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By Email

Dear Graham,

Update to the Transmission Constraint Licence Condition guidance

This response is the view of SSE plc (**SSE**) with a focus on the position of SSE's Energy Businesses, which comprise of: SSE Renewables; SSE Thermal; SSE Distributed Energy; and Energy Markets, which provides the route to market for SSE Group companies. Our response also considers the impact of balancing costs on SSE Business Energy, our non-domestic supply business which supplies energy to c.500,000 businesses and industrial consumers in Great Britain.

There has been widespread coverage of the rising cost of managing transmission constraints and these costs are expected to remain high for the remainder of this decade. While this is a serious concern, particularly for customers faced with a cost-of-living crisis, it must be emphasised that rising constraint costs have been driven by two factors outside the control of generators. Transmission network capacity has failed to keep pace with the rate of investment in new generation; and historically high commodity prices have pushed up the cost of offers to increase output (to balance the volume of constrained bids). Work is underway to address the first of these issues via the Accelerated Strategic Transmission Investment (**ASTI**) programme and commodity costs have eased from the levels seen in 2022.

In this context, SSE welcomes Ofgem's intention to provide updated and clearer guidance for generation licensees regarding its interpretation of the Transmission Constraint Licence Condition (**TCLC**). Given the three settlements announced in 2023 for non-deliberate breaches, there has evidently been some divergence between Ofgem's expectations and generators' interpretation of the licence condition. The current consultation is therefore much anticipated – and arguably overdue - and we would hope that the comments provided in this response will assist Ofgem in ensuring that the updated guidance provides the clarity, transparency and certainty required.

The Draft Guidance sets out in some detail the approach that Ofgem has taken in recent compliance work and, as such, we understand is not intended to revise the licence condition itself but rather to clarify Ofgem's interpretation of and approach to the licence condition. While the Draft Guidance attempts to clarify the subjective assessment at the core of the TCLC – the difference between reasonable and excessive benefits - there are issues with the proposed approach and drafting that create ambiguity, uncertainty, and in some cases, economic irrationality in relation to the following key points:

- assessment of excessive benefit on a cumulative profit vs £/MWh basis;
- primary focus on a cost-based standard for bids;
- the role of benchmark unconstrained comparators;

- treatment of avoided subsidy payments; and
- wider policy implications.

Some aspects of the Draft Guidance, however, would appear to constitute changes to the TCLC itself; these should not be implemented without appropriate consultation and impact assessment. We discuss all of these points in more detail below and set out additional areas for clarification or suggested amendment in the Annex to this letter.

Assessing Benefits: Cumulative Profits vs Bid Prices

The Draft Guidance is unclear as to whether Ofgem's analysis of "*excessive benefit*" will be undertaken in relation to individual constraint periods[1]. For example, in paragraph 2.26, Ofgem states that:

> *…in order to assess whether a price was excessive we will generally consider whether that price was set at a level which meant that the benefit that the licensee either obtained or sought to obtain <u>in relation to Transmission Constraint Periods</u> was significantly greater than the benefit it would have obtained in the absence of any transmission constraint* (emphasis added).

Similarly, in paragraph 2.38, Ofgem states that:

> *… it would not be reasonable for a generator to recover a profit margin in £/MWh via their bid prices which would allow them to obtain <u>an overall profit in pounds</u> that is significantly greater than that which would be expected absent the transmission constraint* (emphasis added).

Taken together, these paragraphs could imply that a measure of cumulative profits will be used, rather than benefits within a single Transmission Constraint Period. This would be inconsistent with both the TCLC and the existing guidance[2]. Paragraph 1 of the TCLC explicitly states that "*the licensee must not obtain an excessive benefit from electricity generation in relation to **a** Transmission Constraint Period*" [emphasis added]. The wording of the licence condition suggests that it should be possible to tell whether benefits are excessive by looking at an individual period in isolation, rather than having to assess overall or cumulative benefits over some undefined, extended period.

The drafting in paragraph 2.39 is clearer[3] but it would be helpful for Ofgem to clarify that the intention is to look at *prices* rather than cumulative profits by amending "Transmission Constraint Periods" to "a Transmission Constraint Period" in paragraph 2.26 and removing the reference to "overall profit" in paragraph 2.38. Doing so would ensure that the Draft Guidance is more consistent not only with the wording in the licence condition but also with standard definitions of market power and market abuse, which are

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[1] The TCLC defines Transmission Constraint Period as a period of time "when a Transmission Constraint occurs" so already incorporates the notion that this may extend over multiple settlement periods.
[2] The tests listed in paragraph 2.15 of the 2017 Guidance all refer to bids rather than profits.
[3] Ofgem states that "I*nstead, what is reasonable will depend on the circumstances – and it is contingent on licensees to ensure that any profit or contribution to indirect costs priced into their bids does not result in them obtaining a benefit that significantly exceeds that which they would have expected to earn on bids in those same settlement periods in the absence of any transmission constraint*."

typically expressed as a producer's ability to charge higher *prices* than would be the outcome of a perfectly competitive market.[4]

The position is further clouded in paragraph 2.40, which states that:

> *… any contribution to profits or indirect costs that it is reasonable for licensees to factor into bid prices in transmission constraint periods under the TCLC may often be quite limited – particularly where the economics of the unit involved are such that it would not commonly be bid down absent the constraint.*

It is important to note that prices submitted in the Balancing Mechanism (**BM**) are forward looking, whereas profit is a measure assessed on a backwards-looking basis. It cannot be the intention that the TCLC requires generators to adjust their forward-looking prices to be cheaper than those that would have been provided in the absence of a transmission constraint as a result of exceeding a backwards-looking profit measure. Since generators do no not know whether there will be a transmission constraint when bids are submitted, this approach, in non-constrained periods, would prejudice occasionally constrained generators compared to generators that are in typically unconstrained areas of the network.

Primary Focus on Cost-Based Pricing

Ofgem states that "*a primary consideration in its assessment of whether a licensee's prices have breached TCLC will be the costs and benefits incurred (or expected) by the generator as a result of having a bid accepted… where a licensee does not have regard to these costs and benefits…it carries an intrinsic risk of breaching the TCLC".*[5]

Ofgem's focus on a generator's own costs and benefits prevents generators from submitting bids that reflect the costs and benefits of the plant expected to submit the marginal bid, as they would do in a competitive situation. This effectively removes scope for generators to earn infra-marginal rent (**IMR**) on constrained bids to reduce generation, even where that may be competitively determined where there are a lot of bidders potentially able to resolve a constraint. It is entirely plausible that competitive conditions behind a constraint will become increasingly commonplace, given the expected investment in new technologies, especially behind key constraints that currently exist.

Since it is not clear that IMR would be excessive in such situations, reliance on the costs and benefits of being bid down may result in an overly conservative assessment of benefits, with the risk that Ofgem's interpretation and application of the TCLC may not be proportionate to the intended objective of the TCLC, the original purpose of which was to address exploitation of market power by generators behind a transmission constraint. Instead, there is a risk that the TCLC becomes a tool for placing downwards pressure on the costs of constraint management. This may have detrimental unintended consequences that are discussed below.

Benchmark Comparators

Ofgem's primary consideration gives priority to the assessment of costs and benefits of being bid down, using benchmarking only where needed to support the opportunity costs indicator. This relegates

[4] Demonstrated, for example, by Article 5 of REMIT which prohibits market manipulation with specific reference to setting prices at an "artificial level" or providing false price signals.
[5] See paragraph 2.30 of the Draft Guidance

comparable generator benchmarking from a standalone indicator in the 2017 Guidance, to a means of assessing "*reasonable profits*" provided for as an addition to the opportunity costs assessment set out in the Draft Guidance.

The 2017 Guidance states that "*accepted bids behind an export constraint could be compared with those charged by any comparable generators*"[6], not that benefits or profits could be compared with those obtained by comparable generators. In addition, the three indicators are presented as three separate (alternative) items, rather than a nested list or combined measure.

It may be pragmatic to use the profits of comparable generators as a benchmark for reasonable profits within the avoidable costs approach, assuming those profits can be reasonably estimated. However, the 2017 Guidance also lends itself to direct benchmarking of prices against those of comparable generators, without the added complexity of considering their avoidable costs.

The combined impact of the focus on opportunity costs and the reduced scope for generators to rely on benchmark comparators constitutes a revised obligation on generators subject to transmission constraints, requiring them to price cost reflectively. An equivalent obligation does not apply to typically unconstrained generators, such that a generator behind a transmission constraint is likely to be disadvantaged in the market when compared with unconstrained generators, which is expressly what the 2017 TCLC Guidance (at para 2.11) and the 2023 Consultation Paper (at paras 2.23 and 2.24) state should not happen.

In setting criteria for comparable generators, Ofgem appears to have taken irrelevant factors into account and unduly narrowed the range of benchmarks. In paragraph 2.41, Ofgem refers both to the "*prices of bids*" and to "*associated profit margins*" and restricts its benchmarks to the same generator or "*comparable generators*" outside transmission constraint periods. It is not clear why Ofgem includes this restriction, as:

- if the benchmarks are intended to relate to a competitive level of potential profit mark-up, it is not clear why mark-ups over and above cost should be expected to vary by the level of cost or technology, rather than simply reflecting factors such as overall system conditions (i.e. it would be economically irrational to exclude evidence from accepted bids from any generator not subject to the transmission constraint);
- if the benchmarks are intended to capture the IMR available in energy balancing bids as well as a profit mark-up, then it is the price of the marginal bid that is most directly relevant; and
- the range of possible benchmarks creates a lack of clarity and transparency as to which benchmark Ofgem may apply in any given situation.

Practical Operability of Draft Guidance

As set out above, SSE would be extremely concerned if Ofgem's intention is to assess excess benefit based on a cumulative measure of profits. The treatment of benchmarking in the Draft Guidance and the setting of bid prices with reference to the total profits of benchmark comparable generators suggests that this may be the case. SSE regards such a proposal as unworkable (and undesirable) in practice as it would require generators to have detailed knowledge not just of competitors' prices but also their historical and expected profits.

[6] Ofgem (17 May 2017), Transmission Constraint Licence Condition Guidance, p. 7

For licensees to understand Ofgem's intention, therefore, it would be helpful for the guidance to clearly set out the exact steps that a generator would be expected to follow to set TCLC–compliant bid prices. The following issues would all need to be addressed:

- **Assessment of overall profits from accepted system flagged bids to reduce generation only:** this would be consistent with the scope of the TCLC which addresses benefits earned in a transmission constraint period. Could a generator with a large volume of accepted unflagged bids and only one accepted flagged bid legitimately earn the same overall profit again from the flagged bid as from all of the unflagged ones?
- **Assessment of overall profits from *all* accepted bids to reduce generation:** this would avoid the scenario above relating to a single accepted flagged bid but would include bids that are currently outside the scope of the TCLC.
- **Time period:** Ofgem would need to specify the relevant time period over which it would assess profits. Too short a time period would create anomalies due to fluctuations in volumes of flagged and unflagged bids, which can vary enormously, and market prices over time.
- **Definition of suitable comparator benchmarks:** Ofgem should clarify what proportion of accepted unflagged bids would equate to a generator not being seen as "routinely" bid down.

There would also be additional challenges relating to generators' forecasts of volumes of bids accepted (both flagged and unflagged; their own bid volumes and those of comparator generators), and assessments of the overall profits of those comparable generators (both historical and forecast). None of these items is known in advance and, given the lack of transparency around costs, the profits of comparable generators are not observable to market participants.

For these reasons, we do not consider that an assessment of excess benefit is feasible or desirable on the basis Ofgem appears to suggest. Any such requirement would be a material departure from the TCLC and should therefore not be considered without detailed consultation on a clear amendment that would be required to the licence condition.

Avoided Subsidy Payments

The Draft Guidance sets out the view that where a bid instruction leads to an avoided subsidy payment that should be reflected in the bid price (i.e., when the market reference price is higher than the strike price of the generator's CfD contract). The consultation document makes this policy intention even clearer, noting that a licensee that failed to do so would "*be likely to obtain an excess benefit*"[7].

This requirement, however, is likely to lead to unintended consequences to the detriment of customers. Since CfD-supported generators located in a part of the system that is regularly subject to transmission constraints are unlikely to know if or when a transmission constraint might arise, they may be required to adopt a pricing methodology which always reflects the CfD payment. At times of high energy prices this will result in low-carbon generation being bid-off ahead of more carbon-intensive thermal generation. Pricing in this way when there is no transmission constraint will result in periods when the CfD generator is bid-off for energy balancing rather than constraint management reasons. The cashflows that relate to these bid

[7] "Consultation - Update to the Transmission Constraint Licence Condition guidance", paragraph 2.22

instructions mean that customers will systematically receive a reduced benefit compared to an outcome where thermal assets are bid down for energy balancing and the low-carbon generator is able to generate.[8]

This detriment is driven purely by an assessment of the cashflows between generators and two different pots of costs for which customers must pay (the total Balancing Service Use of System costs and the total costs for supporting the CfD levy). Further detriment to customers could also be attributed to:

- the TCLC driving higher carbon emissions than would otherwise have been the case; and
- CfD-backed generation being paid not to generate during periods where there is no transmission constraint leading to negative publicity, undermining support for the essential investment needed to reach net zero.

We note with interest the code modification recently raised by the ESO[9] which would provide for an alternative means to resolve the issue of avoided subsidy payments in the BM without distorting the order in which generators should be bid off, whether for constraint management or energy balancing purposes (starting with the generator with the highest marginal cost of generation).

Wider Policy Implications

It is important that Ofgem resolves any areas of ambiguity or inconsistency in the Draft Guidance to minimise any uncertainty that this would otherwise cause. There are further risks, however, with the proposed approach to assessing excessive benefit, as the current approach may place additional limits on profits to below the competitive level. Whilst this will reduce overall balancing costs – to the short-term benefit of customers – it may result in cost increases arising elsewhere.

Financing the ongoing operation of existing assets and securing a positive investment case in relation to new capacity requires investors to assess forward looking expectations across multiple potential sources of profit. For a generator which is not typically affected by transmission constraints, this may involve assessing expected profit from the wholesale markets, the balancing mechanism (in relation to energy balancing), ancillary services and the capacity mechanism (or CfD auction). If these returns are sufficient to cover future costs and a reasonable return, then investors will keep assets open (or build new capacity).

For a generator behind a constraint, for which a significant volume of constrained bid acceptances from the ESO is expected, this calculation will factor-in profit from such bid acceptances. If these profit streams are lower because of participants' interpretation of the TCLC and the resulting level of their submitted bids, then for a given set of investments to be made, other profit streams will need to be higher. So, for example, if non-supported assets receive lower profit from bids, they might require higher capacity mechanism payments than would otherwise be the case.

This could result in either an efficient investment going ahead but with higher capacity mechanism (or CfD) cost, or alternative investments going ahead instead (these may be less optimally located for land costs or other resources and may also be expected to come at a higher cost to society).

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[8] Specifically, at times of high power prices, customers would receive a reduced benefit from the CfD generator (as they would have to pay the opportunity costs for the CfD generator being bid down/ off) whilst also missing out on receiving a significantly positive bid price from a thermal generator with a high marginal cost of generation.
[9] See P462 'The removal of subsidies from Bid Prices in the Balancing Mechanism' - Elexon BSC

Conclusion

We welcome Ofgem's work to update the TCLC guidance to improve clarity and transparency and deliver a more consistent level of understanding to market participants. However, we are very concerned that the current drafting fails to do this and are keen to clarify the issues in the Draft Guidance we that have identified to-date as well as the wider points raised in this response and look forward to working with Ofgem to help to resolve these.

Yours sincerely,

(by email)

Roger Hutcheon

Head of Regulation – Group Energy Markets

Annex 1 – Specific Concerns and Call for Clarifications.

<table>
<tr><th colspan="2">Paragraph</th><th>Potential Interpretation</th><th>Clarification or Amendment Requested</th></tr>
<tr><td>2.17</td><td>…significant information regarding the occurrence of transmission constraints is typically available to generators.</td><td rowspan="2">Despite there being no requirement for generators to be aware of the existence of a transmission constraint Ofgem considers that sufficient information is available to the licensee to anticipate a constraint. This will have effect on the level of penalty enforced on a licensee should they be found to be acting in breach of the TCLC.</td><td rowspan="2">Will Ofgem publish its view of the real time information expected to be available to generators and to take steps to ensure the ESO is subject to licence conditions holding it to strict standards of both data transparency and publication timelines.</td></tr>
<tr><td>2.20</td><td>There is no requirement under the TCLC that a generator must know that a constraint exists in order for the obligation that it should not obtain or seek to obtain an excessive benefit to apply. However, where a breach is found, then one factor that we will typically have regard to when considering whether a penalty is appropriate (and the level of any such penalty) is whether a party could reasonably have been expected to anticipate that a transmission constraint period was likely to have been in effect.</td></tr>
<tr><td>2.18</td><td>Under the system flagging methodology as it exists at the time of this guidance being published…a generator can reasonably expect that where it has bids accepted which are subsequently system flagged, those bids will have been accepted in relation to a transmission constraint as defined in the TCLC. Note that the converse may not always be true – i.e. <u>it is possible that on occasion bids which are not system flagged may nevertheless relate to a transmission constraint as defined in the TCLC.</u></td><td>Ofgem appears to recognise that there is a lack of consistency by ESO system flagging actions. It seems counterintuitive to hold generators to a standard when the detail required to meet that may or may not be provided.</td><td>The system flagging process was not intended to provide market participants with a forward view of transmission constraints, a fact Ofgem appears to acknowledge. Therefore, Ofgem must confirm how it expects generators to be aware of, and predict, a transmission constraint when the information does not exist to facilitate this.</td></tr>
</table>

Paragraph		*Potential Interpretation*	*Clarification or Amendment Requested*
2.26	*While our assessment will be carried out on a case-by-case basis, taking all of the relevant circumstances into account, in order to assess whether a price was excessive we will generally consider whether the price was set at a level which meant that the benefit the licensee either obtained or sought to obtain in relation to Transmission Constraint Periods was significantly greater than the benefit it would have obtained in the absence of any transmission constraint.*	This drafting indicates that Ofgem will look at the cumulative impact of an unspecified number of time periods rather than assessing the impact of a constraint across the relevant periods. Analysing reasonable benefit on a cumulative basis rather than in relation to specific settlement periods is analogous to applying an absolute profit cap over that period. This would make the definition of a reasonable profit significantly more complex and open to judgement and error.	We do not anticipate that it is Ofgem's intention to adopt a test based on cumulative profits as this would require a change to the licence condition itself. Amending the draft to remove the plural and instead refer to "a Transmission Constraint Period" would resolve this ambiguity and maintain consistency with the TCLC itself.
2.30	*A primary consideration in our assessment of whether a licensee's prices have breached the TCLC will be the costs and benefits incurred (or expected) by the generator as a result of having a bid accepted. This is because an assessment of the costs and benefits of being bid down is necessary to calculate the profit (and so benefit) obtained by the generator in relation to a transmission constraint period.*	This drafting indicates that Ofgem will look at costs and benefits as a primary consideration – however this does not reflect competitive behaviour or recognise that the price may be competitively determined (see paras in the letter above).	An alternative approach that first assesses whether a specific bid is a market outlier and, if so, only then assess whether it is justified by reference to costs and benefits
2.38	*Following directly from the test set out in paragraph 2.26, we consider that it would not be reasonable for a generator to recover a profit margin in £/MWh via their bid prices which would allow them to obtain an overall profit in pounds that is significantly greater than that which would be expected absent the transmission constraint*	As called out in relation to paragraph 2.26 above, it is unclear what the profit measure is intended to be. That is, will the assessment be based on: • Profit included in bid prices in specific period, • Cumulative profit over a period of time, or, • Some other method?	We presume again that it is not Ofgem's intention to adopt a definition of profitability nor to effectively apply a profit cap therefore along with the clarifications outlined above we would also advocate for the removal of the words "*which would allow them to obtain an overall profit in pounds*".

Paragraph		*Potential Interpretation*	*Clarification or Amendment Requested*
2.30-2.37 vs. 2.38-2.46:	*References to the costs and benefits of being bid down vs references to reasonable levels of profit.*	Our understanding of the draft wording suggests that there are two forms, or components, of benchmark, but without being clear how they relate. 2.30 indicates that "*a primary consideration… will be the costs and benefits incurred (or expected) by the generator as a result of having a bid accepted"*. 2.38 then suggests a reasonable level of profit may also be included in bids. The drafting leaves it unclear how Ofgem will apply these two benchmarks, or components of, benchmarks. Specifically, it is not clear that they are always to be considered additive (i.e. it is always reasonable to set bids in relation to cost or benefit and then factor in a further reasonable level of profit). The current drafting makes it unclear to licensees what Ofgem's approach would be. This would likely lead to mixed behaviour by participants in the market meaning that generators regularly subject to transmission constraints are disadvantaged relative to other parties. This is contrary to the intention of the TCLC.	We ask that Ofgem make it clear that the cost and reasonable profit element of the assessment of submitted prices are cumulative.
2.40	*In most cases, we would expect generators to be bid down significantly less frequently absent a transmission constraint – and to face more competition. Therefore, any contribution to profits or indirect costs that it is reasonable for licensees to factor into bid prices in transmission constraint periods under the TCLC may often be quite limited – particularly where the economics of the*	It is unclear how this would be applied in practice. Given that the volume and frequency of bid activity during constraints is uncertain, these factors cannot be linked to the level of profit earned in each of these occurrences. The link between being bid down relating to total profitability adds to the confusion highlighted above in relation to how profit is measured and whether	Again, we do not expect that Ofgem intends to adopt such a definition of profitability which could effectively apply a profit cap via guidance. This uncertainty could be resolved via either the deletion of the paragraph, or rewording as: "*In most cases, we would expect generators being bid down absent a transmission constraint to face effective*

Paragraph		Potential Interpretation	Clarification or Amendment Requested
	unit involved are such that it would not commonly be bid down absent the constraint.	it is specific to settlement periods or if it is a cumulative measure.	*competition. Therefore, any contribution to profits or indirect costs in these bids can typically be considered as reasonable given the system conditions at the time."*
2.41	*"To help us assess whether or not a profit margin that a generator obtains or seeks to obtain is reasonable, we may consider a range of different evidence, including (but not limited to):* •*The prices of bids – and associated profit margins – of comparable generators, where those generation units are not subject to a constraint* •*The prices of bids – and associated profit margins – of the same generator outside of transmission constraint periods (where prices are not uniform).* •*The prices of bids – and associated profit margins – of the same generator in historic periods."*	This drafting appears to suggest that: (i) all periods may be relevant comparators when considering other generators (ii) when considering the specific generator, all periods outside transmission constraint periods can be treated as alike and potentially relevant, and (ii) when considering the specific generator, any historic period can be treated as a good benchmark, including potentially a period with transmission constraints. Just as for offers in times of scarcity, in a competitive market the reasonable profitability of bids outside of transmission constraint periods will depend on system conditions. There is a risk that by failing to recognise that system conditions have an impact on competitive levels of expected profit that inappropriate benchmarks are used. In some situations, this may result in an inappropriately high, or conversely inappropriately low benchmark of reasonable profit. Taken to the rational conclusion this could result in the distortion of supply curve bids available to the ESO.	We presume it is not Ofgem's intention to apply benchmarks from non-comparable situations. Drafting elsewhere reflects rationale consistent with this (e.g. 2.39: "it is contingent on licensees to ensure that any profit or contribution to indirect costs priced into their bids does not result in them obtaining a benefit that significantly exceeds that which they would have expected to earn on bids <u>in those same settlement periods in the absence of any transmission constraint</u>"). By reflecting this logic within this paragraph, it would provide clarity that profitability benchmarks should relate to periods with similar system conditions (other than the relevant transmission constraint(s)).

Paragraph		*Potential Interpretation*	*Clarification or Amendment Requested*
2.42	*"For the price or profit margin of another generator to provide a useful benchmark, the comparator price should not have been submitted by a generator in relation to a transmission constraint period…"*	The implication of the drafting of this paragraph is that benchmarks cannot relate to bids submitted in a transmission constraint period. This ignores that: (i) the bids may have been submitted by generators unaffected by a particular transmission constraint (ii) even if generators were affected by a transmission constraint, the bids may still have been submitted in conditions of effective competition. The impact of this approach may be low if there are ample alternative relevant benchmarks to use. However, if this is not the case, ruling out these benchmarks risks increasing the uncertainty and scope for error associated with profit benchmarking. We also note that the wording appears to suggest that if a generator is commonly subject to a transmission constraint, the profit included in their bids cannot be considered a relevant benchmark even for periods in which they were not subject to a constraint (and so, following Ofgem's general logic as per para 2.40, subject to effective competition). This drafting risks ruling out potentially relevant benchmarks.	We would welcome confirmation from Ofgem that it is confident that there are always likely to be sufficient alternative relevant benchmarks. If this is not the case the drafting should be adjusted to allow such bids to be included provided that they will reflect reasonable, competitive levels of profit. We presume it is not Ofgem's intention to rule out relevant benchmarks and so suggest deleting "*nor by a generator that is commonly subject to a transmission constraint*" to avoid this.