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Dear Andrew,

**Electricity transmission network reliability incentive schemes**

I am writing with SSE's response to Ofgem's proposals to introduce a new transmission network reliability incentive on NGC from January 2005. We are disappointed that Ofgem has decided to proceed with the incentive arrangements despite opposition to the proposals.

This particular document deals specifically with the proposals to introduce the new arrangements for NGC. However, Ofgem also state that:

“Clearly there are a number of issues to resolve before incentive arrangements can be introduced for the two Scottish transmission companies SHETL and SPTL. It is intended to complete this work to coincide with the BETTA ‘go-live’ date.”

The responses to the earlier consultation pointed out the considerable difficulties in introducing a similar scheme in Scotland in particular (but not limited to) the treatment of the 132kV network. We do not believe that it will be possible to resolve these in the three months remaining before BETTA go-live.

In any event, we would urge Ofgem to begin discussions with the Scottish transmission licensees on how such a scheme could be introduced in Scotland.

Yours sincerely,

Rob McDonald  
Director of Regulation