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**Advanced Electricity Networks Limited**

**Use of System Charging Methodology Statement**

Electricity Distribution Licence: Standard Licence Condition 13

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## 1.0 Introduction

### 1.1 Advanced Electricity Networks Limited Distribution Business

Advanced Electricity Networks Limited is an Independent Distribution Network Operator (IDNO) licensed by the Office of Gas and Electricity Markets (Ofgem) to design, build, adopt, operate and maintain electricity distribution systems in Great Britain.

We can be contacted by: -

- Writing to the following address: -  
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- Emailing [enquiries@advancedelectricitynetworks.co.uk](mailto:enquiries@advancedelectricitynetworks.co.uk).
- Our website is [www.advancedelectricitynetworks.co.uk](http://www.advancedelectricitynetworks.co.uk)

### 1.2 Purpose of this Statement

This Use of System (UoS) Charging Methodology Statement describes the methodology that Advanced Electricity Networks Limited uses to set charges for Customers connected to our electricity Distribution Systems.

### 1.3 Advanced Electricity Networks Limited Licence Obligations

Under Condition 13 of its Ofgem IDNO license, Advanced Electricity Networks Limited must prepare a UoS Charging Methodology setting out the methodology upon which charges will be made for the use of our electricity Distribution Systems.

This requires that AEN:

- At all times have in force a Use of System Charging Methodology which the Authority has approved on the basis that it achieves the Relevant Objectives
- Comply with the Charging Methodology as modified from time to time
- Review the methodology at least once every year

- Make such modifications (if any) of the methodology as are necessary for the purpose of better achieving the Relevant Objectives

We must always comply with this UoS Charging Methodology unless given consent from Ofgem. We are required to produce a statement - this UoS Charging Methodology Statement – setting out our UoS Charging Methodology and ensure it is given adequate publicity.

The UoS Charging Methodology Statement must be always available in a form approved by Ofgem. We are required to review our UoS Charging Methodology Statement annually to ensure that it continues to facilitate the Relevant Objectives set out in Standard Licence Condition 13.

The Relevant Objectives of this Charging Methodology are: -

- That compliance with the UoS Charging Methodology facilitates the discharge by Advanced Electricity Networks Limited of the obligations imposed on it under the Electricity Act 1989, as amended by the Utilities Act 2000, and by our Electricity Distribution licence.
- That compliance with the UoS 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.
- That compliance with the UoS Charging Methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs) the costs incurred by us in our Distribution Business.
- That as far as is reasonably practicable, properly takes account of developments in the licensee's Distribution Business

## 2.0 Charging Methodology

This section contains the methodology used by Advanced Electricity Networks Limited to determine the UoS charges for sites and distributions systems connected to Advanced Electricity Networks Limited Electricity Distribution Systems.

For both domestic and non-domestic customers, wherever possible, AEN will use a charging methodology set out to replicate the Host Distribution Network Operator (DNO) Use of System tariffs in the areas which we have connections.

Sometimes this is not possible and so a fuller explanation is provided below. The methodology differentiates between those properties connected at Low Voltage (LV) or High Voltage (HV) and those connected at Extra High Voltage (EHV).

### 2.1 Definition of LV, HV and EHV

**LV and HV Properties definition: -**

For the definition of LV and HV Properties, please refer to the definition given in Condition 13A.6 of the Electricity Distribution License Standard Conditions.

## **EHV properties definition: -**

For the definition of EHV Properties, please refer to the definition given in Condition 13B.6 of the Electricity Distribution License Standard Conditions.

## **2.2 Methodology to determine UoS charges for Import to LV and HV Properties**

For demand customers supplied through our network at LV or HV and which fall within the scope of a generic tariff published by the Distribution Services Provider in the Host DNO Area, our applicable use of system tariff is the same as the published tariff that would apply to an equivalent customer supplied by the Distribution Services Provider in the Host DNO Area.

At the time of preparing this statement the method used by Distribution Services Providers to determine the relevant use of system tariffs is called the Common Distribution Charging Methodology (CDCM).

## **2.3 Methodology to determine UoS charges for Export from LV and HV Properties**

For export customers connected to our network at LV or HV and which fall within the scope of a generic tariff published by the Distribution Services Provider in the Host DNO Area, our applicable use of system tariff is the same as the published tariff that would apply to an equivalent customer supplied by the Distribution Services Provider in the Host DNO Area. At the time of preparing this statement, the method used by Distribution Services Providers to determine the relevant use of system tariffs is called the Common Distribution Charging Methodology (CDCM).

## **2.4 Methodology to determine UoS charges for Import and Export from EHV Properties**

Where an EHV property is connected to AEN's network and the host DNO publishes an All The Way (ATW) import or export DUoS tariff then AEN will apply this tariff. An ATW tariff is defined as the tariff that would apply if the customer was connected directly to the host DNOs network.

Where AEN is not able to set an import or export tariff for an EHV property in accordance with the paragraph above, or where the tariff would not allow AEN to recover all reasonable costs associated with providing the network to the customer, AEN will calculate the DUoS tariff that applies as the sum of:

- The boundary tariff levied by the host DNO at the boundary with the AEN Electricity network in respect of the EHV property; and
- All reasonable costs associated with the fulfilment of AEN's obligation to provide a safe and secure network between the host DNO and the EHV property, and a reasonable rate of return on the assets deemed to be used by the customer (rate of return will be set to equal the pre-tax real Weighted Average Cost of Capital of the Advanced Electricity Networks business, in accordance with a prior [enduring] decision by Ofgem). This will include an allocation of direct and indirect costs, network rates, transmission exit charges, and depreciation.

Where an EHV property is connected to a distribution system that is connected to an AEN network, AEN will determine a boundary equivalent price that applies at the boundary between the AEN network and the distribution system to which the customer is connected. The boundary equivalent price will be calculated based on the principles set out in the paragraphs above.

### **3.0 Loss Adjustment Factors**

Where Advanced Electricity Networks Limited network connects to the transmission system via the networks of other licensed distributors operating within the same Grid Supply Point group, the loss adjustment factors for connections other than EHV will be replicated to those of the Host DNO.

For EHV properties, AEN will apply the host DNO generic line loss factors where these are published. Where these are not published, or AEN does not believe that the generic losses are a good approximation for the actual losses appropriate for an EHV property, AEN will calculate site specific losses for the site.

In calculating the Advanced Electricity Networks Limited component of the EHV site specific loss adjustment factors, Advanced Electricity Networks Limited will adopt the methodology principles used by the Host DNO for each distribution services area in which Advanced Electricity Networks Limited operates.

### **4.0 Distribution Use of System Charges**

Advanced Electricity Networks Limited UoS charges are published in a separate SLC14 Statement which can be found on our website:- [www.advancedelectricitynetworks.co.uk](http://www.advancedelectricitynetworks.co.uk)

## Appendix 1 – Glossary

1.1 The following definitions, which can extend to grammatical variations and cognate expressions are included to aid the understanding:-

Term	Definition
Customer	<p>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.</p> <p style="text-align: center;">Or</p> <p>A person from whom a User purchases, or proposes to purchase, electricity, at an entry point (who may from time to time be supplied with electricity as a Customer of that User (or another electricity supplier) through an exit point).</p>
Distribution Network operator (DNO)	<p>An electricity distributor that operates one of the 14 distribution services areas and in whose electricity distribution licence the requirements of Section B of the standard conditions of that licence have effect.</p>
Distribution System	<p>The system consisting of (wholly or mainly) electric lines owned or operated by an authorised distributor that is used for the distribution of electricity from:</p> <ul style="list-style-type: none"> <li>• Grid Supply Points or generation sets or other entry Points</li> </ul> <p style="text-align: center;">to the points of delivery to:</p> <ul style="list-style-type: none"> <li>• Customers or Users or any transmission licensee in its capacity as operator of that licensee’s transmission system or the Great Britain (GB) transmission system and includes any remote transmission assets (owned by a transmission licensee within England and Wales)</li> </ul> <p>that are operated by that authorised distributor and any electrical plant, electricity meters, and metering equipment owned or operated by it in connection with the distribution of electricity but does not include any part of the GB transmission system.</p>

<b>Term</b>	<b>Definition</b>
Electricity Distribution Licence	The Electricity Distribution Licence granted or treated as granted pursuant to section 6(1) of the Electricity Act 1989.
Electricity Distributor	Any person who is authorised by an Electricity Distribution Licence to distribute electricity.
High Voltage (HV)	Nominal voltages of at least 1kV and less than 22kV.
kV	Kilovolt.
Low Voltage (LV)	Nominal voltages below 1kV.
Regulation	Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast)
Use of System Charges	Charges which are applicable to those parties which use the Distribution System.