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Date: 10th September 2019

Dear Tom,

Adjustments to the Electricity Market Reform Delivery Body Revenues.

We would like to thank you for the opportunity to provide feedback on the revenue adjustments proposed to allow National Grid to fulfil its role as the Delivery Body (DB) for the Electricity Market Reform (EMR).

SSE recognises that during the five years to 2019, the energy market has changed significantly changing with it the role the EMR DB must play. With increasing demands falling on the DB and a more complex market to deal with, SSE believes it is appropriate that increased investment in systems, and people, is required. However, SSE is concerned that National Grid Electricity System Operator (NGESO) has proved to lack the understanding that, as DB, its role is that of a service provider and hence its focus ought to be on satisfying the needs of its customers. The DB's failure to understand its customers' needs has caused them to make a number of poor decisions which have frustrated its customers. In moving forward, SSE believes that the EMR DB should have additional resources to address the current failings in systems and shortfall in human resources but both participants and, ultimately consumers, must see value for money from these increased revenues.

Throughout the current year, SSE has noticed severe performance issues, especially during the current prequalification window. IT Systems are running exceptionally slowly and there has been a wait time of up to 5 days to receive a response from the support team. With a limited timeframe available, these delays are simply unacceptable and must be addressed.

One of the key functions of the EMR DB is to provide support to market participants. As previously noted, SSE is sensitive to the changes across the market and how these have impacted NG ESO as the EMR DB, however at the current time it is difficult to recognise how participants are receiving reasonable service or value for money from the EMR DB.

SSE would expect consistent, specialist, knowledge from EMR DB teams. Instead however, SSE has witnessed a high turnover of staff leading to a lack of understanding, not only of rules but also of participants' portfolios. This erodes confidence in the EMR DB as a whole.

SSE is aware that across the market there are participants who have been overtly critical of NGESO as the EMR DB. SSE has been largely supportive of NGESO and continues to believe that it has the capability to deliver the obligations of the DB. However, recent experience and NG ESO's failure as DB to deliver customer service means that SSE's support is being tested.

A comparison of experience within the Irish market offers insight to how NG ESO could improve. Within the Irish market there is a collaborative effort to ensure mandatory plant is included in the auction. Conversely in Great Britain SSE has experienced system changes, introduced by the EMR DB with insufficient guidance offered to participants. There is no sense that the EMR DB is working with participants.

The timing of this consultation also acts as an example of the lack of customer focus from the EMR DB. The current prequalification window closes on 13th September, having opened in July. Issuing this consultation during that window does not offer stakeholders an opportunity to fully review and assess the adjustments being proposed, nor consider any alternative options which could be offered, it is expected that this will be the case across all participants.

Finally, having lived through internal IT system changes, SSE believes that the proposed change freeze will be imperative to providing a stable platform from which changes and improvements can be successfully delivered. From experience, maintaining a strict prohibition on additional changes for a period of time, while the agreed system changes are delivered is critical to success.

In summary, then, SSE is supportive of Ofgem's proposal to allow additional revenues of £9.36m. It is essential, however, that this additional money is used by the DB to provide demonstrable benefits to its customers, delivering improved customer service and value for money. Any changes, especially those to the IT systems must be well directed, managed properly and put a focus on the user experience. Furthermore, changes must be appropriate and practical.



SSE would welcome the opportunity to discuss further the issues highlighted within this letter with Ofgem and National Grid Electricity System Operator.

Your sincerely,

Fiona Morrison

Regulation