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**SSEN Transmission RIIO-T3 Draft Determination consultation response**

**Prepared by SSEN Transmission Independent Stakeholder Group – August 2025**

It is positive that Ofgem reiterate the principles of the RIIO3 determination as supporting a simplified framework that enables delivery of the established Clean Plan 2030 infrastructure requirements and supports continued electricity generation and demand infrastructure planning beyond the RIIO3 period. This enables alignment and provides clarity to achieving government policy, UK generation and demand planning (primarily managed by NESO) and specific transmission infrastructure outputs. The Independent Stakeholder Group, (ISG/we), have noted Ofgem’s reiteration to adapt the regulatory framework to support pace of decision making and delivery. This is imperative to achieve the massive work programmes required to achieve UK Government’s policy decisions.

We are pleased that SSEN Transmission’s delivery framework for the ASTI and ASTI+ programmes is agreed with Ofgem, as is the asset assessment framework, the Digital and Cyber Resilience frameworks and the Network Security requirements (specifically relating to climate change factors). Similarly, load and non-load programmes submitted by SSEN Transmission (the business) are now substantially agreed by Ofgem. We have also noted that the proposed financial framework acknowledges the prevailing economic landscape and goes some way towards enabling the business to address the investment challenges of achieving the delivery programme for RIIO3 in the timescales required. We note that Ofgem have recognised the proposed efficiency opportunities described by the business associated with delivering the capital programme.

The ISG wishes to express our concern arising from the application of, what appears to be, the detailed assessment methodologies applied to the RIIO2 Determination process, which is inconsistent with the stated aims for RIIO3 of adopting simplicity and enabling pace. We are also concerned that there are baseline inconsistencies across the three transmission companies business plan assumptions regarding calculation of business support costs that have not been addressed prior to applying these methodologies. These inconsistencies significantly affect the metrics that have been used to prepare the draft determinations for each company. As a result, a range of draft determination statistics used for the simple comparison statistics that Ofgem have applied throughout their draft determination assessments and narrative is not appropriate and does not accurately assess or reflect the quality of the business plan material.

This is most obvious in the Business Plan Incentive calculation. The impact of this is not limited to the calculation of the BPI financial metrics. Such discrepancies, without explanation, send an inappropriate and incorrect message to customers, consumers and stakeholders about the relative merits of the business plan submissions. The need for substantial and unprecedented levels of investment to support the efficient delivery of RIIO3 requires shareholder and investor confidence. This is undermined by the application of the calculations used to produce the draft determinations for the three companies. We are also concerned that the definition of ‘efficiency’ used by Ofgem in the draft determinations is not applied correctly to the Opex activities, exacerbated by the discrepancies in baseline assumptions and specifically business support costs. This gives consumers, customers and stakeholders an unclear picture of the opportunities being taken by the company to efficiently delivering these programmes of work.

Equally concerning is the reversion to, in our view, the excessive use of Uncertainty Mechanisms which removes costs from the baseline business plans, and thus RIIO3 period cost transparency. Ofgem acknowledges, in the case of SSEN Transmission, that the vast majority of Engineering Justification papers for load projects in the RIIO3 programme have been agreed yet the projects fall within the Uncertainty Mechanism category to be determined at a later date.

In our view, this combination of factors, alongside the baseline business plan assumptions discrepancies should be addressed in order to establish meaningful statistics, commentary and comparison of the quality and costs of the RIIO3 business plan submissions.

We are disappointed that Ofgem have disallowed expenditure to support delivering the Environment and Sustainability plans submitted by the business. The position taken by Ofgem that such activity is discretionary to benefit stakeholders is not justified. The business has demonstrated the criticality of managing environmental and sustainability challenges that are afforded high priority through the locally devolved planning consent and decision making in Scotland. There are many examples in the RIIO2 period demonstrating the criticality of achieving necessary consents in order to deliver projects to the agreed cost, quality and time measures. Hence, the ability to respond to reasonable challenges is essential to ensure communities and the business can work together to deliver the massive work programmes efficiently and at pace by minimising time delays and abortive pre construction costs. Engagement feedback from stakeholder groups, local, regional and Scottish Government bodies has consistently pointed to such factors being of high importance.

We are disappointed that expenditure to continue improving the connections process and customer service offering has been disallowed. To achieve Clean Plan 2030 outcomes, implementing connections reforms are critical. In large part, queue management will be achieved through establishing and maintaining relationships with customers that promote open and trusted dialog and the provision of timely information to customers. We believe that investment to improve currently established ways of working is essential to achieve sustainable queue management and right-mix connections.

We note the consultation asks a series of questions of respondents. We are not addressing these specific questions here because of overarching matters we raise in this response that make addressing specific questions less meaningful and mostly predicated by the concerns already outlined. Our view is that these overarching matters need to be addressed between Ofgem and SSEN Transmission before detailed scrutiny of specific topics within the RIIO-T3 determination can be responded to in sufficient detail.

The ISG has been sighted and engaged by the business throughout the development of the RIIO3 Business Plan and specifically their programme of engagement with a comprehensive representation of customer, stakeholder and community groups. We have similarly been engaged in understanding the feedback from these engagements. We are satisfied the business has taken a balanced approach in reflecting this feedback in the RIIO3 Business Plan proposals and Engineering Justification papers, as well as the suite of topic specific Strategy documents that underpin delivery of the RIIO3 programme.

We are confident, from the information available, that the proposals in the Business Plan are evidence based and the performance metrics enable the efficient delivery of outputs. We acknowledge that, primarily, our perspective is limited to SSEN Transmission. That said, we do have concerns this Draft Determination does not fully afford an accurate assessment of the merits and remaining opportunities to deliver SSEN Transmission’s RIIO3 programme effectively and efficiently.

We would welcome further discussion with the Ofgem RIIO3 business team on the topics raised here as work progresses to reach the RIIO3 Final Determination.

Tracey Matthews

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