



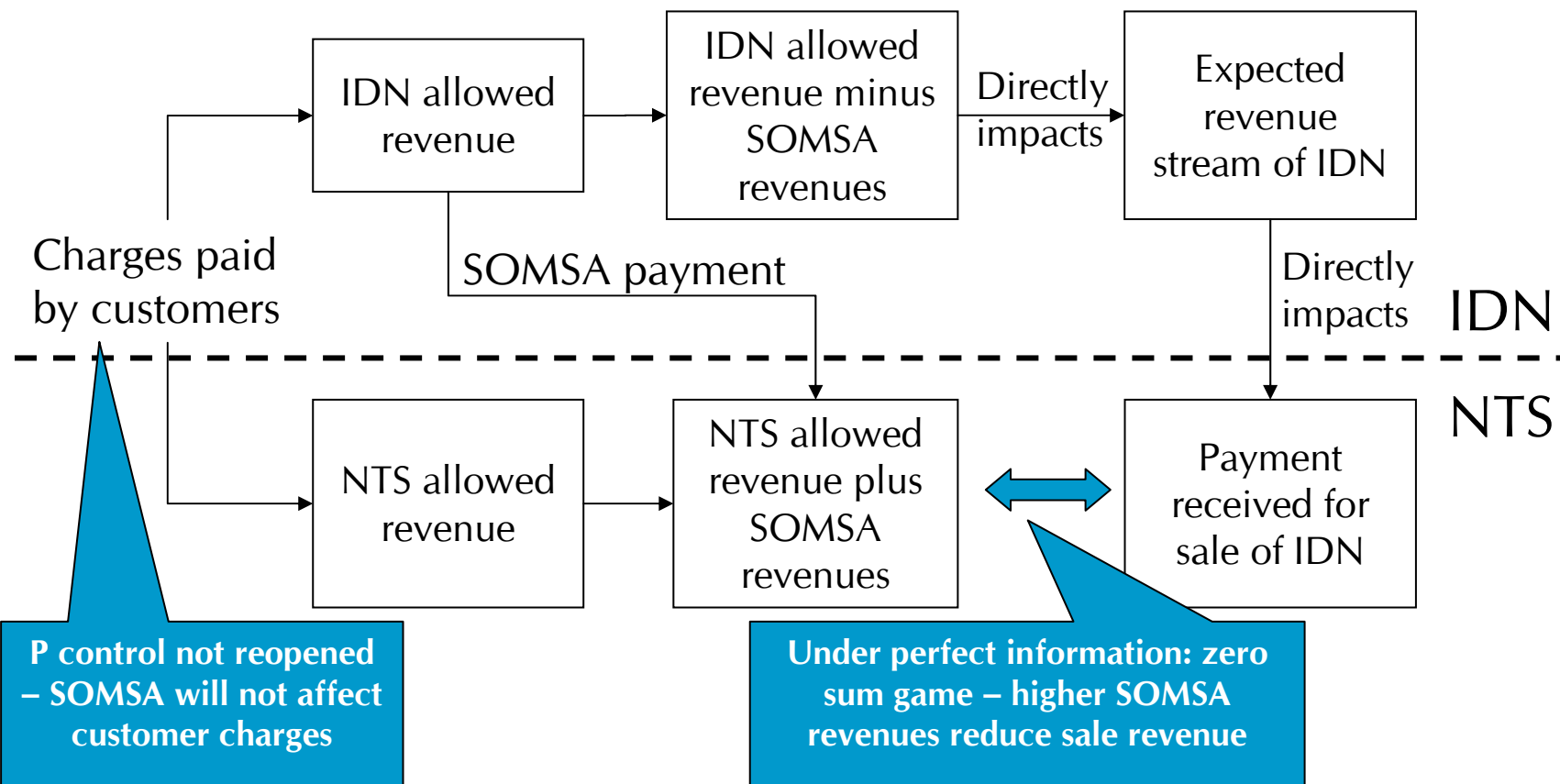
# Regulation of the SOMSA

Ofgem position paper

# The SOMSA

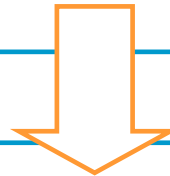
- Not practical to separate IDNs' System Operation facilities pre-sale
- SOMSA arrangements:
  - Contract between IDNs and Transco
  - Interim measure until IDNs have their own HSE approved control centres
  - Not expected to be needed beyond next price control

# Should SOMSA prices be regulated?



# Ofgem position

- Charges to customers unaffected
- Zero sum if perfect information
- Transitional measure



- Little need for regulatory intervention
- Indeed, regulation may inhibit innovation
- Bilateral agreement between 2 corporate entities
- Transco licence condition – not to discriminate
- DN incentive to negotiate service standards to protect licence obligation

# 5 questions in decision paper

- Should Ofgem regulate the prices charged under the SOMSA arrangements and any associated liability clauses? NO
- Should the SOMSAs be published to enhance transparency? NO
- Should the SOMSAs be subject to consultation? NO
- Should Ofgem have a veto over any proposals to change SOMSAs? NO
- Should service standards be introduced with respect to SOMSA? NO

The ofgem logo, consisting of the word 'ofgem' in white lowercase letters inside an orange rounded rectangle.A vertical collage on the left side of the slide featuring a blue electrical plug, a woman working on a laptop, and a gas burner.

Promoting choice and value for all  
gas and electricity customers