

Questionnaire

About your organisation

Name of respondent	David Densley
Company	Scottish & Southern Energy
Responding on behalf of	Scottish & Southern Energy

Existing charging arrangements for site-specific maintenance

1. Charges for site-specific maintenance presently account for about 8 per cent of revenue collected from connection charges and around 1 per cent of the total revenue collected through infrastructure charges. The annual average charge for site-specific maintenance is £30k per connection site.

To what extent do you support the following statements?

- a. The existing connection charging methodology is sufficiently cost reflective to not justify developing cost-capture systems to further enhance the cost reflectiveness of the site-specific maintenance component of the connection charge.

Agree	X	Neutral		Disagree	
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- b. The present arrangements for charging for site-specific maintenance costs do not discriminate between Users or classes of User.

Agree	X	Neutral		Disagree	
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- c. The current methodology for recovering the costs associated with site-specific maintenance is proportionate to the level of these costs.

Agree	X	Neutral		Disagree	
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- d. The existing charging methodology for recovering site-specific maintenance costs is proportionate to the current contestability arrangements.

Agree	X	Neutral		Disagree	
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Please add any justification you feel appropriate for your choices above.

While we agree that the existing methodologies are adequate, we have reservations about competition in maintenance activities as outlined below.
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Relative merits of reforming the contestability arrangements

2. Do you believe the benefits to your organisation of contestable maintenance are:

Significant	<input type="checkbox"/>	Limited	<input type="checkbox"/>	None	<input type="checkbox"/>	Negative	<input checked="" type="checkbox"/>
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If you have answered "significant" or "negative" benefit, please elaborate:

We do not believe that contestability in maintenance as a whole can be justified. The connection assets remain in the ownership of the transmission licensee and there is no benefit to us to be given the right to maintain these assets. If we were to contract separately to maintain them, it would add another layer of complexity and we would have to assume a number of liabilities in respect of the plant to be maintained because. It is not, therefore, an option we would be likely to consider.

Also, the move to a much shallower connection policy means that much fewer assets are open to competition. The requirements on the transmission licensees to have systems in place to facilitate competition in maintenance are disproportionate to the needs of users, and therefore result in a net disbenefit.

3. If you answered "significant" or "limited" benefit in 2 above, to what extent do you believe these benefits outweigh the perceived liabilities and risks associated with assuming responsibility for site-specific maintenance:

More benefit	<input type="checkbox"/>	Similar	<input type="checkbox"/>	More liabilities	<input type="checkbox"/>
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4. Given your views on the balance between the benefits and liabilities, and the magnitude of your site-specific maintenance charges, do you believe the site-specific maintenance charging arrangements should be changed at the present time?

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Balanced	<input type="checkbox"/>
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5. In order to best facilitate contestable maintenance site-specific maintenance charges should ideally be based on actual costs incurred. This requires new systems and frameworks to capture, process, communicate and report individual maintenance costs on an asset-specific basis, and convert them into maintenance charges for each User on a site-by-site basis. To implement these arrangements on a GB basis is likely to give rise to additional one-off and ongoing costs for TOs and the GBSO, including the development of suitable contractual frameworks and cost-capture systems.

Do you believe the potential benefits of contestability are such that systems should be developed by the transmission licensees to capture costs on a site, user and asset specific basis?

Yes		No	X	Balanced		Don't know	
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Options for changing site-specific maintenance charges

6. Similar systems and processes would also be required to implement “pass-through” arrangements for site-specific maintenance costs.

If these systems were not implemented, to what extent would you support any of the following options:

- a. Absorb site-specific maintenance costs within the transmission running cost factor (which would result in a connection GAV-related non-locational charge) set for the duration of the price control period:

Support	X	Neutral		Against	
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- b. Absorb within the transmission running cost factor, as in (a) above, but determine this factor on an annual basis:

Support		Neutral	X	Against	
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- c. Introduce regional site-specific maintenance factors for each TO area:

Support		Neutral		Against	X
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- d. Maintain the status quo for the time being and keep the methodology under constant review in accordance with the requirement of National Grid's Transmission Licence:

Support		Neutral		Against	X
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Please add any justification you feel appropriate for your choices above.

We believe the connection agreement should provide for the ongoing maintenance or replacement if faulty of the connection assets. The transmission running cost covers the GB-wide provision of the services of the transmission businesses and, in keeping with the principles of BETTA, we believe that this component would be best to capture the full overhead of all the back up services consistent with the obligations under the connection agreement.

Other comments

7. Please provide any further comments you have on the charging arrangements for site-specific maintenance.