# DS3 System Services

## Contracts for Interim Arrangements

If you have any questions in relation to our response, please don't hesitate to contact me at lisa.fahy@sse.com

## Introduction

SSE welcomes the opportunity to comment on the Contracts for Interim Tariff Arrangements for DS3 System Services. Our long-term priority for the businesses in our Wholesale segment is delivering sustainable, flexible energy production through a diverse portfolio of assets. We have already enhanced stations in our existing thermal fleet in GB to meet system challenges. As a major producer of electricity in Ireland, SSE can enhance its existing fleet and bring forward innovative development projects if the TSOs and Regulatory Authorities create a stable, investable DS3 framework.

The proposals in the consultation around governance arrangements are not acceptable. The Protocol document should be contained in the Framework Agreement in order to ensure an appropriate level of consultation with industry. Elements of the contract which may have a material impact on revenues should also be included in the Framework Agreement.

The SEM Committees recent note delaying the DS3 auction until 2018 is welcome. Throughout the consultation process issues were raised by industry around the complex nature of the auction design – we are pleased that a pragmatic pause has been announced. Postponement will allow for further examination of the issues with incremental 'quick wins' delivered where possible.

In the interim, SSE would welcome clarity on whether or not the new Framework Agreement will apply for 2 years as a result of the delay in the enduring arrangements.

**Question 1: Do you agree with the proposal that the framework agreements should apply on a Providing Unit basis rather than on a Service Provider basis?**

SSE agrees with this approach.

**Question 2: Do you have any comment on payment being contingent on compliance requirements being met?**

SSEs view is that this is a reasonable approach.

**Question 3: Do you have any comment on the proposal to detail performance monitoring in the Protocol document rather than in the framework agreements?**

SSEs preference is for the performance monitoring detail to be included in the Framework Document. If it were to be included in the protocol document, we believe that any changes made should be issued for consultation.

**Question 4: Do you have a view on the change in notice period for the termination of one or more system services by the Company?**

SSE does not agree with the change in notice period from one year to three months. Under performance will be addressed through the performance-scalar mechanism, the reduction in termination period is therefore not required and is inappropriate.

**Question 5: Do you have a view on the proposed definition of the Product Scalars in the framework agreement?**

No. We have provided comments on the proposed scalars in our response to that consultation.

**Question 6: Do you have a view on the high-level definition of the Performance Scalars in the Protocol document?**

For ramping and reserve there is time element to the performance scalar. SSEs view is that the data backstop limit for records is too few and propose this is extended to at least 30 performance records. This timeframe also allows an appropriate period to monitor performance against less frequently activated services.

**Question 7: Do you have any comment on the technical definitions of the new system services as specified in the draft DS3 System Services framework agreement?**

No.

**Question 8: Do you have any comment on the payment definitions of the new system services as specified in the draft DS3 System Services framework agreement?**

No.

**Question 9: Do you have any comment on the alignment of settlement timelines between Ireland and Northern Ireland?**

The 10 day timeframe for notification of issues and measurement errors is too short. The requirement to confirm accuracy of the Statement of Account in order to submit an invoice to the Statement amount is therefore not acceptable. We believe this period should be extended to allow sufficient time for both parties to validate, identify and verify potential

issues or concerns. In relation to disputes, SSEs view that is Service Providers should have up to 2 years to challenge the Statement after it is issued.

SSE is concerned with the implication that failure to raise a Claim is deemed as acceptance of data accuracy. The accuracy of the data is dependent on a number of factors outside of the control of Service Providers. Further, we do not consider the TSO making assumptions where data is missing appropriate. Given that the DS3 programmes practical implementation is a new venture for all parties, a coordinated approach to the provision of accurate and reliable data should be taken.

SSE welcomes the alignment of the settlement timelines and consistency in approach across the two jurisdictions.