

Alastair Owen
Senior Manager
Ofgem
10 South Colonnade
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E14 4PU

14 May 2021

Dear Alastair,

Consultation on licence amendments to facilitate the introduction of an Electricity System Restoration Standard

Scottish Hydro Electric Transmission (SSEN Transmission), as the Transmission Owner in the North of Scotland, recognises its significant role in ensuring that an Electricity System Restoration event is managed to ensure the quickest possible restoration times. This minimises the effect on the UK and will reduce the costs of such an event substantially. Both UK and Scottish governments have indicated the desire to ensure that the Transmission and Distribution businesses have a managed process in place to support this. Whilst the Electricity System Operator (ESO) is ultimately responsible for security of supply and to manage the overall approach to Electricity System Restoration, we will assist and contribute wherever possible. In addition, the ESO is developing a market-based approach to procuring services for Black Start and we are committed to working with the ESO to develop a solution which works for the industry.

SSEN Transmission acknowledges its role in the restoration of electricity supplies in the event of a National Electricity Transmission System ("NETS") failure, which is demonstrated via our RIIO-T2 Business Plan and we welcome the funding to allow us to analyse the challenges of deploying Black Start response technology and assure that its fit for purpose based on SSEN Transmission and GB network requirements.

SSEN Transmission, along with other industry participants, has been contributing in the working group established to develop the new restoration standard. Given the speed of change within the Industry and the continued focus towards net zero targets, it's imperative that a decision is made on an appropriate restoration standard. It's essential that any restoration standard takes into account the industry's ability to achieve the new standard with the continued closure of thermal generation plants.

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We would therefore encourage Ofgem and Government to consult openly and transparently with as wide a range of stakeholders as possible in setting the ESRS, ensuring a full cost benefit analysis and impact assessment to inform the options. Throughout our engagement with our stakeholders, network reliability and security of supply are consistently ranked as their number one priority. It is therefore essential that stakeholders' views are fully considered in the development of the ESRS.

Generally, we are supportive of the proposed licence modifications to facilitate the introduction of an ESRS and to further align the regulatory framework for procurement of restoration services with that of balancing services. The Appendix sets out our responses to the six specific questions in the Consultation Document.

If you have any questions regarding any of the information within this consultation response, please do not hesitate to get in touch.

Your sincerely,

Sam Torrance
Transmission Regulation Manager

Appendix – Responses to Specific Consultation Questions

Question 1: Do you agree that we should modify the ESO's licences to allow the BEIS SoS to set an obligation on the ESO to comply with an ESRS?

Yes, SSEN Transmission agrees that Ofgem should modify the ESO's licence to allow the BEIS SoS to set an obligation on the ESO to comply with an ESRS. We fundamentally agree that it is essential to restore electricity supplies as quickly as possible in the event of a NETS failure. The key question is how quick should this restoration time be and how much investment is made in doing so? We would encourage Ofgem and Government to consult openly and transparently with as wide a range of stakeholders as possible in setting the ESRS, ensuring a full cost benefit analysis and impact assessment to inform the options.

Question 2: Do you agree that SpC 2.2 should focus primarily on obligations to implement the ESRS and obligations to demonstrate the ESO's compliance with it?

Yes, SSEN Transmission agrees that SpC 2.2 should focus primarily on obligations to implement the ESRS and obligations to demonstrate the ESO's compliance with the ESRS.

Question 3: Do you agree with integrating the approach to regulating restoration services procurement into the StC C16 obligations?

Generally, we agree with integrating the approach to regulating restoration services procurement into the StC C16 obligations. However, we would welcome further detail on how this will be implemented in practice. It's essential that any restoration services procurement is in the interests of the consumer, the speed of restoring electricity supplies in the event of a NETS failure is key and the introduction of competition in this area could be detrimental. It is essential that any form of competition tendering ensures that any third party participating in this is held to the same standards as licensed industry parties.

Question 4: Do you agree that the proposed assurance framework (including the independent assessment) is proportionate and will provide sufficient confidence that the ESO will be able to meet the ESRS?

Yes, SSEN Transmission agrees that the proposed assurance framework (inc. independent assessment) is proportionate and will provide sufficient confidence that the ESO will be able to meet the ESRS.

Question 5: Does replacing the term "black start" with "Electricity System Restoration" in the licence conditions have any implications for industry codes or other GB governance documentation? Please explain.

It is essential that all documents relating to the current black start strategy will need to be reviewed. There is a significant number of documents which are currently in place, so it is essential that a thorough review of all related documentation is reviewed and updated to avoid any unintended implications as a result of the change.

Question 6: Do you have any comments or suggestions on the proposed licence text modifications?

We have no further comments or suggestions directly related to the proposed licence text modifications. As per our comments in the covering letter, we strongly support the need for a review in this area to ensure the electricity system restoration standards are fit for purpose in a fast-evolving electricity industry. It is important that a decision is made quickly on the new ESRS and that this is fit for purpose for a future net zero electricity industry.

We do have one further comment regarding an additional licence modification which we believe is necessary in the TOs Special Licence Conditions. In line with the wider intention of the consultation document to replace the term “black start” with “Electricity System Restoration”, Special Licence Condition 3.14 “Medium Sized Investment Projects Reopener and Price Control Deliverable (MSIPREt)” refers to “Black Start” within paragraph 3.14.6 outlining the scope of MSIP. Therefore, we suggest that this should also be updated to refer to “Electricity System Restoration Standard” as prescribed by BEIS. This further demonstrates the point we made in response to question 5, that it is essential that a thorough and proper review of all documentation relating to the current black start strategy is reviewed and updated to avoid any unintended implications as a result of the change.