

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	
SPT	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
Reconductor the ZV route between Strathaven and Elvanfoot with HTLS conductor (NOA Code: VERE)	Completion of all necessary Pre-Construction Works for VERE	31 April 2027	Have the values given in the tCSNP2 Confidential Annex
Reconductor the ZV route between Elvanfoot and Harker with HTLS conductor (NOA Code: EHRE)	Completion of all necessary Pre-Construction Works for EHRE	31 April 2027	Have the values given in the tCSNP2 Confidential Annex