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*Promoting choice and
value for all customers*

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9 March 2006

Dear Alison,

Statement to satisfy amended standard licence condition C17

I wrote to you on 14 February 2006 and enclosed a draft of the condition C17 statement that NGET proposed. Also attached was a Specimen Report that showed the intended format of their annual report. My letter invited comment by 7 March 2006 on these proposals.

Three responses have been received. None of them was marked confidential and all will be placed on Ofgem's website along with this letter.

One respondent agreed that the proposals meet the requirements for reporting on transmission system performance as set out in condition C17.

Another respondent suggested that the report should contain only factual information which should not be more extensive than the information already provided by the transmission licensees in their separate reports to Ofgem prior to the introduction of BETTA and that the scope of the report could only be extended after cost benefit appraisal and provision for recovery of consequential costs.

The third respondent broadly agreed with the proposed criteria for measuring the availability, security and service quality of the GB Transmission System, but stated that it is inappropriate for these measures to be disaggregated by TO area and observed that in setting out the information in the report, regard should be had to the split of responsibilities between system operator and transmission owner activities and the difference in the technical specification and factors affecting the three transmission networks.



This respondent suggested that availability statistics and event details should at least be accompanied by an explanatory narrative by the TO concerned. They pointed out that estimates of unsupplied energy are to be given for each TO area irrespective of where responsibility lies and noted that the SO shares responsibility for the duration of an interruption and hence MWh unsupplied. The respondent suggested that either the report should be purely GB wide, with aggregated data, or there should be three separate reports.

Two respondents considered that, if the report is also to deal with the availability of interconnectors, the performance of the interconnector with Northern Ireland should be included. There were also comments on the format and details of the Specimen Report.

Many of the issues highlighted in the comments and suggestions have been explored previously in earlier formal and informal consultations. However we have given them further consideration.

None of the three transmission licensees have ownership of, or rights to, full information on availability of the Northern Ireland Interconnector. Consequently it is not possible to include such information within a report required under this licence condition. The position regarding the interconnector with France is different as National Grid are part owners of that circuit. They continue to be willing and able to include relevant information within their report on the Transmission System Performance. However, it would seem appropriate for NGET to modify the title for this section of the report to make clear that it only relates to the interconnector with France and include a note pointing out that there is also an interconnection with Northern Ireland.

The proposal that there should continue to be separate reports from the three licensees was considered early in 2005. Ofgem concluded that separate reports were unsatisfactory as they might well exclude information on events for which neither TO nor SO considered themselves totally responsible. Ofgem's view is that a single GB report compiled by the SO, but incorporating information provided, where necessary, by the TOs is appropriate. Amendments introducing this requirement in the relevant licence conditions took effect on 13 February 2006.

With regard to concerns about comparison between the networks of different TOs and the suggestion that the GB report should contain aggregate data with no reference to individual TOs, I explained in my letter of 14 February that Ofgem considered that the annual report should contain only factual information. I also drew attention to the fact that the statement, as drafted, no longer contained a requirement to indicate in the report whether interruptions are within or outside Security and Quality of Supply Standards. It remains our view that the information in the report should be purely factual and that it should be broadly comparable with information previously submitted by the three transmission companies. This latter point is essential to allow broad comparisons to be made with earlier years' performance and for trends to become apparent.

We believe the requirement for factual information in the report, and the requirement that the report can only be published after Ofgem is satisfied that it conforms to the condition C 17 statement, provides sufficient safeguard to ensure that the report is factual and fair. However, it is desirable that anyone considering the information contained in the report should be aware that both the TO and SO have relevant responsibilities. Consequently it will be helpful for the report to contain an introductory note explaining that both the SO and TO can influence system performance.

We have carefully considered the consultation responses and I will be making a recommendation that, subject to changes in the Specimen Report as detailed in the attached schedule, approval of the Authority is given to the C17 statement as proposed by NGET. I invite NGET to submit their statement with a modified Specimen Report by 17 March 2006 for approval under condition C17.

If you have any questions regarding this letter please contact myself on the number above, David Hunt on 020 7901 7429, or John Benson on 020 7901 7361.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Hull', written in a cursive style.

Robert Hull, Director – Transmission Networks

Modifications to the NGET proposed SLC 17(2) statement necessary to obtain approval by GEMA

1. Section 2 to be headed "French Interconnector Availability" (with no sub heading) and include a note pointing out that there is also an interconnection with Northern Ireland (provide a reference source for more information).
2. The Introduction to contain a statement that "When considering the performance of the Scottish transmission networks it should be recognised that this can be influenced by both the TO and the SO."
3. References in the report (Page 7) to "system connection outages" should be replaced by "system construction outage".
4. The covering page should include a heading "GB Transmission System Performance Report".