

Wenche Tobiasson
SSE, Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Thomas Jones
Ofgem
9 Millbank
London
SW1P 3GE

21 November 2016

Dear Thomas,

Consultation on the Congestion Income Distribution Methodology proposed by all Transmission System Operators (TSOs)

Scottish Hydro Electric Transmission plc (SHE Transmission) welcomes the opportunity to respond to the above consultation. Although not active in the Market Committee of ENTSO-E, SHE Transmission has a role in the approval of “All TSOs” proposals, including the Congestion Income Distribution (CID) methodology proposal. Through the “All TSOs” mechanism SHE Transmission has endorsed the submission of the methodology to all National Regulatory Authorities and therefore does not question any aspects of the proposed methodology.

However, SHE Transmission does wish to be clear on one particular aspect of the methodology, which, although not relevant today, may become so in future if the planned NorthConnect interconnector project from Norway to the UK goes ahead and connects to the planned new Peterhead Substation.

Section V of ENTSO-E’s explanatory note describes, with reference to examples, how Congestion Income would be distributed in accordance with a sharing key: 100% if an interconnector is owned by a stand-alone legal entity, default 50%-50% between the TSOs on each side of the Bidding Zone, or some other variation of the sharing key in the event of multiple TSOs.

In the case of NorthConnect at Peterhead, the link would connect to SHE Transmission’s network. SHE Transmission is a local TSO, with National Grid in the role of the National Electricity Transmission System Operator (NETSO) and National Grid International Limited having an ownership interest in NorthConnect. SHE Transmission wishes to state its understanding that, independent of the sharing key applied under the CID methodology, it does not expect any congestion income to be assigned to SHE Transmission and, therefore, no adjustment to income allowed under its regulatory settlement would be applied. The purpose of our comment at this stage is, therefore, to ensure that no misunderstandings



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arise in future concerning the allocation of Congestion Income in respect to NorthConnect or any other future interconnectors connecting to SHE Transmission assets.

Please do not hesitate to contact me if you would like further discussion on the issue raised above.

Yours sincerely

Wenche Tobiasson
Networks Regulation