



Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ

Lesley Nugent
The Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Tel: 01738 456 107

aileen.mcleod@sse.com

4 May 2011

Dear Lesley,

Project TransmiT: next steps on connections issues

SSE welcomes the opportunity to continue to contribute towards Ofgem's proposal regarding connections issues as part of Project TransmiT.

User Commitment

We note that the user commitment proposal is being progressed under a CUSC Modification Proposal 192 (CMP192) and we are involved in helping to progress this at working group level. We agree with the high level principles set out in the consultation letter, however are concerned that, at present, the current proposal does not meet all of these principles. In particular, whilst we recognise the importance of encouraging new generation onto the system, the current proposal appears to place a disproportionate level of security on existing generators. It is important when considering the allocation of the risk of stranding associated with new and existing users that an appropriate balance is struck and we do not believe that the current proposal yet achieves this. In our view, further analysis of stranding risk is required to derive appropriate levels of securities. We will continue to raise this as an issue at the working group and will respond to any consultations on this basis.

Timely Connection

Responses to the initial consultation in relation to timely connection to the transmission system suggest that there is little appetite for regulatory change in this area, either from

generators or transmission owners. As responses to the consultation demonstrate, transmission connection projects tend to be bespoke, long running and complex. Our previous submissions have demonstrated that providing a timeline of dates for a project has very limited value without the supporting background of the issues being faced. It is therefore difficult to envisage a reporting mechanism that would be meaningful in capturing which areas of the process could be improved. However, one area in which performance could be reported and directly measured is in the provision of the initial quotation and associated planning applications. This is an important area for developers as it the first step in the connection process and it provides an initial estimate of the costs of the project and the time it is likely to take to get connected to the system. We would therefore suggest that any reporting requirement might be focussed in this area.

We note the decision on the connections output in the recent RIIO-T1 Strategy Document, which proposes the introduction of automatic financial penalties against existing obligations at the connection offer stage. To implement this decision, new TO reporting obligations would be required. It would therefore seem sensible that any new reporting requirement introduced as part of Project TransmiT be aligned with the new RIIO-T1 obligations.

I hope that this is helpful. If you would like to discuss any of the above further please be in touch.

Yours sincerely,

Aileen McLeod

Head of Regulation, Networks