

Summary of responses to our consultation on proposals for a reliability incentive

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Introduction

One of our key objectives outlined in our July Business Plan is to keep the lights on for our customers in the north of Scotland. A component of keeping the lights on is ensuring that loss of supply incidents on the transmission system are kept to a minimum. As part of the existing and upcoming price control arrangements, the regulator has proposed an incentive mechanism to focus our attention on delivery in this area.

SHETL has proposed an alternative incentive mechanism to target this area, which we believe is more customer-focused. In order to understand what our stakeholders thought of the two mechanisms proposed we issued a consultation document on 13 October seeking comments by 11 November 2011.

The consultation document and a cover letter were sent to 212 stakeholders, initially identified for the RIIO-T1 consultation and subsequently updated on the basis of intelligence and feedback from stakeholder engagement pre and post business plan submission. Links to our previous consultation exercises; our proposed July Business Plan and associated documentation were all supplied with the consultation document to confirm the context, as well as SHETL contact details including a dedicated email address to aid stakeholder responses.

Based on feedback received after the submission of our Business Plan, we followed up our consultation documentation to all stakeholders, specifically offering „round table’ and one-to-one sessions with a particular focus on consumer groups such as:

- Consumer Focus Scotland
- Energy Action Scotland
- Citizens Advice Scotland
- Scottish Fuel poverty Forum
- Scottish Government (Energy & Climate Change)
- Which?

„Round table’ sessions were taken up and held with Consumer Focus Scotland, Energy Action Scotland, and Jamie McGrigor MSP.

In total nine stakeholder responses were received on SHETL’s alternative proposal for an incentive mechanism relating to energy not supplied. These responses are summarised in this document.



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Responses Received

A number of stakeholders commented that the SHETL proposal *“makes a good deal of sense”* and welcomed *“thinking in terms of consumers rather than simply focusing on the regulatory regime”*. One of the consumer bodies that responded commented that *“a mechanism which means transmission companies are always incentivised to keep the lights on plus a requirement to compensate customers directly when outages exceed six hours would be in the consumer interest.”*

One stakeholder requested further clarification on extreme weather events and we will ensure that this is addressed in revised documentation as we progress the mechanism.

A number of respondents commented on the impact to customers of being off supply. This is something we are acutely aware of and endeavour to minimise. However, there are times when our ability to respond is limited by factors outside of control, which was picked up by another stakeholder who commented that the *“safety of engineers should not be compromised by time targets in unsafe conditions.”*

Generally the responses received were supportive of our approach and saw *“compensatory payments to the relevant customers are much more sensible.”*

