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Office of Gas and Electricity Markets (Ofgem)  
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Dear David,

**Provisions for the transition to the GB CUSC, the GB Grid Code and GB connection and use of system agreements under BETTA; including associated licence conditions for NGC and for generation, distribution and supply licensees; changes to the CUSC Framework Agreement; and transitional drafting for the GB CUSC and GB Grid Code**  
**Ofgem/DTI consultation**  
**July 2004**

Thank you for the opportunity to respond to this consultation. This response is submitted on behalf of ScottishPower UK Division, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

Our comments on the issues raised by this consultation are attached.

I hope that you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

**Mike Harrison**

Commercial Manager, Trading Arrangements  
ScottishPower Energy Management Limited

## **PROVISIONS FOR THE TRANSITION TO THE GB CUSC AND GB GRID CODE UNDER BETTA**

### **SCOTTISHPOWER UK DIVISION RESPONSE**

#### **1 Governance**

- 1.1 We note that special modification arrangements will be established to allow Ofgem/DTI to modify the GB CUSC and GB Grid Code directly rather than through normal code procedures where this is necessary for the timely implementation of BETTA. At the same time, changes to the codes can be proposed through the normal governance arrangements from Go-Active. Scottish parties could find it extremely difficult to accommodate these latter changes due to the complexity of the transition into BETTA from the current arrangements. Whilst Ofgem/DTI have previously indicated an unwillingness to impose a moratorium on code changes prior to the introduction of BETTA they have recognised<sup>1</sup> that the BETTA arrangements need to be substantially complete and in the public domain sufficiently far in advance of Go-Live for participants to be able to make the necessary arrangements. We would ask that the difficulties which parties may experience in accommodating changes before or soon after Go-Live be recognised in any code change decisions which Ofgem may make.

#### **2 Access to the GB Transmission System**

- 2.1 We have previously commented on the need to ensure that Scottish applicants for connection to the GB transmission system are not disadvantaged relative to England and Wales applicants because of the need to deal with the transmission owner through the GBSO. We note the extensive drafting to deal with the transition from individual network access to GB network access but see nothing to reassure us that the potential problems of precedence and interactive applications have been addressed. In the absence of any conclusions on the conversion of Scottish access rights to GB access rights it is difficult to know whether the proposed transitional processes are satisfactory.

#### **3 GB Connection Agreements**

- 3.1 The drafting of NGC's transitional licence condition recognises that existing Scottish users have existing connection agreements for their Scottish network which contain various rights and restrictions. However, those rights and restrictions are only to be recognised in the new GB agreements after the agreement has been drawn up in standard form and then only "to the extent that ... [NGC] is able [and willing] to continue to offer such rights and impose such restrictions". The existing Scottish user could, presumably, appeal to Ofgem

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<sup>1</sup> Legal arrangements for the transition to and implementation of the British Electricity Trading and Transmission Arrangements; Ofgem/DTI statement of approach, June 2004, paragraph 1.4

should agreement not be reached to continue to offer one or more of these rights and restrictions. We believe that the process should start with the opposite presumption; that the onus should be on NGC to accept the content of the existing agreements unless they can demonstrate to Ofgem/DTI that they should not do so.

#### **4 Timetable**

- 4.1 There is a strong interaction between the development of GB connection and use of system agreements and the setting of GB transmission charges. We are concerned that the timetable proposed for developing the connection agreements will adversely affect the charge setting process, as neither the total transmission entry capacity nor the total connection charge revenue will be known until the agreements are in place. We are also concerned that the period of one month allowed for agreement by existing Scottish users may be inadequate unless NGC agree to accept the content of the existing connection agreements (see below). It is important that NGC initiate the connection offer process as soon as possible.

#### **5 Transition to the GB Grid Code**

- 5.1 The proposed method of transitioning to the GB Grid Code appears to entail a progressive switching on of new provisions in the GB code and switching off of provisions in the SGC. It would be helpful if Ofgem/DTI and the transmission licensees could agree a means of publishing a statement of the various components of the codes which are switched on at any time. This should be accurately maintained throughout the transition period and a minimum of several business days notice given of intended changes

#### **6 Detailed drafting**

##### *Transitional Licence Condition for NGC*

- 6.1 Paragraph 5(e)(iii) should not be a sub-paragraph of paragraph 5(e), it should be paragraph 5(f)
- 6.2 Similarly, paragraph 6(e)(iii) should not be a sub-paragraph of paragraph 6(e), it should be paragraph 6(f)
- 6.3 Paragraph 7 does not appear to give the precedence to existing users which is promised in paragraph 4.18 of the consultation paper and, as written, could allow offers to be made to applicants before being made to existing users. Please also see our comments above regarding precedence of applications.

##### *Transitional drafting for the GB CUSC*

- 6.4 The text of CUSC 12.2.6(h) does not appear to reflect the drafting of paragraph 14 of NGC's transitional licence condition. In particular, there is no mention of the deadline of two weeks before Go-Live.

*Transitional drafting for the GB Grid Code*

- 6.5 It is not clear from GC.A1.2 when and how this appendix will terminate.