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Dear Mark,

Consultation on Ofgem's Minded to Decision to assign TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) within GB.

Thank you for the opportunity to respond to the above consultation. This response is provided on behalf of Scottish Hydro Electric Transmission plc (SHE Transmission) as the licensed Transmission Owner (TO) for the north of Scotland and certified as a Transmission System Operator (TSO). This response is provided in support to the response provided by SSE plc, our parent company and is particularly focussed on question 3 from the consultation document.

Q3. Do you agree with Ofgem's minded to decision on the assignment of obligations under the CACM regulation to GB TSOs/OFTOs under appendices 1?

SHE Transmission agrees with the minded to allocation in respect of SHE Transmission that is shown in Appendix 1 to the 25th March consultation.

In our opinion, the default starting position in the assignment exercise is that all TSOs are bound by all articles. The test that is then applied to assess whether obligations under any articles can even be considered for assignment under 1(3) is if a TSO does not have a "function relevant". The ability to consider assignment therefore seems to turn on the interpretation of, "*a function relevant*."

There is no definition of the term. In the GB context, we believe that a Transmission Owner (TO) may still be considered to have a 'function relevant', even if its actual role is limited information or data provision. This role can still be considered essential in enabling the GB National Electricity Transmission System Operator (NETSO) to discharge the wider obligation. SHE Transmission therefore agrees that it is appropriate to presume applicability of an article unless the absence of, "a function relevant" can be shown.

We recognise that CACM requires the development of a number of new industry methodologies and similar documents. Until these are developed, we do not believe it can be fully ascertained as to whether or not the TOs have a function relevant. As such, we believe the most appropriate way forward is to assign the roles as per Ofgem's minded-to decision. However, we propose that a further review of the assignment once these documents have been finalised to relieve TSOs of any obligations where it can be shown that there is no enduring function relevant. We believe this should be a concluding part of this process, rather than triggered by a TO request as per the other examples provided in the consultation document.

As noted on page 2 of the consultation, Ofgem considers that TSOs themselves are best placed to determine the most appropriate method of compliance. We support this approach and believe, at least for the most part, that the System operator Transmission owner Code (STC) already serves in GB to define how roles and responsibilities that are relevant to compliance fall to the parties. SHE Transmission foresees that any additional requirements to define responsibilities not already covered by the STC can be considered by amendments to the STC or through other existing GB fora. We expect to work with other industry parties, including the NETSO, to discharge our obligations under CACM through the STC and these other industry groups.

OFTO assignment

As noted in footnote 5 of the 12th May OFTO consultation, the OFTO assignment of obligations reflects expressions of wish made by OFTOs. SHE Transmission makes no expression of wishes at this time and believes that there must be an absence of, "a function relevant", for assignment under 1(3).

We appreciate that, in relation to the OFTOs, Ofgem is proposing assignment by sub-paragraph in annex 1 of the OFTO consultation published on 12th May. We are not seeking similar breakdown of assignment to be applied. In fact, the complexity of attempting the task, and when many methodologies and processes remain to be defined confirms our view that to seek to apportion and assign by sub-paragraph and sentence is disproportionate and unnecessary for the onshore TOs.

Instead, we believe a first level exclusion of complete articles where there are no obligations on TSOs based on Ofgem's category 1 identification, and the broad assignment shown in Annex 1 of the 25th March consultation is appropriate.

This approach for SHE Transmission (and all GB TSOs), coupled with a generic acknowledgment of differing roles and responsibilities of GB transmission licences in that portion of the amended licences that will refer to the table of applicable CACM Articles would, in SHE Transmission's view, represent a proportionate treatment of assignment that would also be consistent with the requirement in Article 1(3) for the absence of "*a function relevant*".

We appreciate the opportunities provided to date to discuss the assignment with Ofgem and are willing to participate in further discussions to ensure that the assignment is effectively discharged to the benefit of all. If you wish to discuss any aspect of this response please do not hesitate to contact me.

Yours sincerely,

Jen Carter

Networks Regulation, Transmission