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Dear Tom

**Response to the Pre-Consultation Document GB ECM-06
For the charging and access arrangements associated with SSSQSS design variations
based on customer requests**

Thank you for the opportunity to respond to this Consultation Document. This response is submitted on behalf of the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

The present charging methodology does not incentivise a user to apply for the most economically efficient connection solution. A connection to a standard lower than GB SQSS bears a greater risk of interruption that should be reflected in reduced TNUoS charges.

Any proposals for change should be applicable to the whole GB system and, in particular, applied to existing connections where availability restrictions are applied due to transmission design decisions taken under the previous “deeper” connection charging methodology.

OPTION 1 – SQSS MODIFICATION

In designing a connection against the economic justification criteria, the TO would be required to consider the potential level of compensation payable due to outage. The TO is best placed to evaluate the probability of outage and the potential costs can be estimated from available market data. “Capping” the TO liability would be discriminatory against the user particularly where the TO could act unilaterally and the user did not have the option of having the connection built to GB SQSS. The decision to accept a connection designed to a standard other than GB SQSS should rest with the connecting user.

OPTION 2 – DEEPER CONNECTION BOUNDARY

A return to a deeper connection boundary would make connection design decisions directly cost reflective to the user but would bring many disadvantages. Principally, deeper

connection increases the uncertainty to the user should future connections (which are outwith the control of the user) require an upgrade to the circuit.

OPTION 3 – TNUOS METHODOLOGY AMENDMENT

It is assumed that the decision to provide a single circuit connection under Option 3 would be at the user's discretion and not taken unilaterally by the TO. Further, it is assumed that the Bilateral Connection Agreement would be amended to state that no compensation would be payable for outages on the single circuit.

Option 3 would pass through a significant element of the savings to the user through the adjustment to the Nodal Security Factor and the Substation Discount and would enable the connecting user to make a decision on the economics of the single circuit. This would facilitate efficient transmission investment. Option 3 also has the advantages of transparency of calculation.

National Grid would have to consider whether the SECULF programme would be made available to users to enable them to replicate and validate the calculation of Nodal Security Factors.

Users may require some assurance over the calculation of the Substation Discount and National Grid may need to give some consideration as to how this could be achieved.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

James Anderson
Commercial and Regulation