

Energy Not Supplied Compensatory Payment Statement January 2021

BN-NET-OPS-500	ENS Compensation Statement		Applies to
			Transmission ✓
Revision: 1.00	Classification: Public	Issue Date: January 2021	Review Date: January 2023

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1. Introduction

In October 2011, SSEN Transmission (operating as “SHE Transmission”) carried out a public consultation on introducing a compensatory payment component to the proposed reliability incentive as part of the price control that SHE Transmission was to operate under from 1 April 2013 to 31 March 2021 (RIIO-T1).

The feedback from the consultation was overwhelmingly positive and, on the basis of this, Ofgem accepted our proposal to include a mechanism to allow us to make compensatory payments to customers that are off supply for a period of six hours or longer as a result of a fault on the transmission network. We propose to retain the scheme as part of our RIIO-T2 Business Plan.

This document sets out our methodology that we will use to identify affected customers and make the payments to them in line with this mechanism.

2. Background

SSEN Transmission’s network is unique, with a significant proportion of the network consisting of radial (single) 132kV circuits serving a relatively small proportion of our connected customers rather than the more common dual circuit provision. The disadvantage of a radial feed, compared to a dual feed, is that customer supplies are slightly less resilient to the impact of faults on the Transmission network. In the majority of these cases, there are normally alternative distribution feeds available to restore supply to customers on these circuits, but these can take several hours to connect. While we are keen to ensure the continued supply of electricity to these customers on radial networks, the cost of upgrading to a dual circuit to prevent these customers being off supply for an extended period due to a fault is currently disproportionate.

We recognise that when incidents do occur, they can cause significant disruption to those customers affected. We therefore agreed with Ofgem that, in the event that a customer is off supply for more than six hours as a result of an incident on our transmission network, we will make a compensation payment to that customer in a manner that is similar to the existing arrangements for distribution networks¹.

Any customer identified as being off supply for six hours or longer as a result of a fault on our transmission network will be pro-actively contacted once supplies have been restored. In doing this, we will act in accordance with following methodology statement.

¹ The Distribution Guaranteed Standards set out compensation arrangements for customers who are off supply for more than 18 hours as a result of a distribution fault.

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3. Methodology Statement

In the event of a fault on our transmission network occurring that results in one or more customer's being off supply for a period of six hours or longer where there is an alternative feed available, we will follow the following five-step process² to identify affected parties; communicate eligibility for a compensatory payment and the claim process; review claims received and make timely payments to those affected.

Step 1: During an incident on our transmission network that results in customers being off supply, we will continue to take all appropriate steps to restore supplies in a safe and timely manner and to minimise the impact of any interruption to those affected.

Step 2: Once supplies have been safely restored, we will work in conjunction with Scottish Hydro-Electric Power Distribution (SHEPD), to carry out an analysis of customers affected and how long they were off supply. Analysis will use data from SHEPD's Supply Interruption Management System (SIMS) which records all faults alongside the customer(s) affected by each fault and an Outage Management System (OMS) utilised by both SHEPD and SSEN Transmission. This system is sufficiently accurate to identify both the 6-hour and 12-hour thresholds for restoration of supply. From this analysis, we will be able to directly identify the majority of properties affected. There may be instances where customers are affected by an outage on our transmission network but are not visible to our systems as they are connected by an independent distribution network operator (IDNO). We have set out how we will work with the IDNO to contact these properties.

Step 3: As a transmission business, we do not hold information for customers of SHEPD. Therefore, SHEPD will write to customers identified as being affected. This letter will include a unique reference number, consisting of two elements to identify the incident concerned and also the property that the letter has been sent to. This unique reference number allows us to ensure that those who have genuinely been affected are compensated. The letter will include a response form that the customer affected will need to complete and return to provide payment details. We will include a pre-paid envelope so customers are not responsible for the cost of responding and claims will be valid for three months so those away from a property for a period of time should not be disadvantaged, with responses received after this period being dealt with on a case by case basis. Other methods of contact and response (e.g. email or online) will be considered on an ongoing basis in response to any customer feedback received.

Step 4: Once responses have been received by SSEN Transmission, we will check that the details are sufficient to allow payment to be made and then pass to our finance department for payment in the next batch of payments.

² In an independent survey undertaken by SHE Transmission in October 2014, 99% of customers confirmed their satisfaction with this process

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Information collected by the forms to allow payment must include the name the cheque should be payable to and full postal address details. We will also request a telephone number and email address for ease of contact in the event that any discrepancy should arise. These details will be held for a suitable length of time in accordance with the Data Protection Act and GDPR.

Step 5: The affected party will receive their payment on the basis of details provided. In usual circumstances (as opposed to the exceptional circumstances specified later in this statement), we make a commitment to make payments within 30 working days of us receiving a complete response to our letter. Should 20% of payments fall out with this specified threshold a report will be made to the Authority detailing this. We recognise that some customers may wish to donate their payment to charity. Our letter will set out this option and provide details of our nominated charity that we will make payments to if customers choose to exercise this option.

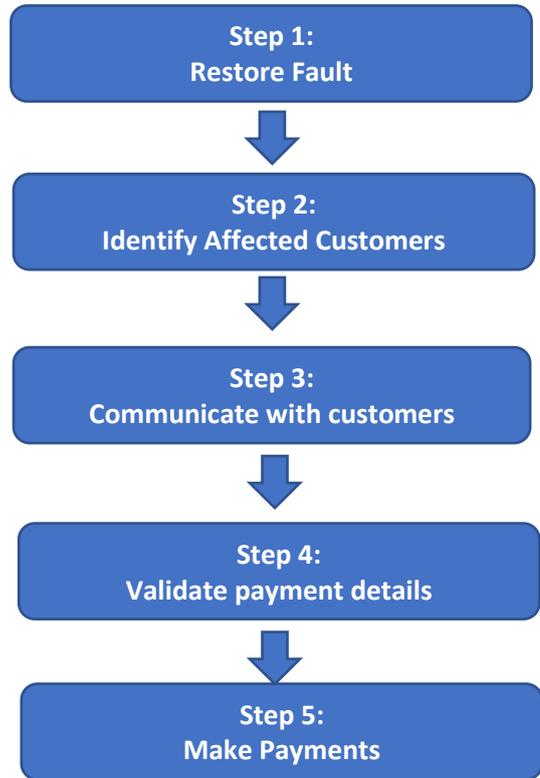


Figure 1 - ENS Compensation Process

The value of payments will be as follows:

(These values are in 2018/19 prices as this is the basis that our price control is calculated in.)

- Customer off supply for 6 hours or more
 - Domestic: £71
 - Commercial: £142
- Additional payment where the customer is off supply for twelve hours or more:
 - Domestic: £36
 - Commercial: £71

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4. Customers connected to an IDNO network

Where our analysis identifies that the area affected by a fault on our transmission network includes a network that is operated by an Independent Distribution Network Operator (IDNO), i.e. a licensed network operator that is not SHEPD, we will alert the relevant IDNO immediately to the size and timings of the event.

The IDNO may provide evidence to show that its customers remained without supply for a longer period of time than indicated by our systems, due to a fault on their network caused by an incident on our transmission network. In this case we would review the evidence provided and if deemed satisfactory, would consider those customers eligible to claim appropriate payments.

The IDNO will then write out to their customers with a letter explaining the nature of the event, and a claim form.

They will then collate all claim forms returned to them, make the necessary payments and submit a claim with suitable evidence to SSEN Transmission for the total funds paid out to their customers (this falls in line with the existing agreed process for a fault at distribution level and has been mutually agreed with all of the IDNOs that could be affected).

5. Exceptional circumstances

We will make these payments in the majority of circumstances. Instances when we may not make these payments are:

1. Where an exceptional weather event has occurred. We define an exceptional weather event as those instances that trigger the Category 1 or 2 definitions within the Electricity (Standards of Performance) Regulations 2005. Events triggering these categories will be treated on a case-by-case basis. We will set out the application of these definitions on our website and by other means as appropriate as soon as possible after the event.
2. Where an extended Emergency Return to Service arrangement has been agreed with the System Operator, National Grid. Emergency Return to Service is the time taken to return an out of service circuit to operational service. Following an incident, we must reach agreement with the System Operator for the affected circuit to be switched back in. We define an extended Emergency Return to Service arrangement as when the fault has been identified and rectified but the System Operator has asked us to defer making the circuit live.
3. Where the DNO or IDNO has elected for a lower standard of supply, through connection to the grid via a single 132kV circuit and have not installed a permanently available distribution back up supply to connect customers.
4. Where a normally available DNO/IDNO back-up distribution feed (or feeds) to a single 132kV infeed GSP is unavailable or is incapable of supporting all affected distribution customers.
5. Where assets have become inoperable due to the actions of a third party and through no fault of SSEN Transmission. This may include acts of vandalism or terrorism.

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