

Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ

David Haldearn
Director, BETTA and Europe
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Tel: 01738 456400
Fax: 01738 456415

23 July 2004

Dear David,

Provisions for the transition to the GB CUSC, GB Grid Code and GB connection and use of system agreements under BETTA

I am writing with our comments on the above Ofgem/DTI consultation, which are set out in detail in the attachment. If you would like to discuss any aspect of this submission, please give me a call.

Yours sincerely,

Rob McDonald
Director of Regulation

SSE response to Ofgem/DTI consultation regarding provisions for the transition to the GB CUSC, GB Grid Code and GB connection and use of system agreements under BETTA

NGC's CUSC and Grid Code Licence Conditions

We agree that it will be appropriate to amend NGC's CUSC and Grid Code licence conditions in the manner detailed in Appendix 1 and 2. However, we are concerned that the powers assumed by the Authority to modify the CUSC or Grid Code during transitional period do not appear to be modified by any test of reasonableness. There are a number of restricted circumstances quoted where the Authority could make amendments such as making technical refinements which serve to clarify or enhance the Code, but the ability to make "such changes ... to ensure that BETTA can commence" seems open to wide interpretation. The power is modified by the obligation to consult on any changes the Authority deems to be necessary, but we feel that there should be a test of reasonableness in exercising this power.

Scottish Grid Code Licence Condition

We agree that the Scottish Grid Code licence condition should be modified to ensure that the obligations remain in force for the transitional period. However, there is the possibility of conflict between the two Grid Codes that will be in force, and we therefore believe that the precedence of the Grid Codes should also be established to ensure a resolution of any potential conflict.

Transitional Licence Conditions for Connection and Use of System

This proposed condition is helpful in ensuring that connection and use of system agreements are in place for BETTA go-live. Ofgem recognise in paragraphs 5(a) and 6(a) that TO input to the NGC offers will be required. We believe it is particularly important that the information supplied by the TO in relation to ownership boundaries is reflected in the offer, consistent with the principle that the assets comprising the GB transmission system at go-live are the same as those at present.

Paragraph 5(e) requires NGC to make connection offers consistent with the GB connection charging methodology, noting that 5(a) would take precedence if the ownership boundary is different to that in the standard methodology. We believe it is essential for there also to be an obligation on NGC to make use of system offers consistent with the GB use of system charging methodology, which could be included in a new paragraph 5(f).

Transitional Licence Conditions for Generation, Distribution and Supply

We agree that the enduring licence arrangements regarding acceding to the CUSC should apply from go-active. This will enable Scottish parties to prepare for go-live.

Transitional Provisions

In paragraph 5.16, it is recognised that parties who already have an energised connection will have an agreement already in place, and that this is a different situation from those who are seeking a connection where the agreements are determined and in place before the energisation. Ofgem therefore propose that for the new agreements, that parties should be obliged to sign the agreement subject to subsequent alteration based on a later determination of the agreement by the Authority. We agree with this principle and would also propose that it be applied in relation to compliance with the Grid Code such that full compliance with the Grid Code would not be required from BETTA Go-Live but that the connection would remain energised. Full compliance would be subject to either unconditional or time limited derogations.

We firmly agree with Ofgem's comments in paragraph 5.20 that it is essential for Scottish generators to participate in the process for provision of balancing services. We believe it will be essential for security of supply that NGC have in place balancing services contracts prior to go-live ready to be called on as required.

The Provision of Data under the CUSC (5.21) is reasonable, but the equivalent under the Grid Code (5.26) appears to be unreasonable and may not be achievable in practice. In particular, we do not agree that existing Scottish Users should provide all the information that a new User would provide (clause A2.7). This could be more than the information presently available, particularly for sites that have been in existence for some considerable time before vesting. Since the existing TOs are able to operate the system with the information available, this should be adequate for go-live. If there is any further information that NGC believe is necessary to operate the GB system and is required by the GB Grid Code, then there should be a derogation so that, where plant needs to be taken out to be tested to provide or confirm data, this could be some time after Go-Live, e.g. the next planned maintenance outage.

The principle of not having to incur expense e.g. taking plant out of service simply to test it to provide some data, is consistent with the overall principle of cost minimisation. Since the transitional arrangements are simply a lead-in to Go-Live, we need this "reasonably practicable" test to continue into the enduring arrangements.