



SCOTTISHPOWER
Energy Wholesale

Aled Moses
Electricity Transmission
OFGEM
9 Millbank
London
SW1P 3GE

23 September 2014

Dear Aled,

Impact Assessment on CUSC modification proposal 222 (CMP222)

Thank you for the opportunity to respond to the impact assessment on CMP222: User Commitment for Non-Generation Users.

ScottishPower is pleased to note that Ofgem is minded to approve the WACM1 option in accordance with the majority vote of the CUSC Panel and agrees that WACM1 better meets the applicable CUSC objectives.

We have provided our detailed responses to the questions in the consultation in the attached appendix.

Please call me if you have any queries on any of the matters raised in our response.

Yours sincerely,

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Commercial & Trading Arrangements Manager

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Appendix – Detailed responses to consultation questions

1. Do you agree with our assessment of the impacts of implementing WACM1?

Yes. ScottishPower agrees with Ofgem's assessment of the impacts of implementing WACM1 of CMP222. There should be no direct impact on consumers as developers of interconnectors, pumped storage generation, directly connected demand and GSPs will still assume a liability and provide security protecting consumers from the cost of stranded assets. By standardising the liability and security arrangements, any distributional effect between developers will be beneficial in removing any undue discrimination between users.

2. Do you agree with our view on interconnectors?

ScottishPower believes that interconnectors should be treated in a similar manner to generators under the user commitment arrangements as they face similar uncertainties over the economic case for their development, similar risks of cancellation pre-commissioning and risks of abandonment following catastrophic failure post-commissioning.

3. Have we appropriately considered the interactions with our cap and floor policy?

Yes. By providing a guaranteed return on investment for interconnectors through the floor element of the policy, Ofgem's proposals significantly reduce the risks associated with interconnector development and therefore reduce the risk of stranded transmission assets associated with interconnector development. However, as there is insufficient data on the rate of cancellation of interconnector projects to date under the existing regime and no data on cancellation under the cap and floor regime we consider that it is appropriate to use the same liability and security measures as for generation

4. Have we appropriately considered the interactions with EU law?

Yes.