



RIIO-3 Team
Network Price Controls
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

26 August 2025

Dear RIIO-3 Team

RIIO-3 Draft Determinations Overview Document

I am responding to your consultation on the Draft Determinations for the RIIO-3 price controls with Prosper's views on those areas that are specific to SSEN Transmission.

Prosper – the trade name for the Scottish Council for Development and Industry – is Scotland's leading economic alliance with members across industries, trade unions, educational institutions, local authorities, voluntary organisations and public bodies. Our Highlands and Islands and North East Scotland committees comprise members from the private, public and third sectors in the north of Scotland region covered by SSEN Transmission and the company is a member of our Highlands and Islands Committee.

Prosper responded to your call for evidence earlier this year in which we supported the investment proposals by SSEN Transmission in its business plan for the RIIO-3 period.

Delivery of a clean power system by 2030 is identified by Prosper's members in our recently-published Blueprint as a strategic priority for the Scottish and UK economies. The Highlands and Islands Regional Economic Partnership has found that over £100bn of investment is planned in the region over the next 10 years, including in offshore wind (£40.58bn), electricity networks (£20bn), hydro pumped storage (£13.15bn), onshore wind (£10.89bn), green hydrogen (£9.10bn) and marine energy (£2.86bn). The capacity of the electricity grid is the greatest barrier to this investment. If grid capacity is not fixed – along with barriers from locational charging and planning and consents – the investment forecast would fall to one-sixth of the £100bn prize. Prosper has, therefore, called for Governments, regulators and industry to fast-track the investment strategy for grid development to accelerate clean energy generation, supply chain development and grid connections for Scottish industries to reduce emissions at affordable prices.

Following our response earlier this year, Prosper has hosted visits by Chris Stark, Head of UK's Clean Power Mission, and Jonathan Reynolds MP, Secretary of State for Business and Trade, to the Port of Ardersier, in which our members have discussed the potential for the north of Scotland to contribute 20% of the UK's renewable energy

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resources, and the scale of this opportunity for the regional and national economies. These meetings have underlined that developing the regional workforce and skills and mobilising the supply chain are both urgent challenges which require investment at pace and scale, and that uncertainty about grid connections is a barrier to investments.

Based on our members' input into these discussions, our Blueprint and our policy reports, Prosper's response to the Draft Determination raises concerns in three areas:

1. Prosper is concerned that Ofgem's Draft Determination has proposed a 26% cut in the proposals submitted by SSEN Transmission through its business plan, with nearly half of these cuts (46%) directly related to its workforce and skills development. While there is the potential for additional funding to be approved through in-period regulatory mechanisms, Prosper believes that the case for this investment is clear, and that use of the mechanisms will increase uncertainty, slow mobilisation and risk delays to grid reinforcements. We recommend that Ofgem changes its assessment process to make sure that it is consistent with the duty for UK regulators set out in the UK's new Modern Industrial Strategy to adopt a stronger focus on growth and investment and with the net zero transition, and that proposals by the transmission operators are compared fairly.
2. Prosper asks that Ofgem's reviews the financial framework for investment by SSEN Transmission to ensure that it is able to raise the unprecedented scale of investment required from equity markets and to manage its finances effectively.
3. Prosper is disappointed that Ofgem's Draft Determination has proposed to remove the £140m Low Carbon Construction Fund and cut £70m from nature restoration in the north of Scotland. Prosper's Blueprint highlighted the risks to clean energy developments from competition for critical components and raw materials, and the need to decarbonise construction materials and develop innovative circular solutions. As set out in the UK's Modern Industrial Strategy, the regulatory system should encourage investment and innovation in net zero by industry and the supply chain, but Ofgem's proposal would do the opposite. Prosper has also recently published a report on how investment in Scotland's Natural Capital can increase economic and social capital in rural communities. Delivering these benefits is vital for the natural environment and would help to secure the support of communities and stakeholders for this critical investment. Prosper recommends that Ofgem reconsiders its proposals, taking into account the UK and Scottish Governments' industrial, net zero and natural environment policies, and public expectations of sustainable infrastructure developments.

Prosper strongly supports a positive regional and national legacy from the investment by SSEN Transmission. The Draft Determination by Ofgem in these areas risks

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undermining this legacy and we hope that our concerns will be addressed in your Final Determination later this year. Prosper will be holding a major summit on Scotland's Green Industrial Future in Aviemore on November the 13th and 14th, with grid connections one of our key areas of focus, and Ofgem would be very welcome to provide an update.

I hope that these comments are helpful.

Yours sincerely,

Gareth Williams
Head of Policy

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