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Date: 21 December 2009

Dear Colleague

### **Security & Quality of Service Standards Amendment Request (GSR007)**

Ofgem issued an open letter on 21 October 2009 (the 'October open letter') outlining our intended process and timeline for reviewing and making a decision on licence modification requests associated with the amendment proposal GSR007 to the National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS). In the October open letter, we proposed a timetable based on the anticipation of National Grid Transmission Ltd (NGET) initiating a consultation in November 2009 on the implications of the proposed change for use of system charging. In the light of the current timing of NGET's charging consultation, the first round of which was issued on the 18<sup>th</sup> December<sup>1</sup>, we consider that it is appropriate to amend our intended timetable accordingly.

#### **Background**

On 10 September 2009 the Authority received licence modification requests from NGET, SP Transmission Ltd (SPT) and Scottish Hydro-Electric Transmission Ltd (SHETL). These requests were triggered by the SQSS Review Group publishing an Amendment Report recommending a change in the permitted loss infeed risks allowed for circuits on the transmission network.

The Amendment Report included an assessment of the associated costs and benefits of the proposals and had been subject to industry consultation. However, the charging implications were not considered in this report, necessitating a separate charging consultation to be carried out by NGET.

NGET are now intending a two stage consultation on this issue, with the first round of consultation, the pre-consultation, now underway. Our understanding is that the second, more detailed, consultation is planned for early 2010. In order to allow the Authority to make a fully informed decision on the proposed NETS SQSS change, we believe it is

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<sup>1</sup> <http://www.nationalgrid.com/uk/Electricity/Charges/modifications/uscmc/>

important that we understand the charging implications when carrying out the impact assessment.

### ***Revised timetable***

In our October open letter we stated our intention to issue an impact assessment on the proposed change to the NETS SQSS. We consider it important that the impact assessment considers the full range of possible impacts of the proposal, including if practicable any associated charging implications. Based on the anticipation of NGET initiating a consultation in November 2009 on the implications of the proposed change for use of system charging, we set out our intention to publish our impact assessment in January 2010. However, in the light of the timing of NGET's recent pre-consultation and the need for a further round of full consultation, we no longer consider this timetable to be appropriate. We now anticipate that our impact assessment will be issued following NGET's full charging consultation. The subsequent timing of our decision making will be similarly affected, and we will set out relevant updates in our impact assessment document.

If you have any comments or other queries relating to this matter please direct them to Sheona Mackenzie on 0141 331 6019 or by e-mailing [sheona.mackenzie@ofgem.gov.uk](mailto:sheona.mackenzie@ofgem.gov.uk).

Yours faithfully



Min Zhu  
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