

Scottish Hydro Electric Transmission PLC licence modifications – transitional Centralised Strategic Network Plan 2

Special Condition 3.44 Development Funding Price Control Deliverable and Use It Or Lose It Adjustment (DFt)

Introduction

- 3.44.1 The purpose of this condition is to calculate the term DF_t (the Development Funding Price Control Deliverable term). This contributes to the calculation of the Totex Allowance.
- 3.44.2 The effect of this condition is to:
- (a) specify the outputs, delivery dates and associated allowances for the Price Control Deliverable;
 - (b) provide for an assessment of the Price Control Deliverable;
 - (c) provide for a Use It Or Lose It Adjustment; and
 - (d) establish the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document

Part A: Formula for calculating the Development Funding Price Control Deliverable term DF_t

- 3.44.3 The value of DF_t is derived in accordance with the following formula:

$$DF_t = DFA_t - DFRA_t$$

where:

Chapter 1: DFA_t Chapter 2: means the allowances in Appendix 1; and

Chapter 3: $DFRA_t$ Chapter 4: has the value zero unless otherwise directed by the Authority in accordance with Part C.

Part B: Development Funding outputs

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

Part C: Assessment of the Price Control Deliverable ($DFRA_t$)

- 3.44.5 The Authority will direct a value for $DFRA_t$ 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 D: What process will the Authority follow in making a direction?

- 3.44.6 Before making a direction under paragraph 3.44.5 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.
- 3.44.7 A direction under paragraph 3.44.5 will set out the value of the DFRA_t term and the Regulatory Years to which the adjustment relates, and where the direction is under paragraph 3.44.5 (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 DFRA_t term.

Part E Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document

- 3.44.8 The licensee must comply with the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document.
- 3.44.9 The Authority will issue and amend the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document by direction.
- 3.44.10 The Authority will publish the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document on the Authority's Website.
- 3.44.11 The Price Control Deliverable Reporting Requirements and Methodology Document will make provision about the detailed requirements for Part C.
- 3.44.12 The Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document will also make provision about the detailed Re-opener and PCD requirements under Special Condition 3.45

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

3.44.13 Before directing that the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document comes into effect, the Authority will publish on the Authority's Website:

- (a) the text of the proposed Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document;
- (b) the date on which the Authority intends the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document to come into effect; and
- (c) a period during which representations may be made on the text of the proposed Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document, which will not be less than 28 days.

3.44.14 Before directing an amendment to the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document, the Authority will publish on the Authority's Website:

- (a) the text of the amended Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document;
- (b) the date on which the Authority intends the amended Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document to come into effect;
- (c) the reasons for the amendments to the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document; and
- (d) a period during which representations may be made on the amendments to the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document which will not be less than 28 days.

Appendix 1

Development Funding Allowance table (£m)

	Total Value
SHET	Have the values given in the SHET Redacted Information Document

Appendix 2

Development Funding Price Control Deliverables (£m)

Project Name	Output	Delivery Date	DF Allowance
East Coast 400kV New Double Circuit (NOA Code: NHNC)	Develop project NHNC to the Minimum Maturity Requirement; to submit a Basic PCD Report to Ofgem, and submit options to the ISOP via the System Requirements Form.	31 October 2025	Have the values given in the SHET Redacted Information Document