

James Santos-Mansur
Ofgem
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Date

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Contact / Extension

Lynne Bryceland

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Dear James,

Argyll and Kintyre: Consultation on the project's Initial Needs Case

This response is from SP Transmission (SPT), the onshore transmission owner (TO) for the South of Scotland. As a TO, we have a duty to ensure that we develop and maintain an economic, efficient and coordinated onshore transmission system. We therefore welcome the opportunity to share our views on the Initial Needs Case (INC) and delivery model for SHET's proposed Argyll and Kintyre 275kV Reinforcement (Argyll) project.

The Argyll project is an electricity transmission infrastructure project that upgrades parts of the existing network from Crossaig to a connection point located east of Dalmally Village on SPT's Dalmally-Windyhill 275kV Overhead Line (OHL). SPT therefore has a direct interest in this particular reinforcement project.

We have responded to each of Ofgem's consultation questions below:

Q1: Do you agree with the need for investment on the transmission network?

We have engaged extensively with SHET regarding the need, and options, to increase transmission export capacity for new generation developments in the Argyll and Kintyre area. Noting the high level of new connection activity in this area, we agree with the need for investment in transmission infrastructure in order to support the connection, and economic integration, of new renewable generation to the Argyll and Kintyre network.

We agree with Ofgem that the Argyll project meets Ofgem's late competition criteria of new, separable and high value (i.e. > £100m capital expenditure). We welcome Ofgem's decision not to deliver this project, via a late competition delivery model but instead, through the established LOTI mechanism. We agree that the use of a CATO or SPV model would delay delivery of this project, which is not in line with ambitions for accelerating delivery of transmission infrastructure to support 2030 ambitions.

We are also in agreement with Ofgem that no TO should benefit financially from late delivery of a project. However, it is key that Ofgem takes a decision on its proposed Large Project Delay (LPD) mechanism, at the earliest opportunity, so as to provide TOs with certainty of the penalty mechanism to be used for LOTI projects. We hope that the work currently been undertaken on the Delivery ODI for the Accelerating Strategic Transmission Investment (ASTI) framework is taken into account when setting the penalty mechanism for this project, and other large transmission infrastructure projects.

Q2: Do you agree with our initial conclusions on the technical options considered?

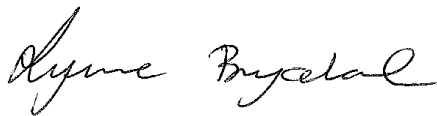
We agree with Ofgem's initial conclusions on the technical options considered.

Q3: Do you agree with our initial conclusions on the cost benefit analysis and the appropriateness of the option taken forward?

We agree with Ofgem's initial conclusions on the cost benefit analysis undertaken by SHET and the Electricity System Operator, which supports the need for investment and the reinforcement option proposed.

Please do not hesitate to get in touch if you have any questions in relation to the points raised in this response.

Yours faithfully,



LYNNE BRYCELAND
LICENCE AND POLICY MANAGER