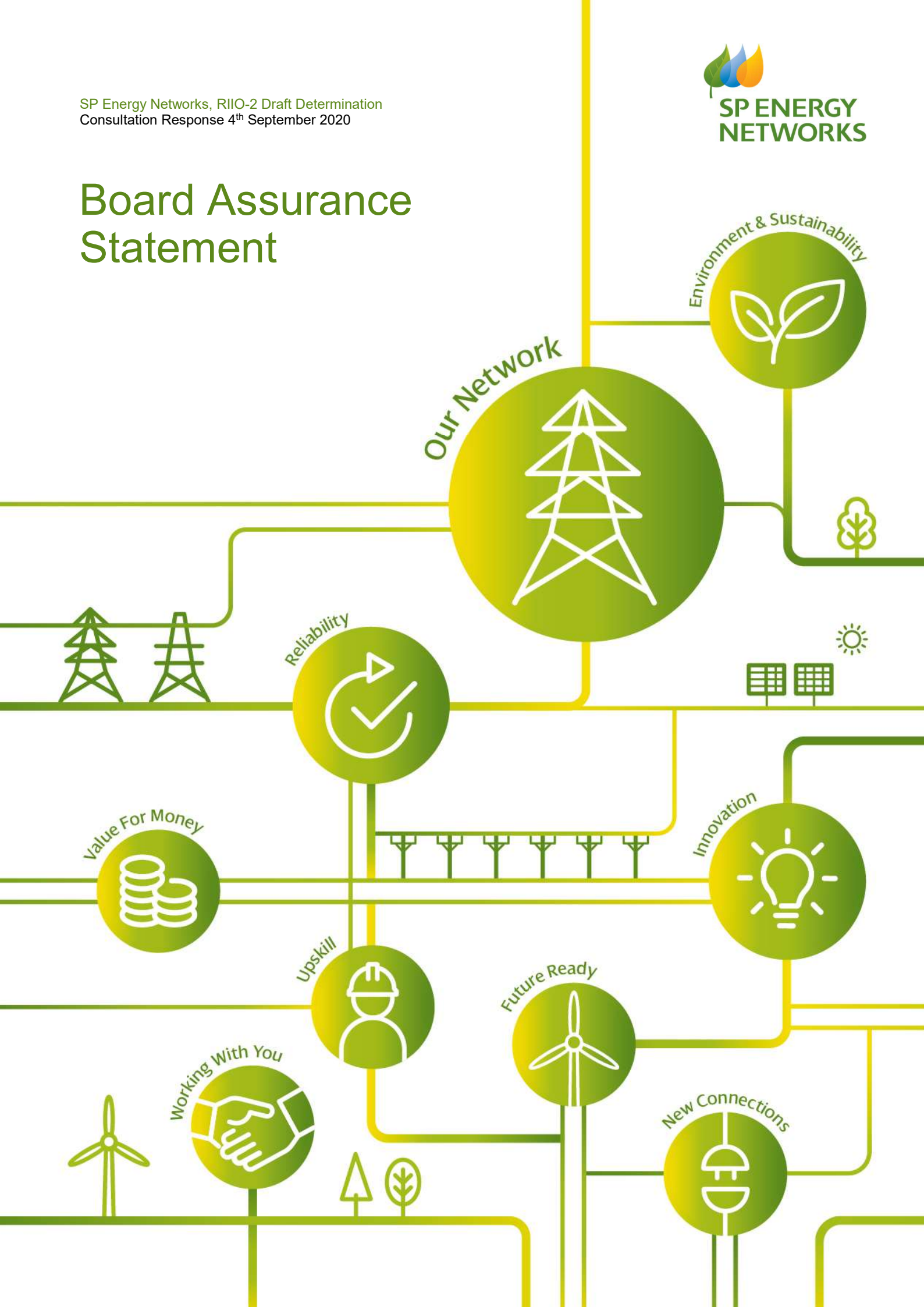


Board Assurance Statement



Introduction

The Board of Directors of Scottish Power Energy Networks Holdings Limited (the “SPENH Board”) and the Board of Directors of SP Transmission plc (the “SPT Board”)¹ have overall responsibility for the long-term strategy and direction of our RIIO-T2 Business Plan. The SPENH Board has been fully engaged in the development and preparation of our response to Ofgem’s Draft Determination of our RIIO-T2 Business Plan.

We worked hard in the production of our Business Plan, to make sure the Business Plan is founded on the best interests of existing and future consumers, our network users and wider stakeholders as well as contributing to Scottish and UK Government Net Zero targets. We are disappointed that Ofgem’s Draft Determination puts this Business Plan at risk.

We do not believe that the Draft Determination reflects a robust assessment of our Business Plan. The Draft Determination offers neither value for consumers nor a fair return for investors. Furthermore, it does not reflect the views of the wide array of stakeholders who, throughout the RIIO-T2 process, have informed our Business Plan and recognise our strong track record in RIIO-T1 of delivering an agreed plan. Unless the issues identified in our Draft Determination response are addressed and reductions overturned in the Final Determination, we have material concerns that, if implemented, the Draft Determination puts at risk SPT’s ability to adhere to its statutory duties.

This document sets out the Board’s assurance for our Draft Determination response taking account of our views on, and approach to accuracy, efficiency and ambition all as detailed below.

Accuracy

The Board is confident that we are submitting a high quality, robust and accurate response to the Draft Determination. We note, however, that the Draft Determination included a significant number of errors and inconsistencies (all of which are commented upon in our Draft Determination response) which has hampered our ability to fully evaluate Ofgem’s position as set out in the Draft Determination and reconcile it against our Business Plan. This is at odds with Dermot Nolan’s letter of 4 June 2019 seeking assurance from network companies over the process to develop SPT’s RIIO-T2 business plan. This letter sought assurance that business plans submitted to Ofgem would be accurate, unambiguous, complete and robust and supported by accuracy and quality assurance processes. The high number of errors and substantial inconsistencies as identified in SPT’s Issues Log (shared with Ofgem already and as enclosed with our Draft Determination response) does not reflect the same level of diligence on Ofgem’s part and puts at risk the substantial assurance work we have undertaken to ensure accuracy.

Despite this we have applied the same level of scrutiny to our Draft Determination response as we applied to our Business Plan submitted in December 2019. All aspects of our Draft Determination response have followed the same stringent assurance process as carried out for our Business Plan submission. For areas of high materiality impact, further reviews have been carried out by external subject matter experts.

The Board has also held two extraordinary meetings since the publication of the Draft Determination to discuss Ofgem’s Draft Determination and to review and approve SPT’s response to the Draft Determination.

Efficiency

The Board remains confident that we submitted an efficient Business Plan in December 2019. The extensive external assurance provided with the Business Plan submission supports this confidence. We therefore disagree with the adjustments that have been made by Ofgem to expenditure allowances due to the removal of project risk provision and additional ongoing efficiency assumptions. We have therefore appointed further external reviews which support our position as set out and evidenced in our Draft Determination response.

¹ For the purpose of this Board Assurance Statement, references to “the Board” include the SPENH Board and the SPT Board.

Ambition

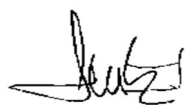
We believe that Ofgem's Draft Determination is, in the round, unbalanced and not reflective of the risks faced by Transmission Owners. Furthermore, the reduction in investment returns as set out in the Draft Determination puts at risk the ability for GB to retain reputable, stable and long term investors in GB.

Our Business Plan addresses the very material consequences of Net Zero for electricity transmission. It focusses on the interests of present and future consumers in the reduction of electricity related emissions of greenhouse gas and the need to contribute to sustainable development. It reflects the ambition of our stakeholders who have shaped our Business Plan. The Draft Determination as it stands puts all of these aspects at risk.

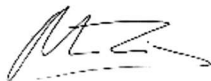
From our extensive governance and assurance process it is the Board's view that it will not be possible to deliver our ambitious Business Plan through the RIIO-T2 period if Ofgem's positions, as set out in the Draft Determination, are implemented without substantial change. Our response to the Draft Determination robustly challenges all of the changes that Ofgem have made so as to ensure the ambition contained in our Business Plan can be fulfilled.

BOARD SIGN-OFF STATEMENTS

The Board confirms that all elements of the response to the Draft Determination have been subject to thorough assurance, including Board approval. The Draft Determination response has been subject to extensive review using business experts as well as external experts. The Business Plan was built upon our track record of accurate and careful planning, which is demonstrated by our delivery of our RIIO-T1 plan.



Sr Armando Martínez
Chairman
Non-Executive



Sr Antonio Espinosa de los Monteros
Member
Non-Executive



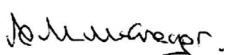
Mr Frank Mitchell
CEO
Executive



Mr Scott Mathieson
Member
Executive



Mr Marc Rossi
Member
Executive



Ms Alison McGregor
Member
*Independent,
Non-Executive*



Professor Dame Lesley Anne Glover
Member
*Independent,
Non-Executive*