

1 Legal Text

Proposed revised legal text:

Add New Definition (this is covered by a separate modification proposal, CMP338).

"Cost Adjustment" a payment whose value and timing has been approved by the Authority and which is made by a Licensed Distribution Network Operator as a contribution to the cost of an infrastructure investment made by a different Licensed Distribution Network Operator or Licensed Transmission Owner that recognises the shared value to the different parties.

Modify Elements of CUSC Section 14

14.15.75 AC sub-sea cable and HVDC circuit expansion factors are calculated on a case by case basis using actual project costs (Specific Circuit Expansion Factors) net of any Cost Adjustment.

14.15.76 For Calculation of HVDC circuit expansion factors, and AC sub-sea circuit expansion factors, shall include only: the cost of the converters (where applicable); and the cost of the cable; and a percentage of the total overhead project costs, defined as the combined costs of the cables and converters (as relevant) divided by the total capital cost of the project minus a percentage of the Cost Adjustment, defined as the combined costs of the cables, converters (as relevant) and appropriate overhead costs, as calculated above, all divided by the total capital cost of the project.

Text Commentary

This wording implements the worked example of the charging approved by the Authority in the decision. Currently the expansion factors are calculated from:

Cost of Converters (CC) + Cost of the Cables, if applicable (CCb) + X% of Total Overhead Costs where X% equals $(CC + CCb) / \text{total project costs}$.

The contribution is to be applied as minus Y% of the Cost Adjustment where $Y\% = (CC + CCb + X\% \text{ of Total Overheads}) / \text{total project costs}$.