



**Consultation on:**

**Payment Terms Policy for  
Distributed Generation and Metered Connection  
Applications**

**Consultation Period**

Opens from: 30<sup>th</sup> September 2015  
Closes on: 11<sup>th</sup> November 2015



## Payment Terms Policy - Consultation

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### SP Energy Networks

SP Energy Networks provide power on behalf of supply companies through a network of cables and power lines that we own, operate and maintain. We're dedicated to delivering a safe and reliable electricity supply to all of our customers 24 hours a day, every day of the year.

Another important part of our business is providing customers with new or upgraded connections to our network.

### Our “Looking Forward” Work Plan

In May 2015, we published Our “Looking Forward” Work Plan setting out what we intend to do over the next year to deliver an improved service for our distributed generation (DG), metered and unmetered stakeholders and customers. In May 2016 we will report back on how we have delivered against the activities contained within our Work Plans.

The key purpose of our stakeholder engagement is to help understand issues and solve problems such that we can deliver better quality services to our customers, and to network users. We do this by engaging with a broad and inclusive range of stakeholders using a variety of approaches throughout the year.

Our connections stakeholders include a wide range of customers (e.g. large demand customers, small generation and domestic customers, alternative connection providers), trade bodies and associations, local authorities, developers, contractors, government bodies and other industry stakeholders.

### **This Work Plan of activities seeks to deliver SPEN’s high level Connections strategy, which is to;**

- provide quicker connections by reducing the time taken to provide a connection offer and the time taken to deliver a connection (Time)
- increase the overall efficiency of the process and deliver cheaper connections (Cost)
- improve our communication with our stakeholders, increase flexibility and facilitate a competitive market (Satisfaction).

A full copy of the Work Plan can be accessed via the following link:

[http://www.spenergynetworks.co.uk/userfiles/file/ICE\\_V12\\_03June2015.pdf](http://www.spenergynetworks.co.uk/userfiles/file/ICE_V12_03June2015.pdf)

**Our Distributed Generation and Metered Work Plans list our intention to consult with you on our Payment Terms policy to ensure that it remains fit for purpose.**

## Our Payment Terms Policy

Our Payment Terms Policy is set out in our Statement of Methodology and Charges for Connection, available on our website at:

[http://www.scottishpower.com/pages/connections\\_use\\_of\\_system\\_and\\_metering\\_services.asp](http://www.scottishpower.com/pages/connections_use_of_system_and_metering_services.asp)

In detail:

Any accepted connection offer with a construction period greater than 12 months will automatically be eligible to have milestone payments with the initial payment due upon acceptance being no less than £25k (subject to the project maintaining a positive cash and committed expenditure position). The remainder of the milestone payments will be in line with the agreed activity milestones for the project and ensure that a cash positive position is maintained at all times.

The number of milestone payments will be dependent upon the specifics of each project, taking into account, for example, its duration and the number and timing of tenders/key segments of the works.

Where the value of the accepted connection offer is less than £150k the number of milestone payments will be limited to no more than 3.

Any accepted connection offer with a construction period of 12 months or less will require full payment upon acceptance.

## Our Questions to you ...

**We would welcome your comments on the following key elements of our Payment Terms Policy:**

- (1) *Do you agree that offering terms only to connections with a construction period of greater than 12 months is appropriate? If not, what do you think an appropriate term would be?*
- (2) *Is the £25k payment with acceptance set at the right level? If not, what do you think it should be?*
- (3) *Do you believe it is appropriate for SPEN to offer reduced payment terms for particular project types, e.g. community schemes?*
- (4) *Should the initial payment with acceptance be reduced, do you:*
  - a. *Foresee any negative consequences (e.g. such a change could potentially result in increased examples of capacity (import and/or export) being reserved)? and*
  - b. *To counter any negative consequences identified in 3a), would you support the introduction of a stricter milestone regime which removed all capacity rights after a stipulated timeframe in circumstances where a project did not progress to construction? Could this be achieved without necessarily terminating the connection construction agreement?*
- (5) *Do you have any further comments?*

To enable you to provide us with your response please click on [Feedback Form](#) and provide your comments.

**THANK YOU**