

Special Condition 3.45 Delivery Track Pre-Construction Funding Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment (DTPCF_t)

Introduction

- 3.45.1 The purpose of this condition is to calculate the term DTPCF_t (the Delivery Track Pre-Construction Funding Price Control Deliverable term). This contributes to the calculation of the Totex Allowance.
- 3.45.2 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 apply for additional allowances for projects listed in Appendix 2
 - (c) provide for an assessment of the Price Control Deliverable; and
 - (d) provide for a Use It Or Lose It Adjustment.
- 3.45.3 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 tCSNP2 Delivery Track Pre-Construction Funding Price Control Deliverable term TBC

- 3.45.4 The value of DTPCF_t is derived in accordance with the following formula:

$$DTPCF_t = DTA_t - DTRA_t$$

where:

DTA_t means the allowances in Appendix 1; and

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

Part B: Delivery Track Pre-Construction Funding outputs

- 3.45.5 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 Delivery Track Pre-Construction Funding Re-opener

- 3.45.6 The licensee may, in respect of any Delivery Track project, apply to the Authority for a modification to the outputs, delivery dates or allowances in Appendices 1 and 2 where:

- (a) 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
 - (b) the licensee expects a material change to one of the outputs or delivery dates in Appendix 2.
- 3.45.7 The licensee must notify the Authority in writing of its intention to make an application under 3.45.6 at least 8 weeks before making an application, unless the Authority directs otherwise.
- 3.45.8 An application under paragraph 3.45.6 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 projects to which the Pre-Construction Works and associated costs relate;
 - (d) a justification of why any additional Pre-Construction Works and/ or additional allowances are required; and
 - (e) any amendments requested to the outputs, delivery dates or allowances set out in Appendix 2.
- 3.45.9 The licensee must comply with the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document when making an application under this Part.
- 3.45.10 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 C: Assessment of the Price Control Deliverable (DTRAt)

- 3.45.11 The Authority will direct a value for DTRAt 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 3.45.11(a)

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

- 3.45.12 Before making a direction under paragraph 3.45.10 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.

3.45.13 A direction under paragraph 3.45.11 will set out the value of the DTRA_t term and the Regulatory Years to which the adjustment relates, and where the direction is under paragraph 3.45.11 (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 DTRA_t term.

Appendix 1

Delivery Track Pre-Construction Funding Allowance table (£m)

Total Value	
SHET	Have the values given in the tCSNP2 Confidential Annex (sum of allowances from Appendix 2).

Appendix 2

Delivery Track Pre-Construction Funding Price Control Deliverables (£m)

Project Name	Output	Delivery Date	DTPCF Allowance
Replace 275kV double circuit OHL from Dounreay-Thurso-Spittal with 400kV double circuit OHL. New 400kV substations at Dounreay and Thurso (NOA Code: DSUP)	Submission of all material planning consents for DSUP	31 December 2028	Have the values given in the tCSNP2 Confidential Annex
Blackhillock - Cairnford - Kintore 400kV Upgrade (NOA Code: BKUP)	Submission of all material planning consents for BKUP	31 December 2028	Have the values given in the tCSNP2 Confidential Annex
Peterhead - Persley - Kintore 400kV Upgrade (NOA Code: PKUP)	Submission of all material planning consents for PKUP	31 December 2028	Have the values given in the tCSNP2 Confidential Annex
7km of new 400kv OHL peterhead longside (NOA Code: LPUP)	Submission of all material planning consents for LPUP	31 December 2028	Have the values given in the tCSNP2 Confidential Annex
Shetland to Coachford	Submission of all material planning consents for Shetland to Coachford	31 December 2028	Have the values given in the tCSNP2 Confidential Annex