



FULCRUM ELECTRICITY ASSETS LIMITED

USE OF CHARGING METHODOLOGY STATEMENT

EFFECTIVE FROM 1ST DECEMBER 2017

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Regarding this Statement

Fulcrum Electricity Assets Limited (FEAL) is an authorised Electricity Distribution Licence Holder (“the Licence”) granted pursuant to section 6(1)(c) of the Electricity Act 1989.

This statement is produced in accordance with Standard Licence Condition 13 of (FEAL) licence and its intent is to describe the methodology that FEAL will use to set its charges for customers connected to its Electrical Distribution System

For any intent or meaning of this statement please refer to FEAL Licence conditions granted under the Electricity Act 1989

This Statement has been approved by the Gas and Electric Markets Authority

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1. Introduction

This statement tells you about our Charging Methodology for our Use of System Charges. It has been prepared consistent with Standard Licence Condition 13 of our Electricity Distribution Licence. The main purpose of this statement is to provide you with the basis of our charging methodology for our Use of System Charges. FEAL are obliged under Licence Condition 13 paragraph 1(a) to prepare this statement approved by the authority, setting out the methodology which will be levied for the provision of Use of System.

2. Statement Objectives

This statement is set out with the objectives that Fulcrum Electricity Assets Limited (FEAL) shall comply with the obligations set out under Standard Licence Condition 13 and as listed as follows

- a) Compliance with the use of system charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence.
- b) Compliance with the use of system 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.
- c) Compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by the licensee in its distribution business.
- d) That, so far as is consistent with sub-paragraphs a), b) and c), the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.

3. Charging Methodology

FEAL charging methodology for Domestic Customers is set out to replicate the Host DNO Use of System tariffs in the areas that Fulcrum Electricity Assets Ltd shall operate in.

FEAL charging methodology for non-domestic, half hourly and generation customers who export their capacity is set out to replicate the Host DNO Use of System tariffs in the areas that Fulcrum Electricity Assets Ltd shall operate in.

To determine any site-specific use of system tariffs, we will examine practical ways of extending the methodologies and models used by the host DNO area to suit the particular circumstances. Wherever appropriate, we will do so by using an extension of the CDCM or EDCM models of the host DNO, modifying the assumptions in these models so as to reflect the circumstances of our Customer.

4. Loss Adjustment Factors.

FEAL's networks will indirectly connect to the transmission system via the host DNO networks GSP group. FEAL shall replicate the loss adjustment factors to match the host DNO for new LV & HV connections. FEAL shall adopt host DNO methodologies for LAF connections at EHV and shall be calculated on a site by site basis. These are obtained from LAF models and published standard loss adjustment factors, as submitted to Elexon and published on their web site. <https://www.elexon.co.uk/operations-settlement/losses/>

5. Regulation of Charging Arrangement

FEAL are subject to price control under our standard licence condition BA2-2. Therefore for all geographical areas FEAL own, operate and manage distribution networks the following applies;

“The licensee must set those Use of System Charges so that, except with the Authority’s consent, the standing charge, unit rate, and any other component of the charges does not exceed the Use of System Charges to equivalent Domestic Customers (“the equivalent charges”).”