

To:

Scottish Hydro Electric Transmission
Scottish Power Transmission

Direction under Part J of Special Condition 3.43 (Advanced Procurement Mechanism (APM) Allowance and Re-opener (APMt)) to issue the APM Governance Document.

1. Each of the companies to whom this direction is addressed is the holder of a licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989.
2. In accordance with paragraph 3.43.32 of Special Condition 3.43 (Advanced Procurement Mechanism (APM) Allowance and Re-opener (APMt)), on 4th June 2025 the Gas and Electricity Markets Authority (“the Authority”)¹ published on its website the text of the proposed APM Governance Document and stated that representations must be made on or before 17 April 2025.
3. We received four representations, which we have carefully considered. We have placed all non-confidential representations on our website. Our response to these representations is set out in our statutory modification decision published alongside this direction.
4. We have made a number of changes to the proposed text, including as a result of comments raised in consultation responses:
 - a. to correct minor typographical errors or areas that required redrafting or restructuring to improve clarity;
 - b. to provide further clarification and/or definitions for terms used throughout;
 - c. to clarify our position in relation to timelines for removal of APM Cost Categories, aligning the Governance Document with Special Condition 3.43;
 - d. to clarify the eligible period for calculation of the 20% APM Expenditure limit; and
 - e. to confirm reporting requirements and the intention for these to be finalised through the next consultation on the RRP and RIGs.
5. The full text of the APM Governance Document as well as a track change version compared with that published on 20 March 2025 can be found on our website.
6. The reason for this direction is to give effect to our APM decision published on 20 March 2025 to have an APM Governance Document to provide further detail on the licensees’ obligations, reporting requirements and the Authority’s assessment approach in respect of Special Condition 3.43 (Advanced Procurement Mechanism (APM) Allowance and Re-opener (APMt)).

¹ The terms “the Authority”, “we” and “us” are used interchangeably in this document.

7. This direction is our notice of reasons for the purposes of section 49A of the Electricity Act 1989.
8. Now the Authority pursuant to the provisions of Special Condition 3.43 hereby directs that the APM Governance Document is issued and will have effect from 4th June 2025.