

By email:
michael.smith@ofgem.gov.uk

14th May 2024

Dear Michael,

Re: Statutory Consultation to modify the Price Control Financial Instruments and licence conditions for gas distribution, gas transmission, electricity transmission, and electricity distribution

We are pleased to enclose a joint response on behalf of SSEN Transmission¹ and SSEN Distribution² to Ofgem's consultation to modify the Price Control Financial Instruments and licence conditions for gas distribution, gas transmission, electricity transmission, and electricity distribution. We are committed to working closely with Ofgem and the other Distribution Network Operators (DNOs) and Transmission Operators (TOs) to improve the Price Control Financial Handbook (PCFH) and Price Control Financial Model (PCFM).

Price Control Financial Model (PCFM) modifications

SSEN Distribution

- Following review of the proposed modifications to the RIIO-ED2 PCFM, we believe the changes reflect the correction of errors/anomalies identified in the previous versions and removal of redundant inputs. These do not constitute significant alterations and we therefore agree with the proposed modifications.

SSEN Transmission

- Following review of the proposed modifications to the RIIO-T2 PCFM, we recognise this is in line with a correction previously made in the RIIO-ED2 PCFM and therefore agree with the proposed modification to align treatment of adjustments to losses from tax trigger events.

¹ References to SSEN Transmission encompass the licenced entity Scottish Hydro Electric Transmission plc registered in Scotland No. SC213461.

² References to SSEN Distribution encompass the licensees entities Scottish Hydro Electric Power Distribution plc registered in Scotland No. SC213460 and Southern Electric Power Distribution plc registered in England & Wales No. 04094290.

Price Control Financial Handbook (PCFH) modifications

SSEN Distribution

- Chapter 3 “PCFM Variable Values”
 - Whilst we agree with Ofgem’s intended outcome to align the language in the RIIO-ED2 PCFH with the RIIO-ED2 Regulatory Instructions and Guidance (RIGs), we believe Ofgem’s proposed amendments falls short of full alignment and should also include the following footnote currently incorporated in the RIGs; “Notwithstanding the above, Ofgem shall pay all legal fees and cost awarded against it by the Judicial review body and the CMA.” Inclusion of this footnote in the RIIO-ED2 PCFM would ensure consistency with the RIIO-ED2 Regulatory Instructions and Guidance (RIGs).
- Chapter 5 “Real Price effects”
 - We agree with Ofgem’s proposed amendments to Chapter 5 “Real Price effects” of the RIIO-ED2 PCFH as this helps to clarify reporting requirements.
- Chapter 8 “Legacy Adjustments”
 - We agree with Ofgem’s proposed amendments to Chapter 8 “Legacy Adjustments” of the RIIO-ED2 PCFH to ensure a comprehensive list of closeout adjustments are included.

SSEN Transmission

- Proposal to amend the November run wording for GD, GT and ET
 - We are unopposed to Ofgem’s proposed modifications to paragraphs 2.56 and 2.58 of the ET2 PCFH.

Yours sincerely

Matthew Miller
Regulatory Finance Manager
SSEN