



Department
of Energy &
Climate Change

Government Response

Consultation on revision of fees payable for applications
under Section 37 of the Electricity Act 1989

March 2013

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Introduction

- 1.1 Fees payable to the Government for applications under Section 37 of the Electricity Act 1989 have not been revised since the Act was implemented in 1990, when the level of fees was set at £50 by the Electricity (Applications for Consent) Regulations 1990 (Statutory Instrument 1990/455) regulation 11, which represented an administrative charge. This consultation proposed an increase to the fees payable to Government to better reflect the cost of processing applications for development consent of overhead lines.
- 1.2 The Consultation opened on 18 October 2012 and closed on 28 November 2012. We received five responses from network operators. We did not receive any responses from individuals. As part of the consultation, we held a Stakeholder Event on 12 November 2012 to describe the proposals and give participants more information on them in response to questions. The event was attended by 27 people, including representatives of developers and NGOs.
- 1.3 All the respondents supported a revision to the fees in principle. One respondent commented on the level of fees proposed for new electric lines of 275kV and 400kV, which were considered to be too high for the potential resources used by DECC.
- 1.4 In light of the responses received we have re-visited the costs associated with Section 37 applications and have produced a revised level of fees as set out below. It was also suggested, by HM Treasury (HMT), that we should consider moving directly to “full cost recovery” of the cost of all resources in considering applications. However we considered that fixed fees for categories of service pose the simplest, most cost-effective revision to fees. This will provide certainty to developers on the fee levels for budgetary purposes, substantially increase DECC receipts from this work and avoid DECC incurring additional resource costs that would be associated with “full cost recovery”.

The Responses

Question One: Do you consider that the proposed fixed fee by category of service represents a reasonable approach to the revision of fees for applications for consent under s.37 of the Electricity Act 1989?

- 1.5 The majority of respondents answering this question were in agreement with the Government's suggestion in that it proposed a reasonable approach to the revision of fees.
- 1.6 One respondent commented that the proposed fee structure appears to place disproportionately high costs on 275kV/400kV projects made under Section 37 of the Electricity Act 1989 and did not reflect that more complex applications were likely to be submitted under the Planning Act 2008. The respondent therefore considered, that the fee proposed for new 275kV and 400kV projects was excessive.

The Government's response:

- 1.7 In light of the responses received, we have revised the proposed levels of fees by decreasing the proposed fee for a request for Environmental Impact Assessment (EIA) determination from £400 to £60 and removing the separate category for new 275kV or 400kV lines, with a revised fee level of £700 for applications for work to both new and existing lines, an effective reduction for this category of £19,300. This will, we estimate, affect very few applications annually. We have also revised the additional fee for examining an Environmental Statement (ES) accompanying a project requiring an Environment Impact Assessment (EIA development) downwards from £1,000 to £375 to meet HMT requirements. The proposed fees for lines of 132kV or less remains unchanged.

- 1.8 The revised fees are as follows:

"Category of Service	Revised Fee	Consultation Proposal
Application for work to an overhead line of 132kV or less nominal capacity -	£200	£200
Application for work to an overhead line of greater than 132kV nominal capacity -	£700	£4,000/£20,000
Application for EIA determination	£60	£400
Examination of an ES accompanying an application	£375	£1,000

- 1.9 The change in fees represents a move towards the Governments policy that services should be charged on a full cost recovery basis and that the revised structure of fees is a move in the right direction to achieving this.

Question Two: Do you consider that the number of applications for consent under s.37 of the Electricity Act 1989 may be reduced if fees are increased?

- 1.10 None of the Respondents felt that the change to fees would result in a change of the number applications being brought forward for new connections to developments or network reinforcements as the basis for making an application is driven by the needs of the network and customers.

The Government's response:

- 1.11 The Government considers that the change to fees will not result in any reduction of applications being brought forward. Responses to the consultation confirmed this.

CONSULTATION RESPONDENTS

- National Grid
- Northern Powergrid
- Southern Electric Power Distribution plc
- UK Power Networks
- Western Power Distribution

