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ESO Regulation
Ofgem
10 South Colonnade
London
E14 4PU

10 May 2024

Dear Adam,

Response to the Call for input: ESO incentives BP2 – Mid-scheme assessment

We are pleased to enclose a response from SSEN Transmission¹ to Ofgem's call for input on the performance of the Electricity System Operator (ESO) between April 2023 and April 2024, based on its Business Plan 2 (BP2) aims. SSEN Transmission is the onshore transmission owner (TO) for the North of Scotland, and we welcome the opportunity to provide feedback on the ESO performance.

Across multiple areas of SSEN Transmission we have a constructive and collaborative working relationship with the ESO. The ESO continues to demonstrate positive results in the work it does in many areas. Over the course of the last year, we have seen a substantial rise in engagement with the ESO, of which we are very supportive and would encourage the ESO to continue.

As the energy system rapidly transforms to decarbonise the economy and reach Net Zero, the knowledge, experience, and skills necessary to support the transformation of the transmission network will prove crucial. Areas such as offshore planning, pathfinders, early competition, connections queue, offers, market reform and charging will require these skillsets. We believe many of these necessary skills are found in industry bodies, and particularly the TOs.

In our response, we have highlighted some areas where we would encourage the ESO to increase engagement with TOs and industry bodies, thereby utilising the expertise which we stand ready to offer. Given the national importance of effective network development and secure operation of the transmission network, we believe it is also important to highlight areas where the ESO can continue to improve. We hope that this feedback can be used constructively to enable the ESO to focus on its strategic priority – managing and mitigating system risk arising from the energy transition (decarbonisation) to maintain security of supply.

Role 1: Control Centre Operations

We believe the level of engagement with the ESO on control centre operations has been generally positive. We have noted areas where the ESO has provided support and identified areas where ESO engagement could be improved. This includes our views on the ESOs approach to outage planning, the Electricity Network Asset Management System (eNAMS) process and the Network Access Policy (NAP).

¹ References to SSEN Transmission encompass the licenced entity Scottish Hydro Electric Transmission Plc., Registered in Scotland No. SC213461.

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The ESO has shown its support through organising and participating in stakeholder meetings and individual user meetings, which included large transmission-connected Generation, Demand Users, and the DNO Business (SHEPD). Through the sessions we were informed of upcoming outage programmes and the options available to minimise outage impacts. This has benefited both generation and demand users as the stakeholder session provides, for example, generation users with advance notice of connection outages, thereby allowing users to align works on their own system such as routine maintenance, repairs, or machine re-planting. It minimises the overall outage downtime on the user's system maximising the consequence of temporary loss of user revenue from the connection being removed from service.

RIIO-T3 will bring increased outage planning activity to deliver the GB transmission network to meet the longer-term net zero targets. It is important the TOs, ESO, and Ofgem continue to work collaboratively through the quarterly NAP forums to identify further NAP process improvements and continue to add updates with agreement from the parties. We also recommend further rounds of stakeholder engagement to allow User feedback to inform further enhancements to the NAP procedures and guidance and drive ongoing planning efficiencies and operational cost reductions through the RIIO-T3 programme.

Role 2: Market Development and Transaction

Code Administration

The ESO continues to perform code administration, and we recognise that there has been good engagement in the ESO's role as a "critical friend" in dealing with modifications that impact the STC. We would encourage the ESO to fully express its views relating to modifications which have a high impact on it or system operation.

We believe that while the ESO is present in code processes, both as an impacted party and as a code administrator, it would be encouraged to be more active during these modifications and critically analyse and voice certain concerns about certain codes that unnecessarily increase exposure to risk. Reporting of code modifications could still be improved by consistency in updating and attention to detail. We would also welcome more consistent and speedier updating of online information for code modification workgroup meetings.

Role 3: System Insight, planning, and Network Development

Operational Strategy and Insights

Based on our interaction during the development of the Future Energy Scenarios (FES), our engagement with the ESO FES team continues to be positive, particularly in relation to the development of the scenarios. Where information has not been considered, the ESO has notified us of the reasons why. The ESO FES team have aimed to be transparent with methodology decisions, which has supported analysis and alignment.

As the development of the CSNP progresses, continued quality engagement with the ESO on the SSEN Transmission generation and demand pipeline is essential to ensure an accurate representation of the network investment requirements for the north of Scotland.

We have found the FES useful, and we have incorporated some of the assumptions and data into our NoS FES model development.

Identifying network needs and solutions

We continue to have strong collaborative working relationships with the ESO across planning and network development. Our interaction on the HNDFUE and tCSNP has been positive, recognising the workload and tight timelines involved, and cooperation through the JPC has continued.

Managing Connections

The ESO has continued to lead initiatives set out within the Five Point Plan². This involves working closely with TOs to deliver the TEC Amnesty, Queue Management Milestones, developing new CPAs in collaboration with TOs, and the new Accelerated Storage Policy. In an environment of change, we are always mindful that there will be lessons learned. In the development of CPAs, one key 'take away' has been the need to recognise and adapt to different networks, ensuring early and detailed consideration of these.

With the continued increase in connection applications and rapid growth of connections queue, the scale and pace of connections reform change has grown. This has culminated in the need to identify additional – and more radical – solutions and leads to the publication of the Ofgem/DESNZ Connections Action Plan. We have recognised the need for this pace of change and radical solutions, and appreciate that the ESO has been required to work at an increased speed in this area. We are supportive of this direction and would urge ESO over the coming year to work collaboratively with all parties involved through a structured and well-planned programme of work. This will allow us to ensure that we are able to allocate the appropriate resource and skills to this as we carry out the important detailed design and implementation of new processes. This is vital to ensure success of new arrangements and, as far as possible, a seamless journey for connection customers.

Early Competition Framework Development

The ESO has continued to develop the framework for implementation of early competition and throughout this they have maintained good regular engagement with TOs with regular updates provided on upcoming consultations and webinars.

We continue to have concerns around the development of some of the detailed processes and the use of stakeholder feedback. As part of the CBA consultation there was significant feedback provided on concerns related to the CBA, over a year after these concerns were raised the CBA was published with very few amendments. We have also had concerns around the development and lack of formal consultation on the assessment criteria for projects in the tCSNP. We think the ESO should target increased transparency, publishing consultation responses, and seek to be clear on which industry and stakeholder feedback has shaped proposal and which has been discounted.

We hope these views are helpful and constructive, and welcome further engagement in this area. Should you require any further information please feel free to contact me.

Kind regards,

Rebecca Middlemiss
Transmission Regulation Manager

² [Our five-point plan | ESO \(nationalgrideso.com\)](#)