

Leonardo Costa  
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29 March 2017

Dear Leonardo,

**Statutory consultations on proposals to modify the special conditions of the electricity transmission licence held by National Grid Electricity Transmission plc and the standard conditions of all electricity transmission licences**

Thank you for the opportunity to provide representations on behalf of ScottishPower on Ofgem's statutory consultations on its proposals to modify standard condition C16 of the electricity transmission licence and the special conditions of the electricity transmission licence held by National Grid plc. Our network business is also responding on specific issues relevant to its activities.

We support the proposed new licence conditions and have no comments on the amendments to add to those provided by our networks business.

Ofgem says it will publish a guidance document by 1 April 2017 providing a non-exhaustive description of the behaviours it expects from the SO in accordance with the SLC C16 licence obligations. We suggest that Ofgem states that as part of any transparent process to procure balancing services, it would expect the SO to promptly disclose details of contract costs it has incurred and which it intends to recover from licensees through the imposition of BSUoS charges. Disclosure of such costs in support of accurate BSUoS forecasting by licensees is central to the efficient, economic and coordinated operation of the electricity system as it materially impacts decisions regarding generation dispatch and supplier tariff pricing.

Such guidance would mitigate the risk of inefficient licensee decisions arising from inaccurate BSUoS forecasting which have followed such non-disclosures in recent procurement processes, particularly for black start<sup>1</sup> and congestion management<sup>2</sup> services. It would also be expected to align procurement processes with those which are already transparent and which disclose such cost details, such as Firm Frequency Response and Tendered Fast Reserve services.

I hope you find these comments useful. Should you wish to discuss any of these points further then please do not hesitate to contact me.

Yours sincerely,



**Rupert Steele**  
Director of Regulation

<sup>1</sup> <http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=8589934698>

<sup>2</sup> <http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=40252>