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by email to electricity: [SOreform@ofgem.gov.uk](mailto:SOreform@ofgem.gov.uk).

23 March 2018

Dear David

**Statutory Consultation on Proposal to Modify the Special Conditions of The Electricity Transmission Licence Held by National Grid Electricity Transmission Plc**

**Special Condition 4J (SO-TO mechanism)**

Thank you for allowing us the opportunity to respond to the above consultation.

We support the continuation of the SO-TO mechanism as it has the potential to realise significant consumer savings. To facilitate its use, we would welcome written confirmation and clarification on whether either of the following two plausible uses for the SO-TO mechanism will be accommodated within the existing drafting:

1. If the ESO can commit in 2018/19 to funding the Scottish TOs for works in 2019/20 for works in 2019/20.
2. Can the ESO fund the Scottish TOs for works in 2018/19 for works in 2019/20.

Following a recent Network Access Policy Group meeting on 21<sup>st</sup> of March 2018,

Ofgem provided some comfort to the above by suggesting that on the assumption there are no further licence condition changes, if the SO and TO agree to works for 2019/20, then these would be invoiced from the TO to the SO in 2019/20 i.e. in the year the works were delivered and not before.

It would be helpful if these comments are provided within the written framework governing this licence condition, providing further clarity around the interpretation of the modification proposal.

I would be happy to discuss further if you would find that helpful.

Your sincerely,

**Sajidha Iqbal**

**Networks Transmission Regulation Team**