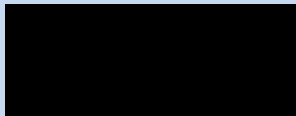



ET SECTOR	
REFERENCE NUMBER:	CATEGORY: LICENCE CONDITION - Addition
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC 3.11
TITLE:	Demand Schemes Price Control Deliverables
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	Q20. What are your views on the principles we have created for drafting PCD licence conditions? Q23. What are your views on the proposed changes to the SpCs outlined in this Electricity Transmission licence conditions chapter and the Annexes?
RELEVANT ISSUES LOG:	none
POLICY ISSUES	
<ul style="list-style-type: none"> Reference to “Fully Delivered” Appendix 1 - inconsistency between the definition of PCDs between licensees and between different outputs 	<ul style="list-style-type: none"> We are concerned that the definition of “Fully Delivered”, which is defined as an output that "has been delivered in full" is circular. Given the financial consequences that flow Ofgem’s determination as to whether an output has been Fully Delivered or not, it is essential that this critical term is clearly defined. There is inconsistency in the definition of PCDs between licensees, where some outputs are defined at a very high level and others are defined by reference to the content of Engineering Justification Papers (EJPs), this could give rise to inconsistent and unjustified treatments as between licensees, and in particular impose a higher hurdle on a licensee demonstrating that its outputs have been “Fully Delivered”. We also note the inclusion of individual tower references in the ‘output’ definitions - by requiring licensees to deliver the precise scheme in our EJPs, this will prevent licensees from delivering innovative or efficient solutions, or from taking necessary action to account of changing circumstances, leading to worse outcomes for our customers and stakeholders. 

<ul style="list-style-type: none"> • Appendix 1 is aligned to the submission in December 2019. • Outputs beyond T2 • Provisions for PCDs to change delivery date and scope • T2 + 2/3 arrangements • Schemes funded by UM 	<ul style="list-style-type: none"> • Appendix 1 aligns to the BPDT submitted in December 2019. Subject to our comments above, concerning the level of detail that should be included, we would ask that that whatever information is included in Appendix 1 is updated to reflect the BPDT submitted to Ofgem on 11th September 2020 via Huddle. • In DD Section 3.22 Page 44 Ofgem states 'Demand connections that are to deliver an output beyond the T2 period; retain in the baseline scenario and provide a bridging fund.' Where in the ET Licence is this bridging fund accommodated? This also applies to generation connections. • Each output is linked to specific date which doesn't take into consideration impact of customer delays and not NGET driven ones, guidance on how these will be treated needs to be provided and reflected in the licence. Please refer to our comments for para 10.3 of the PCD Methodology document, this assumes that the late delivery is due to the TO, in the case of generation and demand connections the delay could be due to the customer and all transmission works are complete. • Provisions for PCDs to change scope. Needs to cover how PCD outputs can change to respond to changing customer requirements and other external factors e.g. where new information comes to light that it is in the best interests of consumers to delay a project. In light of these issues we consider the licence should prescribe a process by which a licensee can apply to Ofgem for changes to PCD outputs, delivery dates and allowances, such application would be supported by reasonable and appropriate evidence to justify the change that is requested. • We would like to seek clarity on how any T2+ arrangements will work and whether this approach will also be applied to Generation and Demand schemes funded through the UM. • The licence does not reflect the principle that was agreed with Ofgem through the load related bilateral meetings that schemes funded by UM will not have new PCDs created, we would ask that this is reflected on the face of the licence.
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DRAFTING ISSUES	
<ul style="list-style-type: none"> Headings 3.11.6 	<ul style="list-style-type: none"> Headings should be framed as statements not questions. Part B heading should read “What the licensee is funded to deliver”. Part F heading should read “Authority process for making a direction”. We note that there is no reference within 3.11 to the value of the clawback not exceeding the associated allowance for the output. Whilst we note some wording to this effect has been included in the draft PCD Reporting Requirements and Methodology Document we consider that the cap on the maximum clawback for any individual output is a material feature of the PCD design and that in the interests of transparency it should be made clear on the face of the licence.
FINANCE ISSUES	
<ul style="list-style-type: none"> PCFM 	<ul style="list-style-type: none"> No place in PCFM for the term DSIt.
SUPPORTING INFORMATION	File name: NGET LR BPDT recut Sep20 submitted via huddle on 11 th September 2020
OFGEM ENGAGEMENT:	