

To: Scottish Hydro Electric Transmission plc ('the Licensee')

Direction issued by the Gas and Electricity Markets Authority ('the Authority') under Part F of Special Condition 3.13 (Large onshore transmission investment Re-opener) (the LOTI Re-opener) of the electricity transmission licence held by the Licensee to relieve the Licensee of the requirement to secure all material planning consents for the Argyll and Kintyre 275kV Reinforcement project prior to the submission of a Final Needs Case for approval to the Authority.

Whereas

1. The Licensee is the holder of an electricity transmission licence ('the Licence') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Act').
2. Part B of Special Condition 3.13 (Large onshore transmission investment Re-opener) of the Licence sets out the sequential stages that the Licensee is required to complete prior to the application for a Project Assessment Direction¹ to specify a LOTI Output, a delivery date and associated allowances for the project in Appendix 2 to that condition. These stages are:
 - i. obtaining the Authority's² approval for the project's eligibility under the LOTI Re-opener,
 - ii. submission of an Initial Needs Case to the Authority for consideration, and
 - iii. obtaining the Authority's approval of a Final Needs Case for the project.
3. The LOTI Guidance and Submissions Requirements Documents³ provide the detailed requirements pertaining to each of the stages described above, with which the Licensee must comply with when making a LOTI application to the Authority under Special Condition 3.13 of the Licence.
4. Paragraph 3.13.13 of Special Condition 3.13 also provides that the Authority may by way of Direction relieve the Licensee of the requirement to secure all material planning consents prior to seeking approval of the Final Needs Case from the Authority.
5. After careful consideration, we have decided to relieve the Licensee of the requirement to secure all material planning consents prior to submission of a Final Needs Case for the Authority's approval. This decision has been made on the basis that unless we relieve the Licensee of the requirement to secure all material planning consents prior to submitting the Final Needs Case, then there may be a delay to delivery of the project programme which could increase project costs that ultimately get passed onto consumers.

¹ Capitalised terms not otherwise defined in this Direction have the meaning given to them in the Licence

² The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work

³ [Large Onshore Transmission Investments \(LOTI\) Re-opener Guidance](#)

6. We consider that allowing for a Final Needs Case submission prior to securing material planning consents may also provide a sufficient degree of certainty for the project's procurement process. We recognise the importance of certainty during the procurement process and consider that in this instance it would be reasonable to provide additional flexibility to the LOTI process in order to reduce the risk of a sub-optimal procurement process.
7. In accordance with paragraph 3.13.13 of Special Condition 3.13 of the Licence, the Authority hereby directs that the Licensee is relieved of the requirement to secure all material planning consents prior to the submission of a Final Needs Case for the Authority's approval.
8. This Direction gives notice of the reasons for the decision to issue this Direction as required by section 49A(2) of the Act.

Jourdan Edwards
Interim Deputy Director - Onshore Networks
Duly authorised on behalf of the Gas and Electricity Markets Authority

05 May 2023