

Accelerated Strategic Transmission Investment – proposed modifications to electricity transmission licence special conditions

Scottish Power Transmission Plc (SPT)

This document contains the proposed new special licence conditions required to implement the Accelerated Strategic Transmission Investment (ASTI) framework¹ into SPT's electricity transmission licence.

- **SpC 3.40: Accelerated Strategic Transmission Investment Pre-Construction Funding Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment (APCFt)**
- **SpC 3.41: Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable (ASTIRt)**
- **SpC 4.8: Accelerated Strategic Transmission Investment output delivery incentive (ASTIIIt)**

The reasons for, and effects of, creating these proposed new special conditions, which will apply to all Transmission Owners (TOs), are detailed in the draft ASTI statutory licence consultation (the "consultation"). Details of proposed modifications to existing electricity transmission special licence conditions and the Price Control Deliverable Reporting Requirements and Methodology Document,² as well as the new ASTI Guidance and Submissions Requirements document, are also included in the consultation.

Any information relating to ASTI projects, which has been identified by the TOs as being commercially sensitive to them, have been redacted from this document and will be included in the ASTI Confidential Annex, which it is proposed will also apply to the TOs upon implementation of these new special conditions in their electricity transmission licences.

¹ [Decision on accelerating onshore electricity transmission investment | Ofgem](#)

² [Price Control Deliverable Reporting Requirements and Methodology Document | Ofgem](#)

Special Condition 3.40 Accelerated strategic transmission investment Pre-Construction Funding Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment ($APCF_t$)

Introduction

- 3.40.1 The purpose of this condition is to calculate the term $APCF_t$ (the ASTI Pre-Construction Funding Price Control Deliverable term). This contributes to the calculation of the Totex Allowance.
- 3.40.2 The effect of this condition is to:
- (a) specify the outputs, delivery dates and associated allowances for the Price Control Deliverable;
 - (b) establish a Re-opener for the licensee to trigger where it expects to incur costs for Pre-Construction Works in relation to an ASTI in addition to the allowances in Appendix 1;
 - (c) provide for an assessment of the Price Control Deliverable; and
 - (d) provide for a Use It Or Lose It Adjustment.
- 3.40.3 This condition also sets out the process the Authority will follow when making changes to Appendices 1 and 2 as a result of the Re-opener.

Part A: Formula for calculating the ASTI Pre-Construction Funding Price Control Deliverable term $APCF_t$

- 3.40.4 The value of $APCF_t$ is derived in accordance with the following formula:

$$APCF_t = APCFA_t - APCFRA_t$$

where:

$APCFA_t$ means the allowances in Appendix 1; and

$APCFRA_t$ has the value zero unless otherwise directed by the Authority in accordance with Part D.

Part B: ASTI Pre-Construction Funding outputs

- 3.40.5 Appendix 2 specifies the outputs the licensee is funded to deliver, the delivery dates for those outputs and the allowances provided.

Part C: Scope of the ASTI Pre-Construction Funding Re-opener

- 3.40.6 The licensee may, in respect of an ASTI, apply to the Authority for a modification to the outputs, delivery dates or allowances in Appendices 1 and 2 where:
- (a) the licensee has incurred, or expects to incur, costs for Pre-Construction Works for outputs that are not already specified in Appendix 2, if no allowances for Pre-Construction Works have previously been provided under Special Condition 3.15 (Pre-Construction Funding Re-opener and Price Control Deliverable);
 - (b) the licensee expects that the total costs for Pre-Construction Works in relation to all outputs in Appendix 2 will exceed the total allowances in Appendix 1 by the Materiality Threshold; or
 - (c) the licensee expects a material change to one of the outputs or delivery dates in Appendix 2.
- 3.40.7 The licensee must notify the Authority in writing of its intention to make an application under 3.40.6 at least 8 weeks before making an application.
- 3.40.8 An application under paragraph **Error! Reference source not found.**40.6 must be made in writing and include:
- (a) a breakdown of what Pre-Construction Works are expected to be undertaken;
 - (b) a breakdown of the incurred and expected costs for Pre-Construction Works;
 - (c) an overview of the ASTI or ASTIs to which the Pre-Construction Works and associated costs relate;
 - (d) the specification of any additional outputs that the licensee considers should be added to Appendix 2;
 - (e) a justification of why any additional Pre-Construction Works and/ or additional allowances are required; and
 - (f) any amendments requested to the outputs, delivery dates or allowances set out in Appendix 2.
- 3.40.9 The licensee must comply with the ASTI Guidance and Submissions Requirements Document when making an application under this Part.
- 3.40.10 A modification under this Part to the outputs, delivery dates and allowances in Appendix 2 and the allowances in Appendix 1 will be made under section 11A of the Act.

Part D: Assessment of the Price Control Deliverable (APCFRA_t)

- 3.40.11 The Authority will direct a value for APCFRA_t where either of the following is appropriate:

- (a) an adjustment in accordance with the assessment principles set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements), where the licensee has not Fully Delivered an output in Appendix 2; or
- (b) a Use It Or Lose It Adjustment, which will be assessed after any assessment under sub-paragraph (a).

Part E: What process will the Authority follow in making a direction?

3.40.12 Before making a direction under paragraph 3.40.11 the Authority will publish on the Authority's Website:

- (a) the text of the proposed direction;
- (b) the reasons for the proposed direction; and
- (c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.

3.40.13 A direction under paragraph 3.40.11 will set out the value of the APCFRA_t term and the Regulatory Years to which the adjustment relates, and where the direction is under paragraph 3.40.11(a) will set out:

- (a) the delivery status of the output that has not been Fully Delivered; and
- (b) the methodology and data that has been used to decide the delivery status and value of any adjustments to the APCFRA_t term.

Appendix 1

ASTI Pre-Construction Funding Allowance table (£m)

	Total Value
SPT	Have the values given in the ASTI Confidential Annex. (Sum of allowances from Appendix 2, PCF Allowance)

Appendix 2

ASTI Pre-Construction Funding Price Control Deliverables (£m)

Project Name	Output	Delivery Date	PCF Allowance
Denny to Wishaw 400 kV reinforcement (NOA Code: DWNO)	Submission of all material planning consent applications for DWNO	31 March 2026	Have the values given in the ASTI Confidential Annex.
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)	Submission of all material planning consent applications for TGDC	31 March 2026	Have the values given in the ASTI Confidential Annex.
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)	Submission of all material planning consent applications for TKUP	31 March 2026	Have the values given in the ASTI Confidential Annex.

Special Condition 3.41 Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR_t)

Introduction

- 3.41.1 The purpose of this condition is to specify the value of the term ASTIR_t (the accelerated strategic transmission investment Re-opener term). This contributes to the calculation of the Totex Allowance.
- 3.41.2 The effect of this condition is to:
- (a) specify the ASTI Outputs, delivery dates and allowances for the Price Control Deliverable;
 - (b) establish a Re-opener for the licensee to apply for an adjustment to the ASTI Outputs, delivery dates and allowances in Appendix 1;
 - (c) provide for an assessment of the Price Control Deliverable; and
 - (d) establish the ASTI Guidance and Submissions Requirements Document.
- 3.41.3 This condition also sets out the process the Authority will follow when making changes to Appendix 1 as a result of the Re-opener.

Part A: Formula for calculating the accelerated strategic transmission investment Re-opener term (ASTIR_t)

- 3.41.4 The value of ASTIR_t is derived in accordance with the following formula:

$$ASTIR_t = ASTIA_t - ASTIRA_t$$

where:

ASTIA_t means the allowances in Appendix 1; and

ASTIRA_t has the value zero unless otherwise directed by the Authority in accordance with Part G.

Part B: ASTI Outputs

- 3.41.5 The licensee must deliver the ASTI Outputs by the delivery dates specified in Appendix 1.
- 3.41.6 After the ASTI Output has been delivered it must be operational and available for use by NGENSO for the period specified in Appendix 2 after application of the exclusions set out in Chapter 4 of the ASTI Guidance and Submissions Requirements Document.

Part C: Early Construction Funding

- 3.41.7 The licensee may, in respect of any ASTI Output, apply for an ASTI Early Construction Funding decision to adjust ASTIA_t.

- 3.41.8 Unless the Authority directs otherwise, the aggregate allowances provided under paragraph 3.41.7 for any ASTI Output may not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex.
- 3.41.9 The licensee must notify the Authority in writing of its intention to make an application under 3.41.7 at least 8 weeks before making an application, unless the Authority directs otherwise.
- 3.41.10 A modification under this Part will be made under section 11A of the Act.

Part D: ASTI Project Assessment Decision

- 3.41.11 The licensee may, in respect of any ASTI, apply for an ASTI Project Assessment Decision and an associated modification of Appendix 1 to specify or amend an ASTI Output, a delivery date and associated allowances.
- 3.41.12 Unless the Authority otherwise directs, the licensee may only apply for an ASTI Project Assessment Decision after submission of all material planning consent applications.
- 3.41.13 A modification under this Part will be made under section 11A of the Act.

Part E: ASTI Cost And Output Adjusting Event

- 3.41.14 The licensee may apply for a modification to the ASTI Outputs and allowances in Appendix 1 where it considers that there has been one or more ASTI Cost and Output Adjusting Event.
- 3.41.15 The licensee may only apply under this Part to modify allowances in Appendix 1 where:
- (a) expenditure has been caused to increase or decrease by at least the percentage specified in, or in accordance with, paragraph 3.41.17, calculated before the application of the Totex Incentive Strength, relative to the relevant allowance in Appendix 1 by the event or if there has been more than one event:
 - i. by each event;
 - ii. if the Authority has directed that the events in relation to the relevant ASTI Output should count cumulatively towards the percentage threshold,; and
 - (b) the increase or decrease in expenditure is expected to be efficiently incurred or saved.
- 3.41.16 The licensee may apply under this Part to modify the ASTI Outputs in Appendix 1 only where there is a material change to the scope of the relevant ASTI project.
- 3.41.17 The percentage referred to in paragraph 3.41.15(a) is:

- (a) 10%; or
- (b) such other percentage as the Authority may specify by direction.

3.41.18 An application under this Part must be made in writing and must:

- (a) include detailed supporting evidence that an ASTI Cost And Output Adjusting Event meeting the requirements set out in paragraphs 3.41.15, or where applicable 3.41.16, has occurred;
- (b) set out the modifications requested to the ASTI Outputs or associated allowances in Appendix 1;
- (c) explain the basis of the calculation for any proposed modification to the allowances in Appendix 1, which must be designed to keep, so far as is reasonably practicable, the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred; and
- (d) include a statement from a technical adviser, who is external to and independent from the licensee, whether, considered in the context of the value of the ASTI Output, the proposed modification to the ASTI Output or associated allowances fairly reflects the effects of the ASTI Cost And Output Adjusting Event.

3.41.19 The Authority may make a modification under this Part where:

- (a) there has been an application under this Part;
- (b) there has been an ASTI Cost And Output Adjusting Event in relation to the relevant ASTI;
- (c) the requirements of paragraphs 3.41.14 to 3.41.18, where applicable, have been met; and
- (d) the proposed modifications to Appendix 1 have the effect so far as is reasonably practicable of keeping the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred.

3.41.20 A modification under this Part will be made under section 11A of the Act.

Part F: Modification of delivery date in Appendix 1 further to an ASTI ODI Penalty Exemption Period decision under Part B of Special Condition 4.8 (Accelerated Strategic Transmission Investment output delivery incentive)

3.41.21 The Authority will modify the delivery dates in Appendix 1 where it decides under Part B of Special Condition 4.8 (Accelerated Strategic Transmission Investment output delivery incentive) to make a modification to the ASTI ODI Penalty Exemption Period in Appendix 1 of Special Condition 4.8.

3.41.22 A modification under this Part will be made under section 11A of the Act.

Part G: Assessment of the Price Control Deliverable (ASTIR_t)

3.41.23 The Authority will, in accordance with the assessment principles set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements), consider directing a value for ASTIR_t where the licensee has not Fully Delivered an output in Appendix 1.

Part H: What process will the Authority follow in making a direction?

3.41.24 Before making a direction under Part G the Authority will publish on the Authority's Website:

- (a) the text of the proposed direction;
- (b) the reasons for the proposed direction; and
- (c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.

3.41.25 A direction under paragraph 3.41.23 in respect of Part G will set out:

- (a) the delivery status of the ASTI Output that has not been Fully Delivered;
- (b) the value of the ASTIR_t term and the Regulatory Years to which that adjustment relates; and
- (c) the methodology and data that has been used to decide the delivery status and value of any adjustments to the ASTIR_t term.

Part I: ASTI Guidance and Submissions Requirements Document

3.41.26 The licensee must comply with the ASTI Guidance and Submissions Requirements Document.

3.41.27 The Authority will issue and amend the ASTI Guidance and Submissions Requirements Document by direction.

3.41.28 The Authority will publish the ASTI Guidance and Submissions Requirements Document on the Authority's Website.

3.41.29 The ASTI Guidance and Submissions Requirements Document will make provision about the detailed requirements for Parts C, D, E, F and G.

3.41.30 The ASTI Guidance and Submissions Requirements Document will also make provision about the detailed requirements under Special Condition 3.40 (ASTI Pre-Construction Funding Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment) and Special Condition 4.8 (ASTI output delivery incentive).

3.41.31 Before directing that the ASTI Guidance and Submissions Requirements Document comes into effect, the Authority will publish on the Authority's Website:

- (a) the text of the proposed ASTI Guidance and Submissions Requirements Document;
- (b) the date on which the Authority intends the ASTI Guidance and Submissions Requirements Document to come into effect; and
- (c) a period during which representations may be made on the text of the proposed ASTI Guidance and Submissions Requirements Document, which will not be less than 28 days.

3.41.32 Before directing an amendment to the ASTI Guidance and Submissions Requirements Document, the Authority will publish on the Authority's Website:

- (a) the text of the amended ASTI Guidance and Submissions Requirements Document;
- (b) the date on which the Authority intends the amended ASTI Guidance and Submissions Requirements Document to come into effect;
- (c) the reasons for the amendments to the ASTI Guidance and Submissions Requirements Document; and
- (d) a period during which representations may be made on the amendments to the ASTI Guidance and Submissions Requirements Document, which will not be less than 28 days.

Appendix 1

ASTI Price Control Deliverable

ASTI Output	Delivery Date	Allowance (£m)	ECF/PA
Denny to Wishaw 400 kV reinforcement (NOA Code: DWNO)	31 December 2029	Have the values given in the ASTI Confidential Annex.	
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)	31 December 2028	Have the values given in the ASTI Confidential Annex.	
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)	31 December 2031	Have the values given in the ASTI Confidential Annex.	

Appendix 2

ASTI Output NGESO availability standard

ASTI Output	Minimum asset availability after delivery (%)		
	0-6 months	6-12 months	12-24 months
Denny to Wishaw 400 kV reinforcement (NOA Code: DWNO)			
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)			
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)			
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)			

Special Condition 4.8 Accelerated Strategic Transmission Investment output delivery incentive (ASTII_t)

Introduction

- 4.8.1 The purpose of this condition is to provide for the calculation of the term ASTII_t (the Accelerated Strategic Transmission Investment output delivery incentive term). The ASTII_t term contributes to the licensee's RAV.
- 4.8.2 The effect of this incentive is to reward or penalise the licensee's performance in relation to the ASTI ODI Target Date.
- 4.8.3 This condition also establishes a mechanism for the licensee to apply for a modification to the value of the ASTI ODI Penalty Exemption Period in Appendix 1 following a Delay Event.

Part A: Formula for calculating the accelerated strategic transmission investment output delivery incentive term (ASTII_t)

- 4.8.4 The value of the term ASTII_t is derived in accordance with the following formula:

$$ASTII_t = \sum_{n=1}^n AnnualODIP_{n,t} + \sum_{n=1}^n AnnualODIR_{n,t}$$

$$AnnualODIP_{n,t} =$$

$$-F_n \cdot \min \left[\max[\text{Start Day of year } (t + 1) - \text{CalcD}, 0], \text{days in year } t, -\min \left[\frac{\text{CappedODI}_n - \sum_{2021/22}^{t-1} \text{AnnualODIP}_{n,t}}{F_n} + \text{PE}_n, 0 \right] \right]$$

$$\text{AnnualODIR}_{n,t} =$$

$$F_n \cdot \min \left[\max[\text{Start Day of year } (t + 1) - \text{Delivery Date}_n, 0], \text{days in year } t, \max \left[\frac{\text{CappedODI}_n - \sum_{2021/22}^{t-1} \text{AnnualODIR}_{n,t}}{F_n}, 0 \right] \right]$$

where

$$\text{CappedODI}_n = \max[\min(\text{UncappedODI}_n, \text{Cap}_n), -\text{Cap}_n];$$

and

$$\text{UncappedODI}_n = -D_n \cdot F_n$$

where:

D_n	equals (Delivery Date _n – ASTI ODI Target Date);
Delivery Date_n	means the date on which Project n is delivered, or is expected to be delivered;
PE_n	means the ASTI ODI Penalty Exemption Period in days for Project n as set out in Appendix 1;
CalcD	means the ASTI ODI Target Date plus ASTI ODI Penalty Exemption Period in days;
F_n	is the Daily Reward/Penalty for Project n set out in Appendix 1 of this condition;
Cap_n	is the ODI Cap for Project n set out in Appendix 1 of this condition;
T	represents the Regulatory Year; and
N	represents each ASTI project

Part B: Applications for modifications to Appendix 1

4.8.5 If the licensee has notified the Authority under 4.8.7, the licensee may apply to the Authority for a modification to the ASTI ODI Penalty Exemption Period in Appendix 1 where there has been a Delay Event:

(a) within 45 days of the earlier of:

- i. cessation of the event that is the subject of the application;

- ii. the notification to the Authority in accordance with paragraph 4.8.7(c); or
(b) by any other date directed by the Authority, which shall be no earlier than the relevant date under 4.8.5(a).
- 4.8.6 An application under paragraph 4.8.5 must be made in writing and include:
- (a) a description of the event that is the subject of the application along with evidence that demonstrates that the event is a Delay Event;
 - (b) the requested modification to the ASTI ODI Penalty Exemption Period value along with supporting analysis and evidence; and
 - (c) any evidence available that the licensee took reasonable steps before and after the event to prevent, mitigate and limit the event's effect.
- 4.8.7 The licensee must notify the Authority in writing of its intention to make an application under 4.8.5 within 45 days of the later of:
- (a) the event that is the subject of that application commencing;
 - (b) the licensee becoming aware of the event having commenced; or
 - (c) this condition coming into effect.
- 4.8.8 The licensee must comply with the ASTI Guidance and Submissions Requirements Document when notifying the Authority or making an application under this Part.
- 4.8.9 A modification under this Part will be made under section 11A of the Act.

Appendix 1

ASTI ODI Target Dates, Daily reward/penalty and ASTI ODI Penalty Exemption Period

Project	ASTI ODI Target Date	Daily Reward/Penalty (£)	Aggregate ODI Cap (£)	ASTI ODI Penalty Exemption Period
Denny to Wishaw 400 kV reinforcement (NOA Code: DWNO)	31 December 2029	Have the values given in the ASTI Confidential Annex.	Have the values given in the ASTI Confidential Annex.	Zero Days
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)	31 December 2028	Have the values given in the ASTI Confidential Annex.	Have the values given in the ASTI Confidential Annex.	Zero Days

Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	Have the values given in the ASTI Confidential Annex.	Zero Days
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)	31 December 2031	Have the values given in the ASTI Confidential Annex.	Have the values given in the ASTI Confidential Annex.	Zero Days