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Date

26<sup>th</sup> July 2023

Contact / Extension

07710917961

Dear Eliska,

**Informal consultation on assessment of five 2023 Medium Sized Investment Project initial needs case submissions from SP Transmission**

This letter is from SP Transmission (SPT), which holds the transmission licence for south and central Scotland. SPT is part of SP Energy Networks (SPEN) and the wider Iberdrola group. We welcome the opportunity to respond to the informal consultation on assessment of five 2023 Medium Sized Investment Project (MSIP) initial needs case submissions from SPT.

We agree with Ofgem's views set out in its draft determination which confirms the initial need case and preferred option proposed by SPT for the following projects:

- I. Kincardine North 400kV Substation project
- II. Kincardine-Wishaw (Clyde's Mill) 400kV Reinforcement project
- III. XH and XJ Routes Overhead Line Uprating Works project
- IV. Glenglass 132kV Substation project
- V. Enoch Hill Collector and Associated 132kV Circuit project

It may be worth noting that, for Enoch Hill Collector and Associated 132kV Circuit project, paragraph 6.16 sets out the solution for SPT's preferred option. Whilst there are references to the construction of a new 132kV underground cable circuit, there are no references made to the works required at Enoch Hill Substation<sup>1</sup>. For clarity, Ofgem should include the works associated with Enoch Hill Substation within paragraph 6.16.

We note there is ongoing engagement with Ofgem at both working and senior levels as to the appropriate application of the Opex Escalator mechanism, including in relation to MSIP projects. This response is submitted entirely without prejudice to SPT's position that Ofgem's proposed application of the Opex Escalator mechanism (as set out in its decision on NGET's 2022 MSIP Re-opener applications) will lead to under-recovery and is at odds with the basis upon which baseline allowances were set and the Open Escalator was developed during the RIIO-T2 settlement. We urge Ofgem to

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<sup>1</sup> Installation of the new 132/33kV 90MVA transformer and 33kV Switchboard is required at Enoch Hill Substation.

retain the agreed RIIO-T2 settlement conditions for the Opex escalator for the remainder of the price control.

This letter is therefore sent entirely without prejudice to SPEN's rights, including those under the Electricity Act 1989.

Please do not hesitate to reach out to me should you wish to discuss any of the points raised in this letter.

Yours sincerely,

A handwritten signature in black ink that reads "S. Anderson".

Stephanie Anderson

Head of Regulation & Policy, SP Energy Networks