

Maryam Khan
Ofgem
10 South Colonnade
Canary Wharf
London
EH14 4PU

29 October 2020

Dear Maryam,

Call for evidence on ESO's mid-year performance 2020-21

Scottish and Southern Electricity Networks (SSEN) is the trading name of Scottish Hydro Electric Transmission plc (SHE Transmission), Scottish Hydro Electric Power Distribution plc (SHEPD), and Southern Electric Power Distribution plc (SEPD). This response is on behalf of these licensees.

We have a close working relationship with the ESO and welcome the opportunity to provide our views and evidence on how the ESO has performed across the seven key principles and how it can maximise consumer benefits across the full range of activities.

As set out in our May 2020 response, broadly speaking we enjoy a good relationship with the ESO and have increased the level of collaboration between the ESO and SSEN businesses over the past year. For instance, the process of implementing the Optional Downward Flexibility Management programme worked well with good collaboration between parties to address the issue of low demand over the summer, in the short timescales required. Looking forward, we are keen to work with the ESO to ensure similar levels of collaboration in other areas, particularly in relation to securing more detailed and timely information in areas such as the Early Competition Plan.

We have provided more detailed views of the ESO's performance are shown in the appendix below. We hope these views are helpful but should you require any further information please let me know

Yours sincerely,

Nicola Reed

Regulation

Appendix: ESO Roles and Performance

Role 1: Control Centre Operations

As set out in our May 2020 response, we believe the overall level of engagement with the ESO has been positive. In particular, we have welcomed:

- The ESO's engagement on the Optional Downward Flexibility Management (ODFM) proposal to mitigate the risk of low demand on the network over the summer. This allowed all parties to understand the need for the proposal and to work together to address issues under challenging timescales.
- The development of a direct relationship between SHEPD and the ESO, which has seen weekly calls between planning teams and managers to discuss any issues and minimise the impact of outage changes;
- The ESO's commitment, at SHEPD's request, to explore the introduction of outage change costs for DNOs, similar to those in place for TOs. We feel this is very positive and will enable the best whole system outcome in short and medium-term planning timeframes. We would like to see this implemented in 2021/22; and

Going forward, we believe it would be beneficial to review contact records for correspondence to ensure details are up-to-date and fit for purpose. It is important that appropriate contacts in all relevant businesses/business units are notified directly and correspondence is timely.

Role 2: Market Development and Transactions

The ESO has provided valued and productive engagement in developing our RIIO-T2 Business Plan. This has been appreciated.

However, in other areas, such as the Early Competition Plan, we would welcome greater clarity and transparency from the ESO regarding its decisions following consultation and/or industry feedback. Where appropriate, we believe this information should be published and made available in a timely manner.

We are pleased to say that our engagement with the code administrators has been consistent in meeting our expectations with good communications and no areas of concern.

Role 3: System Insight, Planning and Network Development

We have welcomed the ESO's engagement and input in a number of key areas, including the ENA's Open Networks Project, to establish the Future Energy Scenarios (FES) and, more specifically, on our joint 4DHeat project.

Based on experiences to date, we have the following observations:

- The ESO's Regional Development Programme (RDP) and Network Options Assessment (NOA) pathfinder projects facilitate a whole systems approach and are to be welcomed. However, given the inherent differences in the network depending on geography, system planning, market potential, and customer needs and behaviours, we believe it is important that these projects both recognise and maintain a broad range of options when assessing the optimum solution for network constraints, including network reinforcement where this is supported by cost-benefit analysis.
- At Distribution level, we find the ESO's FES particularly useful and use it in the development of our Distribution FES. However, this work does not appear to reflect Scotland's 2045 Net Zero target. Going forward, we would encourage the ESO to reflect the differences in Government policy in its scenario work.
- We were disappointed that we were unable to partake in the ESO's Challenge Group for early competition and offshore coordination. Given our experience and role, we believe we could have made a valuable contribution. We believe it would have been more appropriate for the ENA to nominate representatives from transmission and distribution sectors to ensure a more transparent process and better coordination of network company representation.
- Offers for connections to the tertiary windings of super grid transformers continue to be made by NGEN when there is no mechanism or specific process covering arrangements for these types of connections (which could have an impact on the distribution system). To date within SEPD network area we have received 14 notices of accepted offers for tertiary windings connections with 13 of these offers remaining valid. SSEN has raised CUSC modification Connections Triggering Distribution Impact Assessment (CMP328) to address this issue and ensure that an appropriate new process is put in place. Work in this area is ongoing.