

Alastair Owen
Senior Manager
Ofgem
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E14 4PU

30 July 2021

Dear Alastair,

Statutory 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, welcome the Ofgem consultation on the proposed amendments to the licence conditions that will facilitate the introduction of an Electricity System Restoration Standard.

Following a further review since the initial consultation in May 2021, SSEN Transmission generally support further alignment with the regulatory framework for restoration services as see the proposed amendments as a positive move towards future investments.

We agree that the proposed amendments to the Standard Condition ("StC") C1 and C16 of the Electricity Transmission Licence and SpC 1.1 and 3.14 Scottish Hydro Electric Transmission ("SHET") plc's Electricity Transmission licence are proportionate and sufficient. However, it is worth noting that there are two points of concern that we have in relation to the proposed amendments:

We are not fully aware of what the ESO is going to suggest is needed in order to meet the ESRS, and, what impacts this will have on the network companies:

- **Expenditure vs Allowances** – As noted above, we agree with the proposed amendments to Special Condition 3.14.6(e) of SSEN Transmission's electricity transmission licence. Following publication of BEIS Policy Statement and subsequent statutory consultation by Ofgem, we would anticipate making use of the Medium Sized Investment Projects (MSIP) Re-opener.
- In the interests of delivering an efficient, agile, and proportionate approach to decision making we would ask Ofgem to ensure that any assessment of an MSIP application be focussed on assessing efficient cost only, where need is clearly established. In this example where a Transmission Owner has demonstrated an Electricity System Restoration Project is required following establishment of an Electricity System Restoration Standard.
- Adopting this approach will provide transmission owners with confidence to progress with Electricity System Restoration Project(s) as and when required and without delay. This is particularly important where Electricity System Restoration Projects do not breach the MSIP threshold (i.e. a lack of certainty on the 'need' of a particular project could lead to a delay in implement the Electricity System Restoration Standard).

- **Timescales** – There is already a tight programme to deliver within RIIO-T2 and there are concerns around the timescales in when we are expected to be compliant with the new ESRS.
- Linked to our previous response on the 14th of May 2021, 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 it's fit for purpose based on SSEN Transmission and GB network requirements.
- It should be noted that this is likely to require considerable additional resources, which we would welcome further engagement with Ofgem to further discuss what timeframe may look like. Realistically, this will not be achievable by the end of RIIO-T2, and more likely to be towards the end of RIIO-T3 before there is full compliance with the new ESRS.

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

Yours sincerely

Nicki Reed
Transmission Regulation Analyst