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Dear Alastair,

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

This response to the statutory consultation dated 2nd July 2021 is on behalf of SSE Generation¹ and builds upon our response to the previous consultation (the response dated 14th May 2021).

We broadly concur with the latest licence changes being proposed and would like to thank Ofgem for taking on-board many of our suggested changes and points of clarification set out in our 14th May letter.

We also welcome the further clarification provided by Ofgem that, in accordance with the statement from BEIS in April, parties will not be commercially disadvantaged if they are restoration service providers and that market-based procedures will be used by the ESO when procuring these restoration services.

Furthermore, we fully agree with Ofgem when it states (on page 6) that *"We expect the ESO to drive forward progress"* with this very important Electricity System Restoration Standard work and we welcome Ofgem going on to say that *"We will be closely monitoring progression during the implementation period..."*.

With this in mind, we would wish, in particular, to focus on the point made on page 7 of your letter, namely:
"We [Ofgem] expect other parties to fulfil any obligations that are subsequently developed through modifications to industry codes."

In our 14th May response we set out our serious concerns as to the timing of the proposed timetable for the delivery of the codified (and thus contractual) obligations that restoration service providers will be held to in terms of the time those providers will need in order for them to perform the eight steps (see below) to meet the 31st December 2026 deadline set by the Secretary of State back in April this year.

We summarised these steps in the following terms:

"It is vital that Ofgem and NGESO do not underestimate the time needed for restoration service providers, such as generators, to carry out the following activities:

- (i) design an on-site solution to that Grid Code approved obligation;*
- (ii) identify costed solutions;*

¹ SSE Generation represents the two business units within SSE Group that develop, own and operate licensed generation assets, SSE Renewables and SSE Thermal.

- (iii) seek and obtain the necessary planning permission(s) and associated other permits etc.;*
- (iv) enter into a contract with NGESO to be a restoration service provider;*
- (v) procure;*
- (vi) construct;*
- (vii) commission; and*
- (viii) train the necessary staff (as well as possibly recruit more staff).*

The longer it takes to confirm the framework, the greater the risk that steps (i)-(viii) outlined above are not completed by all restoration service providers in time for the 31st December 2026, the absolute deadline set by the Secretary of State."

SSE was very disappointed to learn via discussion at last Thursday's E3C's Electricity Task Group (ETG) meeting, that the ESO only last week confirmed the appointment of a manager for its Electricity System Restoration Standard work and that this manager has yet to start the recruitment of their staff.

This stands in stark contrast with the paper present by BEIS, at that same ETG meeting last Thursday, which stated that the:

"ESO are beginning work from June 2021 to establish industry working groups. These will be used to develop Code Modifications and services that will enable compliance with the ESRS."

For the avoidance of doubt, we have seen no evidence whatsoever of this initiating work having been commenced by the ESO, in June or July (despite our active participation in many industry groupings including, in particular, those associated with the Grid Code and CUSC where the codification of the Electricity System Restoration Standard obligations on restoration service providers is expected to primarily reside).

There are 69 months, from the 1st April 2021, when BEIS and Ofgem formally embarked upon the Electricity System Restoration Standard work (although it had been in detailed development by both organizations, alongside the ESO and stakeholders, for some 18 months or so before that date) till 31st December 2026.

Whilst there has been some welcome progress on the part of Ofgem, as at today's date four months (or a little shy of 6%) of the available time has elapsed with nothing to show in terms of what are the obligations from the ESO that restoration service providers are expected to meet. It is, therefore, not yet possible for restoration service providers to commence work on step one of the eight necessary steps (i-viii) we identified in our 14th May letter.

We had hoped that the codification process for restoration service providers would be concluded by the ESO and be decided upon by Ofgem by the end of December 2021 at the very latest (meaning that just over 13% of the total available time would have elapsed). However, in light of the slower than expected progress noted above, we fear that it may until late spring/early summer of 2022 before this critical task is completed by the ESO – this would mean in excess of 20% of the total available time had elapsed before work on the vital and necessary steps (i-viii) could then commence.

With this in mind, we would urge Ofgem to impress upon the ESO the absolute need to compete the codification of contractual obligations for restoration service providers over the course of 2021, to minimise any risk that the deadline of 31st December 2026 is not met.

We hope you find these comments of help with your deliberations and we look forward to your response in due course.

Yours sincerely,

Polina Ruthven

Regulation Manager – Generation and Wholesale Markets