



SP Transmission & Distribution

David Halldearn
Director - BETTA and Europe
Ofgem
9 Millbank
LONDON
SW1P 3GE

Your ref

Our ref

Date

28 February 2005

Contact/Extension

Dear David,

BETTA Go-Live and Contingency Planning

Thank you for your open letter of 18 February inviting views regarding your proposals for wholesale market arrangements in the event that the BETTA Go-Live date is delayed because of unforeseen circumstances.

You have asked a number of specific questions in your letter. Our responses to these questions are provided below:

- (i) SP Transmission has no view on appropriateness or otherwise;
- (ii) SP Transmission has no view on appropriateness or otherwise;
- (iii) SP Transmission has no view on the minimum notice period of any single imbalance process option;
- (iv) SP Transmission has no view on the duration of any single imbalance process option; and
- (v) SP Transmission has no view on the appropriateness or otherwise of the suggested approach in regard to the wholesale price in the Scottish market arrangements.

However, we believe there are a number of other matters, which need to be taken into account before any decision to delay BETTA Go-Live can be taken.

Members of the ScottishPower group

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Should BETTA be delayed, then SP Transmission would retain the obligation to set and recover transmission charges for the period of any delay. Whilst SP Transmission has already published charges, based on our current charging methodologies, which would be applied for the period of any delay, by their nature many of these charges are derived using the assumption that the charging period is a full financial year. They are also dependent upon Scottish settlement data being available.

Similarly, NGC will have set post BETTA Go-Live transmission charges based upon their charging methodologies which will also be based upon full year charges.

As a result, any delay to BETTA Go-Live could have a significant impact on all Transmission licensees and result in reworking transmission charges for part of a year.

I would also add that SP Distribution has published Distribution Use of System charges based upon the NGC exit charges, which will take effect after BETTA Go-Live. Should any BETTA delay be for a significant period of time, then SP Distribution's transmission exit charges would change and that would need to be reflected in the DUOS charges.

Please do not hesitate to contact me if you require any clarification.

Yours sincerely



Dave Thornton
BETTA Programme Director