

Jack Ambler
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

29 July 2020

Dear Jack,

Re: Electricity Distribution – Notice of proposed licence modifications to the special licence conditions of the electricity distribution licence and the ED1 Price Control Financial Model

Scottish and Southern Electricity Networks (SSEN) welcomes the opportunity to respond to the above consultation.

Overall, SSEN is supportive of the majority of Ofgem's proposed licence modifications. However, we have concerns on the definition for Worst Served Customers and have noted a few updates to references which are not correct. Further details have been provided in Appendix 1.

If you have any questions on our view or would like to discuss this further, please do not hesitate to contact me.

Yours Sincerely,

Louise Deighan
Network Regulation

Appendix 1

Special Licence Conditions

- **Update of definition to Worst Served Customer (3H.19)** – The definition has been simplified within the licence however we would request Ofgem align it with the definition set out in the RIGs. Specifically, we understand the term ‘immediately preceding the Regulatory Year in which the relevant expenditure is made’ to mean that if we meet the required thresholds for WSCs in 2015/16, 16/17 and 17/18, costs would all need to be incurred in 2018/19 for this to apply. However, this is not a requirement set out within the RIGs, creating confusion and unnecessary restrictions. There may be some cases where jobs could commence in 2018/19 but depending on the complexity and scale, it may be difficult to complete in that year. The licence would suggest this would not then be eligible. We suggest this element of wording is removed from the licence.
- **2B.41** (for SHEPD) – Definition for SNESRCE t-2 has spelling errors in the word Solution.
- **Addition of text to SHEPD licence under 3F.11 (d)** to include an application window for SSWC. For SHEPD, this text should reference 3F.11(c) not 3F.10(b).
- **3F.22 for SEPD/ 3F.35 for SHEPD**
 - The addition of text for SEPD refers to the application window available under 3F.10(b) however this should refer to 3F.10(c). SHEPD refers to the second application in this paragraph, for consistency it should be updated to refer to paragraph 3F.11(d) rather than ‘second application’.
 - The updated licence notes that PCFM Variable Values for Specified Streetworks Costs will be directed by the Authority by 30 November in Regulatory Year 2023/24, however the ongoing consultation for the closeout methodology for Specified Street Works Costs published on 13 July 2020 notes under paragraph X.93 – ‘*The Authority will not before 30 November 2023 determine a SSWC adjustment for the RIIO-ED1 Price Control Period for the purpose of determining the revised next price control period PCFM values.*’ Please can you confirm the date which the PCFM values will be directed.
- For SHEPD, the terms for HBt, UNct and SEVEct are included in the calculation for Pass-Through (PT) costs in **CRC 2B.3**. The calculation for REVt–2 in **CRC2A.11** also includes these terms plus PT, therefore there is a duplication of terms. We will review this in more detail and confirm with Ofgem on our view on how these terms should be included.
- The proposed licence conditions for SHEPD and SEPD issued in this consultation include the updates for the **Supplier of Last resort (SoLR) decision** which came into effect 28 June 2019. However, they are not included in the current versions available on the ePR. When updating the conditions for the proposed changes in this consultation, please can Ofgem ensure the SoLR updates are also included. Note that a separate erratum notice for SHEPD was also issued on 17 February 2020 for the SoLR changes.

PCFM

- On the SSEH tab of the PCFM, the terms for the **Shetland Extension Battery Costs (SEBC)** and **Shetland Enduring Solution Process Costs (UCSESPC)** are transposed (H35 and H36).