highlighted previously, Northern is subject to separate price controls for use of its distribution system (UoS) and for its provision of Legacy Metering Equipment, and separates its charges for UoS and Legacy Metering Equipment accordingly.

Charges for Legacy Metering Equipment are levied on all users of the services described in section 2 of this statement. Charges are set to recover forecast operating costs plus depreciation of, and a reasonable return on, the assets employed.

If users choose not to take these services, they will face no charges from Northern other than those under their agreements with Northern for UoS or connection.

Generally, users will be charged for the provision of Legacy Metering Equipment in a MAP invoice. This invoice will charge the registered supplier at each metering point where there is a Northern-owned meter located at a metering point based upon the specific meter type that is installed at that metering point.

Only if users choose to take the provision of Legacy Metering Equipment from Northern will they be liable for charges as laid out in section 2 below. The charges described in this section will be levied on a daily rate for each meter, for the period that the Legacy Metering Equipment is provided to the user by Northern. This will be in addition to charges for any network services taken under other agreements.

All of the charges published exclude VAT.

If additional metering services are required, please contact us as described in section 1.9 below.

## **1.7 Appointment and De-appointment in respect of Legacy Metering Equipment**

No industry standard procedure exists for appointing or de-appointing meter asset providers. In the event that a customer wishes to de-appoint Northern as provider of this service, then please contact the Markey Strategy Manager at CE at the address below, so that an appropriate application arrangement can be put in place.

The application for de-appointment from the supplier and the subsequent cessation of metering charges will be actioned when:

- i) the existing Northern meter asset(s) has/have been returned to any of the locations specified in the relevant meter asset provision agreement in sound condition; or
- ii) the costs of any Northern meter asset returned damaged have been recovered on a transactional-charge basis in accordance with the meter asset provision agreement.

## **1.8 Right of Determination**

This statement describes the provision of Legacy Metering Equipment by Northern, and the basis on which Northern will charge for this service. It is not a formal offer of terms for the provision of such a service.

For information, in accordance with standard condition 34.14 of the Licence, any applicant who has been unable to reach agreement with Northern on terms for the provision of Legacy Metering Equipment may seek determination by the Gas and Electricity Markets Authority (GEMA). Any applicant wishing to seek such determination should contact:

The Gas and Electricity Markets Authority  
9 Millbank  
London  
SW1P 3GE  
Tel: 020 7901 7000

## **1.9 Contact Details**

If any applicant wishes to discuss the contents of this statement, or request terms for the provision of Legacy Metering Equipment or additional metering services by Northern, please contact:

Market Strategy Manager  
CE Electric UK  
98 Aketon Road  
Castleford  
West Yorkshire  
WF10 5DS

E-mail: [metering@ce-electricuk.com](mailto:metering@ce-electricuk.com)

## 2 Basis of Charges for the provision of Legacy Metering Equipment

### 2.1 Basis of Charges

The charges contained within this section are for the ongoing provision of a meter that was installed at a customer's premises prior to 1 April 2007. The meter that was provided may have been new or refurbished.

The basis of the charges is per meter for the metering equipment installed. The charge reflects the depreciation costs of the metering equipment, the annual operating cost and an allowance for the return on the metering equipment and was derived using the formulae below, in accordance with the separate metering price control, as determined by Ofgem.

#### Charges for Single-Phase, Single-Rate Credit Meters

$$SRCM_t = \text{£}1.12 \times PIT_t + AF_t$$

Where:

$SRCM_t$  is the maximum amount that the licensee may charge for the provision of a single-phase, single-rate credit meter in the relevant year t.

$PIT_t$  is the value determined in accordance with paragraph 9 of special condition F1 of the Licence.

$AF_t$  is the adjustment factor and shall take the value determined in accordance with part B of special condition F1 of the Licence.

#### Charges for Single-Rate Key Prepayment Meters

$$KPPM_t = \left( \left( \left( \frac{KPPMAV}{LK_t} \right) \times \left[ 1 + \left[ (1 + LKW_t) \times \left( \frac{6.9}{100} - \frac{6.9}{200} \times \frac{LKW_t}{LK_t} \right) \right] \right] \right) + \text{£}0.242 \right) \times PIT_t + AF_t$$

Where:

$KPPM_t$  is the maximum amount that the licensee may charge for the provision of a single-rate key prepayment meter in the relevant year t.

$KPPMAV$  means the modern equivalent asset value of a single-rate key prepayment meter and shall take the value of £60.31.

$LK_t$  is the current expected life of a single-rate key prepayment meter and shall take the value of 9.34.

$LKW_t$  is the value of  $LK_t$  rounded down to the nearest integer and shall take the value of 9.00.

$PIT_t$  shall be the value determined in accordance with paragraph 9 of special condition F1 of the Licence.

$AF_t$  is the adjustment factor and shall take the value determined in accordance with part B of special condition F1 of the Licence.

### **Charges for All Other Meter Types**

$$MAPP C_t = \left[ \frac{MEAP_i}{ELA_i} + MEAP_i \times \frac{6.9}{200} + 0.242 \right] \times PIT_t + AF_t$$

Where:

$MAPP C_t$  is the maximum amount that the licensee may charge for the provision of types of meter other than those covered above in the relevant year t.

$MEAP_i$  is the modern equivalent asset purchase price of the meter type i as at 1 June 2003 or the nearest determinable date after 1 June 2003.

$ELA_i$  is the current expected economic life of the meter type i.

$PIT_t$  shall take the value determined in accordance with paragraph 9 of special condition F1 of the Licence.

$AF_t$  is the adjustment factor and shall take the value determined in accordance with part B of special condition F1 of the Licence.

## **2.2 Adjustment Factor $AF_t$**

As at the date of publication of this statement there has been no application by Northern to Ofgem for an adjustment factor ( $AF_t$ ) under special condition F1 of the Licence in respect of the period October 2009 to March 2010.

Accordingly, within this statement, the adjustment factor that will apply from 1 October 2009 to 31 March 2010 will be zero ( $AF_t = £0.00$ ).

## **2.3 Charges for the Provision of Legacy Metering Equipment**

<b>Meter Type</b>	<b>MPAN Per Day (pence)</b>	<b>Annual Charge (£)</b>
Single-phase single-rate credit meter	0.380	£1.39
Multi-rate single-phase credit meter	1.232	£4.50
Single-rate key prepayment meter	3.071	£11.21
Multi-rate key prepayment meter	3.079	£11.24
Radio teleswitched meter	1.969	£7.19
Poly-phase single-rate whole current meter	3.690	£13.47
Poly-phase multi-rate whole current meter	4.808	£17.55
Non-half hourly current transformer meter	5.816	£21.23