

≡ Scottish and Southern Energy plc

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Dear David,

Ofgem/DTI Third GB CUSC Consultation

I have set out below our comments on Ofgem/DTI's third GB CUSC consultation, dealing with the CUSC principles and specific comments on other areas.

CUSC Principles

We note that Ofgem has maintained its earlier conclusions that TOs should not be party to the CUSC, and therefore not party to the change process. Whilst we do not agree with this model, we also note that the STC framework has developed to the extent that the two issues can be almost entirely separated. In essence the TOs will provide transmission services to the GBSO, and receive payment for those services. It is therefore for the GBSO to ensure that the services provided to it under the STC are adequate for its own quite separate purposes in providing connection and use of system services to others.

Provided that the liability issues we have mentioned in our earlier consultation response can be resolved in finalising the legal framework, we see no reason why this model should not work.

Small Generators

A number of respondents to the earlier consultation have pointed out areas where modifications will be required to ensure non discrimination in provision of services to generators connected to the 132kV system in Scotland. It is unfortunate that the timing of the relevant consultation on small generators and the 132kV system has overlapped with this CUSC consultation. There will clearly have to be a further round of consultation on consequential CUSC amendments to resolve the issues

regarding small generators which have become evident, particularly in the light of Ofgem's recent seminar.

Principles of Ownership

We agree that the wording is adequate to allow variations in the standard principles of ownership when new agreements are being negotiated. This is particularly important since the existing agreements in place in Scotland have ownership boundaries that reflect the historic development of the system. The new agreements under the CUSC will clearly have to maintain these ownership boundaries, since there is no way that the physical ownership of assets can be altered.

Transfer Date

Users whose connections were commissioned before the transfer date are exempted from the obligation to provide security cover for "Termination Amounts" in respect of connection assets. We agree that this exemption should be extended to Scotland in the GB CUSC.

Also generators whose connections were commissioned before the transfer date are obliged to use the CUSC connection modification process before removing any existing technical facilities over and above grid code requirements. We agree that it would not be appropriate to extend this obligation to Scotland. If the GBSO requires any technical facilities that is beyond that normally provided under the Grid Code, then the providers of the facilities should receive appropriate remuneration.

Interface Agreement

We agree that the CUSC Interface Agreement will need to be between the User and the relevant TO, since it deals primarily with ownership and physical access. The amended drafting appears adequate for this purpose.

If you need any further information or clarification on the above comments, please give me a call.

Yours sincerely,

Rob McDonald
Director of Regulation