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Dear Siobhán,

**CONSULTATION ON CERTIFICATION OF TRANSMISSION SYSTEM OPERATORS  
UNDER THE THIRD PACKAGE**

Thank you for the opportunity to respond to this consultation. You have already heard from SP Energy Networks about the issues that affect them, especially in relation to certification of SP Transmission Limited under the Third Package Electricity Directive. This response deals with other issues on behalf of other ScottishPower businesses and ScottishPower Renewable Energy Ltd.

In broad terms, we agree with Ofgem that a purposive approach should be taken to the Directive. The UK system does not suffer from the issues which the Directive is intended to address and it would be inefficient to disrupt or complicate UK arrangements in order to implement a literal view of the provisions.

Accordingly, we broadly agree with Ofgem's proposals in relation to National Grid and its various affiliated companies. Although any conflict of interest for Blue-NG would be minor, it seems inevitable that it will need to be divested, but we would support extending the deadline to 3 March 2013. Similarly, we are supportive of the proposed approach for BBL Company and Interconnector UK, where the access provisions under the relevant exemption decision and letter of comfort appear to be satisfactory.

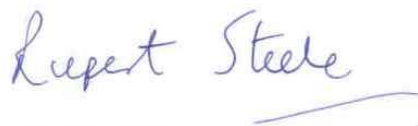
We would however like to comment in more detail on the position on Offshore Transmission, where we think that there may be further room for flexibility (and discussion with the Commission) in order to ensure that the most positive approach for renewables is put in place. In particular:

- Developers will want to see the widest choice of experienced operators bidding to be OFTOs. To this end, we believe that if the Scottish (or indeed some Irish) TOs are certified under Article 9(9) of the Directive, it is beneficial for them to be able to work as OFTOs whether or not the extensions are contiguous with their existing network – provided that the extensions are operated in accordance with the framework that justified the original certification. We do not see any benefit from restricting this facility to contiguous networks only.

- A number of developers are likely to wish to pursue the generator build option for getting offshore wind farms connected. Further consideration should be given as to whether an offshore connection built on this basis (especially if connecting a single wind farm) does indeed require certification under the directive or whether it could equally well be considered to be part of the generating asset, at least on an interim basis.
- In the event that certification is required, we would also like further clarity on when the third package requires a self-built link to be transferred to an independent OFTO and what might happen if that process is delayed for legal, financial or other reasons. We think that a wind farm should be entitled to continue to operate for testing and commissioning purposes using a connection it owns, and indeed beyond that stage if genuine efforts to transfer to an OFTO are proceeding but have not yet borne fruit.
- Whatever OFTO option is chosen in relation to a particular project, it is imperative that any certification process required should be undertaken in a timely manner that is consistent with the offshore generation project's overall programme. This will mean that the certification process may – depending on the OFTO approach being followed – need to commence during construction of the offshore grid assets, and/or prior to the appointment of the OFTO and be progressed concurrently with the OFTO process. Every effort must be made to ensure that the certification process does not delay or extend project programmes.

We hope that these further comments are helpful but please contact me if you would like to discuss or clarify any aspects of them.

Yours sincerely,



**Rupert Steele**  
Director of Regulation