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Changes to Statements of the Basis for Transmission Owner Charges 2015/16

We are inviting views on proposed changes to Scottish Hydro-Electric Transmission plc (SHE Transmission) and SP Transmission plc's (SPT) Statements of the Basis for Transmission Owner Charges.

The statements show the basis on which SHE Transmission and SPT will charge National Grid Electricity Transmission plc (NGET) for the services provided. The statements are revised annually.

Background

SHE Transmission and SPT own the high-voltage transmission networks in the north and south of Scotland respectively. They provide services to NGET, the system operator for the national electricity transmission system, who provides transmission services to users of the electricity transmission network. The Scottish TOs charge NGET for these services and NGET pass these charges on to users.

Under their Electricity Transmission Licences (the Licences), SHE Transmission and SPT must have a statement, approved by the Authority, showing how they will charge NGET for the services provided. The statements can be used by NGET or parties seeking to connect to the Scottish TOs' transmission systems to estimate the charges they may be subject to.

The statements cover charges for the following services:

- Transmission Owner (TO) services
- connections to the licensees' transmission system
- outage charges

Connection charges are bespoke, ie they're based on the actual costs of a given connection. Therefore, the statement only provides indicative charges for connection assets from which parties seeking to connect to the transmission system can estimate the possible connection charge.

Under Special Condition 8C(5) of the Licences, SHE Transmission and SPT must revise these statements at least once a year to ensure that the information set out in these continues to be accurate. Special Condition 8C(6) of the Licences further requires that the Authority approve any changes which are made.

We note that our approval of the TOs statements is based on whether these statements accurately reflect how the TOs charge for the services described. It does not in any way constitute approval of the TOs actual charges for providing services.

Proposed changes

In response to our consultation on the 2014/15 statements, concerns were raised that there were significant differences between the indicative charges for SHE Transmission and SPT¹. Since then, the two companies have worked with NGET to develop a more consistent approach to calculating their indicative charges for connection assets. This is reflected in revised indicative charges for connection assets in the 2015/16 charging statements together with additional notes explaining what the indicative charges include.

Both TOs have also made changes to daily charge-out rates for different grades of staff.

We welcome your views on the TOs proposed 2015/16 statements. They are published on our website as appendices to this letter.

In accordance with our guidance² on the way we consult, we do not think that the proposed changes to the statements are extensive. We therefore think that a four-week consultation is appropriate.

How to respond

Please send your responses by **5pm on Friday, 21 August 2015**. Email them to donald.smith@ofgem.gov.uk, using the subject line "Response on TO charging statement consultation".

We will publish responses on our website unless they are clearly marked confidential.

Please contact Donald Smith on 0141 331 6014 if you wish to discuss the consultation or anything raised in this letter.

Yours faithfully,

Kersti Berge
Partner, Transmission

¹ We discussed this in our decision on the 2014/15 statements which can be found here <https://www.ofgem.gov.uk/electricity/transmission-networks/charging>

² <http://www.ofgem.gov.uk/About%20us/BetterReg/Documents1/guidance%20on%20ofgems%20approach%20to%20consultation.pdf>