

Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ

Lesley Nugent
Senior Manager, Transmission Enforcement
The Office of Gas and Electricity Markets
70 West Regent Street
Glasgow G2 2QZ

Tel: 01738 456107
Fax: 01738 456415

15 April 2009

Dear Lesley

Derogations to facilitate earlier connection of generation – proposed interim approach

Scottish and Southern Energy (SSE) supports the “minded to” position set out in Ofgem’s letter of 19 March 2009 in relation to decisions about derogations from the GB Security and Quality of Supply Standard (SQSS) to facilitate the earlier connection of generation to the transmission system and distribution networks in GB.

SSE has long been of the view that uncertainty over the timing of grid access is one of the key barriers to investment in new generation in GB. Ofgem’s “minded to” position, if implemented, would result in a significant improvement in the current arrangements and, hence, is most welcome. Timely decisions over derogation requests from the transmission licensees will provide certainty that, where it is possible to grant a derogation, new generation users will not be delayed while they wait for reinforcement of the grid. We expect that National Grid, as GB System Operator, will extend its principles of GB Queue Management to ensure that transmission capacity made available as a result of GB SQSS derogations is allocated to those generation users that are most ready, willing and able to use it.

We have written separately to Ofgem on the question of how best to manage and recover the costs of constraints from customers, suppliers and generators. We agree that this issue should be considered separate and distinct from the “minded to” position set out in the 19 March open letter.

Finally, we note Ofgem's further letter of 30 March 2009 that considers the implications for distributed generation. Again, we support and welcome Ofgem's position, which is consistent with the approach already adopted by many Distribution Network Owners (DNOs) including Scottish Hydro Electric Power Distribution and Southern Electric Power Distribution. This position accords with the Working Group Alternative Amendment 1 (WGAA1) put forward by DNOs in response to CUSC Amendment Proposal 167 (Definition of a threshold(s) associated with a request for a Statement of Works).

I hope these comments are helpful. Please do not hesitate to get in touch if you want to discuss our response further.

Yours sincerely,

Aileen McLeod
Regulation Analyst