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Dear Sheona,

**Consultation on licence changes to enhance the role of the system operator**

Thank you for providing the opportunity to respond to the above consultation. We acknowledge that this consultation concerns the proposed licence conditions only. We have reviewed the proposed licence conditions which we believe implement much of the final ITPR conclusions, as published on 17 March 2015. We do, however, believe that some key policy issues have not been addressed within the licence conditions themselves. We would therefore welcome clarification on some of the policy conclusions.

For example, as competitive tendering will be used in relation to projects which are new, separable and high value, we believe that it will be important to incorporate the final criteria into the licence to avoid uncertainty around pre-qualifying factors. We do appreciate that Ofgem have noted in this consultation that this will be consulted on separately. We look forward to working with Ofgem to ensure that the proposed criteria are transparent.

We also do not believe that it is clear from the final ITPR conclusions document or the licence conditions whether the TO can compete outwith or within their own licence areas. We would be very grateful for formal clarification on this matter.

The attached Annex provides responses to the consultation questions. As noted in the Annex, we also have some outstanding queries in relation to conflict resolution, where there is a disagreement

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between the parties, as well as around the process for determining efficient connections, and how this might impact on developers.

In the meantime, please do not hesitate to contact us should you have any queries regarding any of the points raised. Detailed licence condition comments have been provided within the attached template.

Yours sincerely,



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## **Annex**

### **Consultation on licence modifications to enhance the role of the System Operator – ScottishPower Response**

#### **Question 1:** *What are your views on our proposed licence changes for system planning?*

Please see attached comment on Condition 20.

While we are generally comfortable with the proposed licence changes, it will be interesting to see how these will be implemented in practice, and whether they allow for an appropriate level of information exchange and data protection.

We also note the requirement for licence changes to be set out in the STC. Does Ofgem already have a timetable for the changes to be made?

#### **Question 2:** *What are your views on our proposed timing of the NOA report from 2016/17 onwards?*

We agree that it is sensible to delay publication of the initial NOA report, even if this means it is not aligned with the ETYS. It would be unrealistic to expect the necessary TO and SO stakeholder consultation, as per the process outlined, within such tight timescales. We would agree that if the SO is in a position to report earlier than the 31<sup>st</sup> of January deadline, the opportunity should be taken to do so, as this would be in the best interests of all concerned parties.

#### **Question 3:** *What are your views on our proposals for the scope and approvals process for the NOA methodology and the NOA report?*

A key question will be how this process will work in practice. One area of possible concern could be if there is a conflict between SO and TOs during the NOA development process. It is not clear from the proposals how this might be resolved. We note that if the licensee's assessment differs from the SO through the NOA process, the licensee must provide an explanation for any difference in views. We would welcome clarity on which party's view prevails in the event of disagreement and what scope the other party has for getting the position reviewed.

#### **Question 4:** *Do you think our proposals for provision of information by the SO are appropriate?*

In theory this seems to be a sensible approach but it remains to be seen how it will work in practice. Review of the NOA methodology is welcome in order that any problems can be addressed at the earliest opportunity.

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**Question 5:** *What are your views on the way we propose to formalise the process used to determine efficient connections?*

As a general observation, for NDAOWW it will be important for Ofgem to ensure that NGET are interfacing at the right level and at the right time. Our understanding is that additional information may be required from the developer led work assessments to facilitate to SO's overall assessment – thereafter there would be approval, tendering etc which will all add to the process. How and when this will happen and be facilitated could impact on timing and cost for developers.

For DAOWW, there could be an issue in terms of the interaction of information exchange and how this would be facilitated between SO and developer. There could also be an issue of confidentiality – it is conceivable that there will be situations where the SO doesn't have the necessary information in order to make a decision, due to issues of confidentiality.

**Question 6:** *What are your views on our proposed licence modifications for conflict mitigation?*

We look forward to further Ofgem consultation on competitive tendering for onshore transmission assets and on whether incumbent TOs can bid outwith their licence areas as well as within.

It could be useful for SO to set standards and service level agreements for conflict mitigation in relation to contractual interfaces.

**Question 7:** *Do you think there could be any unintended consequences from our proposal to remove special conditions (SpCs) 2D and 2E?*

The removal of SpCs 2D and 2E for NGET seems like an efficient approach that would provide more clarity and avoid having potentially conflicting provisions.

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