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Your ref

Our Ref

Date

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Contact / Extension

Alan Kelly/0141 614 1736

Dear Mark

Consultation on Ofgem's Minded to decision to assign TSO obligations under the CACM regulation

This response is from SP Transmission plc ("SPT") the onshore Transmission Owner ("TO") for the South of Scotland. As a TO we are required under our transmission licence to comply with the System Operation – Transmission Owner Code ("STC") and to make available our transmission assets to National Grid Electricity Transmission ("NGET"), the System Operator (SO). We also must ensure that we develop an economic, efficient and coordinated onshore transmission system.

SPT recognise the significance of this regulation as the first European Network code being implemented. As a TO under the current industry framework established in 2005 under BETTA our obligations in respect of market operation in GB are minimal, with relevant responsibilities allocated to the SO. These arrangements, known as "the Scottish Model" are recognised by the European Commission and certified under Article 9(9) of Directive 2009/72/EC.

It is important that, as this is the first European Code coming through comitology, it recognises this arrangement and does not impose obligations on us as a TO that we cannot currently fulfil. Similarly, it should not preclude a change to current practices in the future should that scenario arise.

Also the future implementation of other European codes may well require a different allocation of responsibilities from that proposed for CACM and this should be considered on a code by code basis. Allocations made in this code should not prejudice future allocation.

On a minor point, in Annex 1 of the consultation, 'SP Transmission Ltd' should be 'SP Transmission plc'. We have provided answers to the consultation questions in the attached appendix.

Yours sincerely



Alan Kelly
Transmission Policy and Commercial Manager
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Appendix 1: Response to Consultation Questions

1. Do you agree that we have correctly identified the Articles of the CACM Regulation which place an obligation on TSOs?

We are not aware of any omissions from the list of obligations, however clarification should be provided to recognise the different responsibilities held by the SO compared to other TSO's. With respect to Annex 1 '*The assignment of CACM obligation to GB TSOs*', where a tick has been allocated to SPT we would prefer this to be qualified with a descriptor as follows:

"This may not be a relevant function and may be the sole responsibility of the SO with data provision only from Transmission Owner's (TO) which can be provided for under the SO-TO code"

2. Do you agree with Ofgem's application of Article 1(3) in assigning obligations to GB TSOs?

We consider the interpretation of Article 1(3) by Ofgem is reasonable. However, the proposal assigns the majority of clauses to all TSO's and it is unclear yet as to whether we will have a relevant function or not, in part because these may be subject to the definitions and methodologies becoming fully developed. Annex 1 seems to be premature, and consideration should be given to populating this following further development of how the arrangements in GB will be implemented.

3. Do you agree with Ofgem's minded to decision on the assignment of obligations under the CACM Regulation to GB TSOs as set out in Annex 1?

We consider the assignment of obligations set out in Annex 1 to be premature as indicated in our response to questions 1 and 2 above. As an onshore TO in GB, we currently do not participate in market operations functions and are unclear as to how we can fulfil certain obligations placed on TSOs within the CACM code.

4. How do you think Ofgem should assess future changes to the assignment of TSO obligations under the CACM Regulation?

We would propose the assignment of obligations to TSO's should be reviewed once the methodologies are developed and the details of how the CACM articles will be implemented in GB are fully established. If changes are required then or in the future, this should be done by consultation with TSO's, who could make a joint proposal to Ofgem.