

To: Scottish Hydro Electric Transmission plc

Directions issued by the Gas and Electricity Markets Authority (“the Authority”) under Part G Special Condition (‘SpC’) 3.13 (Large onshore transmission investment Re-opener) and under Part E Special Condition 3.15 (Pre-Construction Funding Re-opener) of the electricity transmission licence held by Scottish Hydro Electric Power Distribution Plc (‘SHET’) for the Gremista Grid Supply Point (‘Gremista GSP’) Project

1. Scottish Hydro Electric Transmission plc (‘the Licensee’) is the holder of an electricity transmission license granted or treated as granted under s.6(1)(b) of the Electricity Act 1989 (the ‘Act’).
2. Special Condition (SpC) 3.13 of the Licensee’s electricity transmission license provides for a re-opener mechanism whereby the Licensee may apply for additional funding during the RIIO-2 price control period for large onshore transmission investment projects. It also allows the Authority to direct the value of percentage cost increases on a specified project required to trigger the licensees right to apply for allowance adjustment due to a Cost and Output Adjusting Event.
3. Special Condition (SpC) 3.15 of the Licensee’s electricity transmission license provides for a re-opener mechanism whereby the Licensee may apply for additional funding during the RIIO-2 price control period pre-construction works associated with Large Onshore Transmission Investment (LOTI) or Accelerated Strategic Transmission Investment (ASTI) projects.
4. The Licensee applied under SpCs 3.13 and 3.15 for additional funding in respect of its proposed Gremista GSP project in November 2024. The Authority publicly consulted on its [RIIO-2 Re-opener Applications 2025: Electricity Transmission, Electricity Distribution and Gas Distribution | Ofgem](#) between 18 July 2025 and 27 August 2025.
5. We received one response for the Gremista GSP project and have placed it with all non-confidential responses on our website. Having considered the response, we have decided to proceed with making this direction.
6. This direction is issued pursuant to SpC 3.13 and SpC 3.15 and:
 - a) sets the applicable Cost and Output Adjusting Event (COAE) threshold percentage referred to in SpC 3.13.16 for the Gremista Grid Supply Point LOTI project at 10%; and
 - b) sets out approved pre-construction funding adjustments to the PCFREt term for the Gremista Grid Supply Point LOTI project in Appendix 2 of SpC 3.15. See Annex A below for the directed modifications to Appendix 2 of SpC 3.15.
7. This direction will take effect immediately and constitutes notice stating the reason for the purposes of section 49A(2) of the Act.

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Pete Wightman
Deputy Director, Price Control Operations
Duly authorised on behalf of the
Gas and Electricity Markets Authority

02 February 2026

The Office of Gas and Electricity Markets

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Scottish Hydro Electric Transmission plc
Electricity transmission licence

Modifications to Appendix 2 of Special Condition 3.15 of Scottish Hydro Electric Transmission (SHET) plc's licence are set out below. These modifications award SHET additional allowances of £2.24m for pre-construction activities related to the Gremista Grid Supply LOTI project. New text is double underscored.

Appendix 2

Pre-Construction Funding Price Control Deliverable (£m)

Outputs	Delivery date	Allowance (£m)					Total Allowance (All years)
		21/22	22/23	23/24	24/25	25/26	
Approval of all material planning consents for E4D3: Peterhead - Drax; Eastern subsea HVDC link	31 March 2026	4.160	4.112	4.064	4.017	3.971	20.324
Approval of all material planning consents for E4L5: Peterhead - South Humber; Eastern subsea HVDC link	31 March 2026	6.240	6.168	6.097	6.026	5.956	30.487
LOTI Final Needs Case approval of Skye	31 March 2026	3.409	3.370	3.331	3.292	3.254	16.655
LOTI Final Needs Case approval of Argyll and Kintyre 275kV Strategy	31 March 2026	4.372	4.321	4.271	4.222	4.173	21.360
Submission of a report to the Authority on work undertaken and costs incurred in relation to the NOA and regional development plans.	31 March 2026	0.578	0.571	0.564	0.558	0.551	2.823
<u>Approval of all material planning consents, engineering design and other pre-construction activities for the Gremista GSP LOTI project</u>	<u>31 March 2026</u>	<u>1.164</u>	<u>0.826</u>	<u>0.219</u>	<u>0.030</u>	<u>0.00</u>	<u>2.240</u>

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