

Graham Craig  
RIIO Price Controls  
Ofgem  
10 South Colonnade  
Canary Wharf

Date  
29 January 2021  
Contact / Extension  
Stephanie Anderson  
0141 614 1581

Dear Graham,

**RIIO-T2 Re-opener Guidance and Application Requirements Document Consultation  
(Re-opener Guidance Consultation)**

This response is from SP Transmission (SPT) which holds the transmission licence for the south and central Scotland. SPT is part of SP Energy Networks (SPEN) and the wider Iberdrola group. We welcome the opportunity to respond to the Re-opener Guidance Consultation, following: the Licence Drafting Working Groups (LDWGs); Ofgem's previous consultation on the draft Re-opener Guidance and Application Requirements Document published on 12 October 2020; and the RIIO-2 Statutory Consultation on the RIIO-T2 Licence published on 17 December 2020 (the Licence Consultation), which our RIIO-T2 team has actively participated in.

The issues raised in this response should be considered in conjunction with SPT's response to the Licence Consultation, which we submitted to Ofgem on the 19th January 2021 (SPT's Licence Consultation Response). References to licence drafting and licence conditions in this letter and the enclosed Issues Log (at Appendix 1) are references to the conditions consulted on as part of that Licence Consultation.

SPT has concerns and comments on the draft Re-opener Guidance and Application Requirements Document included by Ofgem in this Re-opener Guidance Consultation (the draft Re-opener Guidance) and the associated licence conditions, from both a policy and a drafting perspective. SPT's comments on the licence conditions associated with Re-openers and Re-opener Guidance are set out in detail in SPT's Licence Statutory Consultation Response, and any further comments provided in this letter, and Appendix 1, on the licence conditions are in addition to our previous comments and should not be considered as replacing those comments. SPT's concerns on the draft Re-opener Guidance detailed in Appendix 1 of this response, and the key issues are as follows:

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- The draft Re-opener Guidance contains application requirements which, since they are prerequisites to a successful reopener application, must be included in the relevant licence conditions, together with clear, transparent and objective measures for how Ofgem will assess applications. It would not be appropriate for Ofgem's minimum requirements for a reopener application to be capable of being changed, without right of appeal to the CMA.
- The draft Re-opener Guidance purports that Annex 1 does not form part of the guidance and may be modified at any time without prior consultation. If Annex 1 is not part of the Re-opener Guidance, it should not be issued as part of the Associated Document. It is inappropriate for a provision of any guidance to seek to circumvent the mechanisms set out in the licence around how an Associated Document should be amended.
- The draft Re-opener Guidance document details the requirement for needs cases to be submitted for certain conditions that contain no reference to a needs case submission in the RIIO-T2 Licence itself. It is not clear what will be required from SPT and this must be clarified both in the Re-opener Guidance and the relevant RIIO-T2 Licence conditions.
- As part of Ofgem's decision-making process for a re-opener application, Ofgem should provide timelines for the screening stage, assessment and SQ process, the minded to decision and the draft decision. Decisions and pre-acceptance screening should be consulted on with a minimum 28-day period. A long or undefined review process timeline for reopeners will directly compromise the service that SPT can provide customers and the timing of connections for new generators. As Ofgem have introduced a new Quality of Connections incentive, SPT should not be exposed to penalty risk due to uncertainty in Ofgem decision timings that will directly affect the service we are able to offer our customers for new connections that are not eligible for the volume driver.
- As part of the draft Re-opener Guidance Ofgem is requiring the Board to have overseen and accepted all re-opener applications, ahead of submission to Ofgem. It remains our position that this is entirely disproportionate. The Re-opener Guidance already requires sign-off by a suitably senior person, which should be sufficient. Furthermore, as required by our licence, we already have existing Data Assurance Guidance (DAG) procedures in place to ensure the accuracy of our submissions. Board approval is not appropriate for spend which may be as low as £3.5m for SPT. SPEN has a robust corporate governance structure in place and for operational matters, such as re-opener applications. Board oversight was also not required in RIIO-T1. To introduce this requirement now, will go against Ofgem's intentions to streamline the re-opener process.
- The guidance clarifies that the detail provided in support of a reopener should be proportionate to the level of additional allowances sought. We agree with this sentiment, but the guidance does appear to be more onerous than the level of detail required to justify comparable investments in the Business Plan. Ofgem should consider the details required for the Business Plan's purpose as a comparable benchmark and provide a reference to this in the guidance. SPEN have experience of information being requested well in excess of this, which results in additional cost to consumers as well as delays to decisions being made.

We provide comments in this response on the draft Re-opener Guidance with a view to working with Ofgem to ensure that this document, including its appendices, operates fairly, consistently, transparently, proportionately and cohesively.

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**SP ENERGY  
NETWORKS**

Network Planning & Regulation

However, our comments and this letter are made entirely without prejudice to SPT's Licence Statutory Consultation Response and SPT's rights including those under the Electricity Act 1989. All of SPT's rights are reserved.

Yours sincerely,

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**Policy and Licence Manager**

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