



**Northern Powergrid (Northeast) Plc**

**Use of System Charging Methodology**

**Effective from 1 April 2025**

**Version 5.1**

## Version control

Version	Date	Revision Details	Author
5.1	11/03/2025	Update to 1.2 change of address.	Kara Burke
5.0	31/03/2023	Change to amend reference to the Master Registration Agreement (MRA), which has been replaced by the Retail Energy Code (REC). Change to amend section 3.2 to reflect changes to cost recovery implemented by Ofgem's Significant Code Review (SCR).	Kara Burke
4.0	18/12/20	Update to revise the registration details of Northern Powergrid (Northeast) Plc.	Kara Burke
3.0	29/03/19	Update to all sections.	Andrew Enzor
2.2	23/12/16	Change to amend references to company logo and DCUSA web links.	Pat Wormald
2.1	30/01/13	Change to amend references to reflect the move to the common extra-high voltage distribution charging methodology (EDCM) for EHV designated properties for export; and remove reference in Section 5 to Northern Powergrid's methodology for EHV generation, now covered under the EDCM.	Pat Wormald
2.0	24/11/11	Change to amend references to reflect the move to the common extra-high voltage distribution charging methodology (EDCM) for EHV designated demand properties.	Pat Wormald
1.9	26/01/10	Housekeeping change to amend references to reflect the move to the common distribution charging methodology (CDCM) for LV and HV demand and generation customers; the standard licence conditions of the electricity distribution licence; removal of section 6 - Application of use of system charges; and removal of Appendix 1 - Losses methodology.	Pat Wormald / Andy Jenkins
1.8	27/04/07	Updated to reflect revised treatment of operating costs within the unmetered supplies customer group in section 3.2.4.2	Pat Wormald / Andy Jenkins
1.7	20/11/06	Updated to reflect revised EHV migration strategy section 4.3; and to reflect revised contractual arrangements sections 2.4 and 7.	Andy Jenkins
1.6	20/10/06	Updated section 3 - Methodology for calculating general LV and HV demand charges.	Pat Wormald / Andy Jenkins
1.5	01/04/06	Updated to include losses methodology.	Pat Wormald
1.4	22/11/05	Updated to reflect revised EHV migration strategy section 4.3.	Pat Wormald
1.3	30/03/05	Updated to reflect revised EHV migration strategy section 4.3.	Pat Wormald
1.2	18/02/05	Updated to reflect revised EHV migration strategy.	Pat Wormald
1.1	13/01/05	Updated to reflect conditions detailed by Ofgem, namely: reference to special arrangements removed in Principles section 13 & section 4.1; and reference to recovery of rates removed from section 5.1.	Pat Wormald
1.0	26/11/04	UoS Charging Methodology Statement for approval by Ofgem.	Andy Jenkins / Pat Wormald

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## **1 About Northern Powergrid (Northeast) Plc and this statement**

1.1 Northern Powergrid (Northeast) Plc (“we, us”) is a licensed electricity distributor covering the North East of England and North Yorkshire and is part of the Berkshire Hathaway Energy group of companies.

1.2 Enquiries with regard to the application of this statement should be made to:

Use of System Charging Team  
Northern Powergrid  
Riverside House  
Colima Avenue  
Sunderland  
SR5 3XB  
E-mail:- [uos.charges@northernpowergrid.com](mailto:uos.charges@northernpowergrid.com)

1.3 We do not charge for providing copies of the statement where they are downloaded from our website. Where paper copies are required, a fee of £5 will be payable for each copy provided.

## **2 Licence Obligations**

2.1 We have prepared this statement in accordance with the requirements of condition 13 of our electricity distribution licence (“the Licence”) issued under the Electricity Act 1989, as amended by the Utilities Act 2000 (“the Act”). Words and expressions used in this statement have the definitions given to them in the Licence or the Act.

2.2 We are required, by the Licence, to set out in a statement our charging methodology and to review that statement at least once a year. This statement, which has been [approved] by the Gas and Electricity Markets Authority (“the Authority”), satisfies that obligation.

2.3 The Licence also sets out the Relevant Objectives which our use of system charging methodology is designed to achieve, and requires us to review that methodology at least once every year to ensure continuing achievement of those objectives.

2.4 Following any review we must make any necessary changes to the use of system charging methodology to better achieve the Relevant Objectives. However, before a modification can be made, a report must be issued to the Authority setting out the terms of the modification; how the modification better meets the Relevant Objectives; and a timetable and date for implementation of the modification.

2.5 We are regulated by the Authority, which acts through the Office of Gas and Electricity Markets (“Ofgem”). Regulation is applied via the standard and charge restriction (i.e. the price control mechanism) conditions of the Licence. The price control is reviewed periodically and prescribes the amount of revenue that we are allowed to recover from our customer base annually over the price-control period. Use of system charges vary year-on-year as we set our use of system charges to recover our allowed revenue.

2.6 Further documentation relating to our use of system charges is available on our website<sup>1</sup>.

### **3 Use of system and connection charging boundary**

3.1 We will levy use of system charges for use of our Distribution System for the supply of electricity to end users and/or the transportation of electricity across our Distribution System from entry points.

3.2 In order to calculate use of system charges, we apportion the recovery of costs between charges for initial connection to and ongoing charges for use of our Distribution System. For connection applications received prior to 1 April 2023, this apportionment is common for both demand and generation users, with the exception of a cap on the costs associated with the connection of a generator which can be recovered through ongoing charges. For connection applications received on or after 1 April 2023, the apportionment differs between a Demand Connection and a Generation Connection and where a greater proportion of costs may be recovered through ongoing charges in particular for Demand Connections.

3.3 Terms and conditions for the connection of premises, or other electrical systems, to our electricity distribution system, and the apportionment methodology described in paragraph 3.2, are described in our Connection Charging Methodology and statement<sup>2</sup>.

### **4 Contractual framework for the application of use of system charges**

4.1 Only Authorised Electricity Operators (“AEOs”) are entitled to use our Distribution System. We will require evidence of such authorisation before agreeing terms for use of system.

4.2 The Distribution Connection and Use of System Agreement (“the DCUSA”) is a multi-party contract between distributors, suppliers and some large generators. Any party seeking to use our Distribution System will be required, prior to using the Distribution System, to accede to the DCUSA, or enter into a bilateral connection and use of system agreement (“CUSA”) with us setting out the obligations of the parties. The party seeking to use our Distribution System may be required, amongst other things, to:

- pay all and any charges due in respect of use of our Distribution System, as described in our statement of use of system charges and the accompanying schedules;

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<sup>1</sup> [www.northernpowergrid.com](http://www.northernpowergrid.com)

<sup>2</sup> Available to download from <http://www.northernpowergrid.com/document-library/Connections>

- be a party to the Retail Energy Code for the provision of metering point administration services;
  - be a party to the Balancing and Settlement Code;
  - be a party to the Connection and Use of System Code and any necessary supplemental agreement, governing connections to and use of the transmission system, unless we are informed by National Grid that this is not required in any particular case; and
  - comply with the provisions of the Distribution Code as approved from time to time by the Authority.
- 4.3 If, within a reasonable time, we fail to agree contractual terms with any applicant, or any variation of contractual terms proposed by either party, either party may request settlement by Ofgem.
- 4.4 While the terms and conditions in the relevant agreement will be consistent with those in this statement, the terms and conditions of that agreement will take precedence. Where an AEO, having entered into an agreement for use of our Distribution System, ceases for whatever reason to be an AEO, its entitlement to use our Distribution System will cease forthwith. In such circumstances, the former AEO will continue to be liable to us under the agreement until the agreement is terminated. In order to avoid any liability in this regard, and unless agreed otherwise, an AEO wishing to notify a change should give us no less than 28 days' notice. Any notice of a wish to terminate should be in accordance with the terms of the agreement.

## **5 Principles and basis of charges for use of system**

- 5.1 Where a supply of electricity is provided over our Distribution System, a charge for use of our Distribution System will be levied on the supplier of the electricity or the Authorised Distributor concerned. The relevant charges are described in our statement of use of system charges<sup>3</sup> and are payable by reference to the characteristics of the supply, and in accordance with the categories of supply described in the schedules of that statement.
- 5.2 The charges for each category of supply depend upon the criteria that determine eligibility for that category, including the voltage of connection to our Distribution System, the characteristics of the load and the type of metering in place.
- 5.3 The charges for use of our Distribution System reflect:
- the cost of providing, operating and maintaining the Distribution System to the standards prescribed by the Act and the Licence, other than those costs that are recovered through charges payable in respect of connection to our Distribution System; and

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<sup>3</sup> Available to download from <http://www.northernpowergrid.com/document-library/charges>

- the cost of providing services and performing functions for AEOs on terms that we are obliged to offer under the Licence, in order to support the operations of a fully competitive supply market in our Distribution Services Area.
- 5.4 All charges for use of our Distribution System include a reasonable return on the relevant assets.
- 5.5 Charges for use of our Distribution System are evaluated as if from our grid supply points. These charges reflect real electrical flows on the Distribution System and the need to provide adequate capacity at all voltage levels to protect the security of the Distribution System. Charges are applied in respect of the units of electricity measured as leaving our Distribution System at exit points (for demand) or entering our Distribution System at entry points (for generation).
- 5.6 In addition to the tariffs published in our statement of use of system charges, we may also levy transaction charges for certain services provided on an individual basis when requested by licensed suppliers. An indication of these charges is included in our miscellaneous charging statement<sup>4</sup>. However, most charges will be individually quoted. Examples of such charges are:
- post-connection visits to energise, re-energise or de-energise a supply; and
  - disconnection of a premises at the request of a supplier.
- 5.7 In cases where charges for use of our Distribution System include a component relating to the capacity of the supply, that supply will not normally qualify for another level of capacity within a year of either initial connection or a change in the level of capacity. Any capacity used in excess of the agreed level without our agreement will be reflected in billing, but this will in no way whatsoever indicate a right to use our Distribution System at such other level. Charges for use of our Distribution System will be levied with regard both to (i) the system capacity provided to meet the maximum power required as requested by the party seeking use of our Distribution System and (ii) the actual use of our Distribution System in any given period.
- 5.8 Charges/credits to generators for use of our Distribution System will be made in respect of electricity that the generator imports from and exports to the Distribution System.

## **6 Background to charging methodologies**

- 6.1 Charges for low-voltage (LV) and the majority of high-voltage (HV) demand and generation connections are set in accordance with the Common Distribution Charging Methodology (“CDCM”). Charges for some HV and all extra-high-voltage (“EHV”) demand and generation connections are calculated in accordance with the EHV Distribution Charging Methodology (“EDCM”).

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<sup>4</sup> Available to download from <http://www.northernpowergrid.com/document-library/charges/charges-miscellaneous-charges>

- 6.2 Charges are set to recover total allowed revenue. Revenue recovered in accordance with the EDCM is deducted from total allowed revenue to determine the revenue to be recovered in accordance with the CDCM.
- 6.3 Charges calculated in accordance with the CDCM apply to Designated Properties. Designated Properties cover all users connected to our Distribution System at LV and all users connected to our distribution system at HV where the connection is not at an EHV/HV substation.
- 6.4 This section of the methodology is detailed in Schedule 16 of the DCUSA. The models used to carry out the calculations defined in the CDCM are available on our website<sup>5</sup>.
- 6.5 Charges calculated in accordance with the EDCM apply to Designated EHV Properties. Designated EHV Properties cover all users connected to our Distribution System at EHV and all users connected to our Distribution System at HV where the connection is at an EHV/HV substation.
- 6.6 This section of the methodology is detailed in Schedule 18 of the DCUSA.

## **7 Distributed generation network unavailability payments**

- 7.1 The compensation mechanism (the distributed generation network unavailability payment) created by the Authority to make rebate payments for network outages experienced by customers with distributed generation connections will apply as detailed in Schedule 16 of the DCUSA.

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<sup>5</sup> <http://www.northernpowergrid.com/use-of-system-charges>



## Glossary

the Act	The Electricity Act 1989 as amended by the Utilities Act 2000.
Authorised Electricity Operator	A person who is authorised by licence or by exemption under the Act to transmit, supply, distribute or generate electricity.
the 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	The Balancing and Settlement Code sets out the rules and governance arrangements for the balancing mechanism and imbalance settlement processes to ensure that supply and demand for electricity are balanced and that subsequent payments are reconciled.
CDCM	The Common Distribution Charging Methodology.
CUSA	A bilateral agreement between us and another Authorised Distributor or a customer that sets out the terms for the use of our Distribution System.
DCUSA	The Distribution Connection and Use of System Agreement established in compliance with standard licence condition 22 of the Licence.
Demand Connection	A connection which is not a Generation Connection.
Distribution Code	The Distribution Code of the licensed distribution network operators of Great Britain produced in accordance with Condition 21 of the Licence and approved by the Authority to define the technical aspects and planning criteria of the working relationship between the distributor and all those whose premises are connected to its Distribution System.
EDCM	The EHV Distribution Charging Methodology.
EHV	Extra-high-voltage - nominal voltages of 22kV and above.
Generation Connection	<p>A connection to a Premises where the primary purpose of the Premises is wholly or mainly Electricity Generation and/or Electricity Storage. In determining such primary purpose we will consider:</p> <ul style="list-style-type: none"> <li>i. If the Maximum Capacity of the connection of the Premises to the Distribution System for export is greater than the Maximum Capacity for import;</li> <li>ii. If the Premises has a Generation Licence;</li> <li>iii. If the Premises has a Generation Licence Exemption; and/or</li> <li>iv. Any other information we consider relevant.</li> </ul>
HV	High-voltage - nominal voltages of at least 1kV and less than 22kV.

the Licence	The electricity distribution licence granted to Northern Powergrid (Northeast) Limited under Section 6(1) (c) of the Act.
LV	Low-voltage - nominal voltages below 1kV.
Ofgem	The Office of Gas and Electricity Markets, the support office for GEMA.
Retail Energy Code (REC)	A code that consolidates the switching arrangements historically set out in the Master Registration Agreement (MRA) and the Supply Point Administration Agreement (SPAA) (for gas) into one dual-fuel code. Provides a governance mechanism to manage the processes established between electricity suppliers and distribution companies to enable electricity suppliers to transfer customers. It includes terms for the provision of Metering Point Administration Services (MPAS) Registrations.
Transmission system	The high-voltage electricity transmission network in England and Wales.