



TO transmission licensees,
generators, suppliers and any
other interested party

*Promoting choice and value for
all gas and electricity customers*

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Date: 5 August 2011

Dear Colleague

Consultation on revisions to Statement of the Basis for Transmission Owner Charges

This letter invites views from interested parties on the updated version of the Statement of the Basis for Transmission Owner Charges submitted to the Authority for approval by Scottish Power Transmission Ltd ("SPTL") on 1 August 2011. We are seeking views by 2 September 2011 on the modifications to this statement proposed by SPTL.

Background

Scottish Hydro-Electric Transmission Limited (SHETL) and SPTL are the Transmission Owners of the high-voltage transmission networks in the north and south of Scotland, respectively. In this capacity, they provide transmission services to National Grid Electricity Transmission plc ("NGET"), the system operator for the National Electricity Transmission System ("NETS"), who in turn provides transmission services to users of the electricity transmission network.

Under their Electricity Transmission Licences, SHETL and SPTL are required to have a statement, approved by the Authority, setting out the basis upon which they will charge NGET for the services provided. The services comprise:

- Transmission Owner services;
- Connections to the licensees' transmission system; and
- Outage charges.

Pursuant to Special Condition J10 (5) of SHETL's and SPTL's Electricity Transmission Licences, SHETL and SPTL shall, at least once in every year, make any necessary revisions to these statements in order that the information set out in the statements continues to be accurate in all material respects.

In May 2011 we received updated versions of the Statement of the Basis for Transmission Owner Charges from both SHETL and SPTL for approval. We issued a consultation requesting views on these statements by 10 June 2011¹. We received one response, which is available on our website.

¹

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=147&refer=Networks/Trans/ElecTransPolicy/Charging>

Further revisions proposed by SPTL

Since we issued our May 2011 consultation, SPTL has proposed further revisions to its statement. The further revisions seek to better align the information SPTL provides to NGET under its Special Licence Condition J8 (SLC J8) with the charges NGET recovers from users of the NETS as the system operator. As a consequence, on 1 August SPTL submitted changes to the version of the statement submitted for approval in May. SPTL's August submission also corrects an administrative error in SPTL's May submission, which incorrectly identified proposed revisions against a version of the statement that pre-dates the 2010 approved statement.

We consider it is appropriate to consult on these proposed changes before making a decision on whether to approve the statement.

We have published along with this consultation a draft of SPTL's statement, change marked to identify all changes that have now been proposed². In addition, we have also published the information SPTL has provided, setting out what SPTL has identified as the effect of the additional changes it has proposed.

We would welcome views on the changes proposed. In particular, views are sought on whether:

- the statement provides sufficient clarity on the basis for transmission owner charges to NGET
- the format of the statement is consistent and coherent and
- the statement continues to be accurate in all material respects.

Next Steps

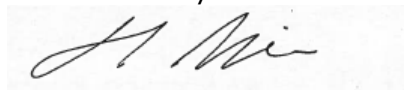
Views are invited by **5pm Friday 2 September**. Responses should be sent electronically to anthony.mungall@ofgem.gov.uk and be marked "Response on TO charging statement consultation".

All correspondence will be held electronically by Ofgem and will normally be published unless clearly marked confidential.

We are not at this stage seeking further information in relation to the revisions proposed by SHETL to their statement of the basis of transmission owner charges. We expect to issue our decisions on the proposed revisions to each of the SPTL and SHETL statements at the same time, following our consideration of responses to this consultation on SPTL's proposed further revisions to their statement.

If you wish to discuss the consultation or any issue raised in this letter further, please contact Anthony Mungall on 0141 331 6010.

Yours sincerely



Hannah Nixon

Partner, Smarter Grids and Governance

²

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=150&refer=Networks/Trans/ElecTransPolicy/Charging>