

Keren Maschler  
Sent by email: Keren.Maschler@ofgem.gov.uk

08 March 2021

Dear Keren,

### **SO:TO Optimisation Governance Document**

Thank you for the opportunity to provide our views on the draft SO:TO Optimisation Governance Document. I am pleased to respond on behalf of SSEN Transmission. We have provided a response to each of the questions posed by Ofgem within the enclosed Appendix.

In addition to the Appendix, we also seek additional clarity from Ofgem as to how a Transmission Owner (TO) is practically able to demonstrate that a solution delivered is above and beyond business as usual (BAU). Ofgem's Governance Document provides an element of flexibility through its decision not to tightly define BAU and states that the onus is on TOs to demonstrate why any solution delivered is above and beyond BAU. This includes the TO being required to demonstrate why each solution would not have been identified and progressed if there had not been an incentive in place.

We appreciate and understand this approach as the TO must be able to demonstrate consumer benefit. However, we would welcome tangible examples of what is deemed 'going beyond BAU' from Ofgem's perspective (or, as a minimum, the steps Ofgem would expect a TO to take in order to demonstrate that a solution is beyond BAU). This will allow TOs to focus efforts on solutions that will likely result in positive outcomes under this ODI. We note that, during a meeting between TOs and Ofgem in November 2020, it was suggested that any asset used to facilitate any outage improvements would need to be temporary and not permanent in nature. We would therefore welcome additional clarification.

Section 3.6 of the Governance Document entitled 'Content of the Report', Ofgem states that "*The ETO is required to demonstrate why each solution would not have been identified and progressed if there had not been an incentive in place*". As the GB Network Access Policy (NAP), via the Joint Planning Committee Operational Assessment (JPCOA) meeting, obliges TOs to proactively seek opportunities to reduce constraint costs this could inadvertently block use of STCP 11.4. We recommend this requirement is revisited and the following wording adopted "*The ETO is required to demonstrate why the need for this solution could not have been identified earlier and funded through other means*". An appropriate response may be that the outage combination causing high constraints could not have been foreseen, or a third-party outage has changed which increased assumed constraint costs.

Please do not hesitate to contact me should you wish to discuss any of the points raised within this response in more detail.

Yours sincerely

Sajidha Iqbal  
Regulation Analyst

## **Annex A – Consultation Questions**

- 1. Do you agree with the reporting requirements set out in the governance document for the ETOs and the ESO including the details required, the scope of reporting and timing?***

We agree with the proposed reporting requirements as set out in the Governance Document. These align with TO reporting obligations in the GB NAP.

- 2. Do you agree with the methodology of the ESO's calculation of both the ex-ante and the actual savings in constraint costs?***

We agree with the methodology of the ESO's calculation. However, should any changes be required in future to the methodology we would expect full transparency from the ESO.

- 3. Is there any additional information that could assist the Authority in assessing the consumer benefit or issues of this ODI?***

If there are any changes that result in consumer benefit not being realised that are outside of ESO or TOs control, then this should be clearly highlighted in end of year reports. For example, a severe storm, or an unplanned generator outage change.

- 4. Do you agree that this SOTO Optimisation ODI Governance Document should continue to be in place during the assessment period to avoid any gap in governance if the Authority were to agree to continue to roll out the incentive for the remainder of the PC?***

We agree that the SOTO Optimisation Governance Document should continue to be in place during the assessment period to avoid any gap in governance.