

Consultation

Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

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We are consulting on our minded-to position on the Early Construction Funding (ECF) application submitted by Scottish Power Transmission Plc’s (SPT) for the Tealing – Kincardine Upgrade Project (TKUP) as governed by SPT’s electricity transmission licence (the Licence), Special Condition (SpC) 3.41 ‘Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR_t)’. We are also consulting on our corresponding proposed modification to adjust the term ASTIA_t referenced in Appendix 1 of Spc 3.41¹.

We would like views from people with an interest in new transmission infrastructure, meeting the net zero challenge, and competition in onshore transmission networks. We particularly welcome responses from consumer groups, stakeholders impacted by the projects, stakeholders with an interest in the costs of electricity transmission infrastructure, and transmission owners. We would also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose, and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential

¹ [SPT Electricity Transmission Consolidated Licence Conditions](#)

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

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Contents

Executive summary	5
1. Introduction	7
Purpose of this consultation	7
Related publications	7
Consultation stages	8
How to respond	8
Your response, data, and confidentiality	8
How to track the progress of a consultation	9
2. TKUP - Early Construction Funding Application Assessment	10
Brief description of the project	10
ECF application overview	12
3. Our Minded to Position	16
4. Next steps	19
Send us your feedback	20
Appendix 1	23
Appendix 2. Privacy policy	30

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Executive summary

Under Scottish Power Transmission Plc’s (SPT) electricity transmission licence, Special Condition (SpC) 3.41 ‘Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIRt)’ - Part C: Early Construction Funding², Ofgem can provide Transmission Owners (TOs) with Early Construction Funding (ECF) to enable permitted early construction activities that are required to accelerate projects before an ASTI Project Assessment (PA) Decision. The permitted³ early construction activities are:

- Strategic land purchases
- Early enabling works
- Early procurement commitments
- Other activities approved in advance by Ofgem

In February 2025, in line with SpC 3.41.9⁴ and the ASTI Guidance and Submission Requirements Document⁵, SPT submitted an application for ECF funding for the TKUP project. However, as the project progressed, further activities became necessary and Ofgem agreed to review an updated version of the ECF, containing all activities and costs anticipated by SPT prior to the project proceeding to Project Assessment stage. SPT submitted an updated ECF application in December 2025. This is the first ECF assessment for this project and SPT has expressed confidence that the project has matured sufficiently to carry out the activities detailed in this application. No previous ECF has been awarded to SPT for this project.

As part of our assessment of this ECF application, we will conduct high-level analysis of the proposed activities to ensure that they are eligible under the ASTI guidance, justified and in the consumer's interest. We note that, at this stage, we do not conduct a detailed cost assessment or take a view of the efficiency of SPT’s spend. These assessments are completed at Project Assessment (PA) stage, even if the project is subsequently cancelled.

Our minded-to position is to amend the allowances set out for the project in Appendix 1 (ASTIAt) of SpC 3.41 ‘Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)’ in SPT’s electricity transmission licence (the

² [Licences and licence conditions](#), Electricity licences and conditions, Transmission Licence, Scottish Power – Special Conditions

³ [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 4.13

⁴ [Licences and licence conditions](#), Electricity licences and conditions, Transmission Licence, Scottish Hydro Electric Transmission Plc – Special Conditions

⁵ [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 3.12

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence
Licence) to reflect 53% of SPT’s share of TKUP’s total project cost as set out in the SPT licence. The term will have the value given in the corresponding updated version of the ASTI Confidential Annex.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

1. Introduction

Section summary

This section details what this consultation is about, context and related documents.

Purpose of this consultation

This consultation seeks stakeholder views on Ofgem’s minded-to position on SPT’s ECF application for the TKUP project. We note that only SPT’s portion of the TKUP project is within the scope of this consultation and all costs, activities and allowances discussed refer solely to SPT.

We have provided a brief description of the project and the proposed activities SPT intends to carry out in Chapter 2. Respondents are asked to consider whether these activities are in the consumer’s interest and support timely delivery of strategic infrastructure. We summarise our view on the ECF application and set out our minded-to decision. Our consultation questions are:

- Q1: Do you agree with our minded-to position to provide ECF for the SPT TKUP project?
- Q2: Do you agree with our proposed modification to adjust ASTIA_t in Appendix 1 of SpC 3.41?

We note that the purpose of ECF is to enable permitted early construction activities prior to the project receiving planning consents and being finalised. We are not involved in any planning decisions and awarding of ECF should not influence the outcome of the relevant planning processes. We encourage stakeholders to engage directly with the planning process, as this remains the most appropriate place to voice any comments on project design or scope.

Related publications

Decision on accelerating onshore electricity transmission investment: [Ofgem.gov.uk/publications/decision-accelerating-onshore-electricity-transmission-investment](https://www.ofgem.gov.uk/publications/decision-accelerating-onshore-electricity-transmission-investment)

Decision to modify the special licence conditions in the electricity transmission licences and corresponding Associated Document: Accelerated Strategic Transmission Investment, Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document: [Ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment](https://www.ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment)

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Consultation stages

Stage 1 Consultation open: 26 February 2026

Stage 2 Consultation closes (awaiting decision). Deadline for responses: 27 March 2026

Stage 3 Responses reviewed and published: May 2026

Stage 4 Consultation outcome (decision or policy statement): May 2026

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence
will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

How to track the progress of a consultation

1. Find the web page for the call for input you would like to receive updates on.
2. Click 'Get emails about this page', enter your email address and click 'Submit'.
3. You will receive an email to notify you when it has changed status.

A consultation has three stages: 'Open', 'Closed (awaiting decision)', and 'Closed (with decision)'.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

2. TKUP - Early Construction Funding Application Assessment

Section summary

This chapter sets out SPT’s ECF application and our minded-to position.

Questions

- Q1. Do you agree with or minded-to position to provide ECF for the SPT TKUP project?
- Q2. Do you agree with our proposed modification to adjust ASTIA_t in Appendix 1 of SpC 3.41?

Brief description of the project

- 2.1 The project under NOA code TKUP, known as the “East Coast Onshore 400 kV Phase 2 reinforcement”, is delivered via two separate transmission reinforcement projects by SSE (66.17%) and SPT (33.83%). This submission captures solely SPT’s ECF requirements and the activities that SPT needs to deliver their share of the project. SPT’s part of the project is also referred to as “Tealing – Kincardine Upgrade Project”. SSE’s ECF requirements for TKUP are being assessed separately and there is no duplication of activities or funding between the two applications.
- 2.2 As Scotland and the United Kingdom move toward a Clean Power and Net Zero future, increases in north to south power transfer requirements across the SPT network boundaries drives a need for significant transmission network reinforcement. The project plays an important role in supporting this reinforcement by creating additional capacity for generation and demand connections and modernising existing infrastructure.
- 2.3 TKUP has been approved for inclusion in our ASTI framework because it is crucial for the safe, resilient, and efficient transmission of electricity through the energy system. This reinforcement will also help alleviate constraint costs that the consumer is currently billed for. The needs case and benefits of these projects have been set out in NESO’s Network Options Assessment 2021-22⁶ and the Holistic Network Design⁷. TKUP is also an enabling project that will facilitate the delivery of other ASTI schemes – notably Eastern Greenlink 4 (EGL4). Successful fulfilment of the EGL4 project also brings with it significant constraint cost savings, further reinforcing the need for a timely delivery of TKUP.

⁶ [Network options assessment 2021-22](#)

⁷ [Holistic Network Design](#)

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

2.4 SPT TKUP consists of:

- Further 400kV infrastructure on the east coast following East coast onshore 400kV incremental reinforcement
- New 400kV GIS substations at Westfield and at Mossmorran
- New 400kV AIS substation at Conland (Glenrothes)
- Reconfiguration of existing 132kV AIS Devonside substation
- Refurbishment and re-insulating the existing Tealing to Longannet 275kV route through Glenrothes, Westfield and Mossmorran for 400kV operation

2.5 TKUP was also identified by NESO as a key project to be delivered by 2030 in order to connect and transport clean power through the system in accordance with the Government’s Clean Power 2030 targets. ⁸

2.6 Since the original inclusion of the project in NOA, SPT has updated the cost estimate of the project for the following reasons:

- Change in the scopes of the substations with solutions that accommodate greater capacity for future demand and incorporate new technologies
- Additional reconfiguration works at 132kV AIS Devonside Substation
- Circuit and service diversions identified during development phase of the project
- Revised unit rates reflective of current market pricing
- Increase in lands costs, resultant of competitive prices and the addition of land required for offline build

2.7 SPT has engaged with Ofgem to explain the rationale behind the additional works that have resulted in higher total project cost estimates. The efficiency of these costs will be tested at Project Assessment stage and is not within the scope of this consultation. Our engineering teams have engaged with SPT to discuss the detailed solutions proposed but they have not completed a detailed Technical Assessment for this project at the time of this consultation.

2.8 SPT assess the risk of project cancellation to be low. This is because the needs case for the project has been substantiated in both NOA and the Clean Power Action Plan as described above. SPT have expressed confidence in their ability to secure the necessary consents to deliver the project and continue engaging with key stakeholders. SPT has shared with us that its active stakeholder engagement

⁸ [NESO Clean Power 2030 Annex 2 Final](#)

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

in the area of the project has not identified significant public concerns ahead of the consenting process.

ECF application overview

2.9 In December 2025, SPT made an application for ECF under Part C of SpC 3.41 of their licence to enable funding of early construction activities. These activities fall in the categories of strategic land purchase, early enabling works, early procurement commitments.

2.10 SPT's application is for 72% of SPT's portion of the TKUP project as set out in SPT's licence. We note that the value of the request equals 39% when based on the updated project cost estimate that SPT have shared with us as part of this application. In our ASTI Guidance, we explained that we will consider approving ECF in excess of the 20% in exceptional circumstances if we are satisfied the consumer benefit of providing additional allowances outweighs the increased risk to consumers should the project not ultimately secure planning permission. We must be confident there are sufficient consumer protections in place to minimise consumer exposure to financial loss in the unlikely event of project cancellation.⁹

2.11 SPT has explained that this ECF application exceeds the ECF allowance of 20% project cost as set out in the SPT licence for the following reasons:

- An industry-wide increase in cost along with wholesale increase in supply chain costs since the original inclusion of the projects in the ASTI framework means that the cost likely to be incurred at ECF stage is greater than anticipated
- Changes in the original scope of the project to include infrastructure enhancements that create greater capacity require additional construction works and procurement of more materials at early stages
- Accelerated delivery of the project from the original in-service date of 2032 makes it necessary to incur certain costs earlier due to longer lead time items and constraints in the supply chain

2.12 As per the ASTI Guidance, we expect projects that exceed the 20% ECF cap to detail to us why the activities proposed are in the consumers' interest when balanced against the risk of the project not proceeding and how these activities might accelerate delivery. TOs must evidence and substantiate the costs within their submission as described in the ASTI Guidance and SPT has provided this evidence to inform our assessment.

⁹ [ASTI Guidance](#), para 4.8

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

2.13 When TKUP was originally considered under the NOA, the in-service date was proposed to be in 2032. However, following our ASTI Decision, this was brought forward and as per its licence, SPT is required to deliver TKUP by 31 December 2031. SPT currently aims to accelerate delivery by a year and expects to energise the project in 2030. SSE's side of TKUP is also targeting the same date, ensuring the full benefit of the project is realised.

2.14 The ECF funding is intended to allow transmission owners (TO) to carry out early construction activities where it is in the consumers interest for these costs to be incurred early and can help to accelerate the delivery of the project. Delivering this project by its optimal delivery date in 2030 can help alleviate constraint costs for the consumer earlier while also supporting Government targets to achieve net zero by 2030. SPT TKUP is also an enabling project for other ASTI projects and its delay may negatively impact those as well.

2.15 The activities in this application are:

Strategic land purchases

- Land purchase for Westfield substation site
- Land purchase for Mossmorran substation site
- Land purchase for Conland substation site
- Apportionment of costs for land required to house the bays that will connect TKUP at 400kV Kincardine North substation

Early Enabling Works

- Substation Engineering, Procurement and Construction (EPC) Design
- Overhead Line (OHL) Design
- Circuit diversions
- Scottish Water main diversion
- Enabling Works for Substation Construction
- TKUP Proportion for works for 400kV Kincardine North
- Circuits and water mains diversions

Early Procurement Commitments

- Gas Insulated Switchgear (GIS) and Gas Insulated Busbars (GIB)
- Super Grid Transformer (SGT)

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

- Air Insulated Switchgear (AIS) Long Lead Equipment, including Mechanically Switched Capacitors with Damping Network (MSCDN) and Protection & Control equipment
- OHL Conductor and Accessories

2.16 In the remainder of this chapter we will detail our analysis of these activities.

Strategic Land purchase

2.17 To maintain the delivery schedule and minimise risk to the project, SPT intends to fully acquire strategic parcels of land required for the construction of three 400kV substations and contribution to Kincardine North substation:

- Land purchase required for the site of new 400kV Westfield substation
- Land purchase required for the site of new 400kV Mossmorran substation
- Land purchase required for the site of new 400kV Conland substation
- Contribution to land purchase required for 400kV Kincardine North

Consumer benefits and protections in place

2.18 Purchasing the land at this stage helps to avoid costly delays to the project as it would be readily available to begin construction as soon as consents are in place and would allow the need to re-design the project if the land was no longer available later on.

2.19 Purchasing the land at this stage can help avoid paying higher cost for the land if prices increase over time.

2.20 SPT has confirmed that, if the project is cancelled, any land purchased could be resold with unspent money returned to the consumer. Some of the costs associated with land purchase would not be recoverable as they include non-refundable fees. The market value may also fluctuate, therefore the value at which it could be sold is not guaranteed.

Early Enabling Works

2.21 SPT proposes to carry out a variety of early enabling activities prior to securing all material consents. Due to the complexity of the project and the types of technology involved (e.g. four substations, overhead line upgrading, refurbishment of existing routes), the costs associated with early enabling works represent more than a half of this ECF application.

2.22 SPT is proposing to complete EPC design work for the project. This will involve detailed designs for the substation works including groundworks, civil, electrical, and protection & control for TKUP at all locations.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

- 2.23 SPT is proposing to complete OHL design work that will consist of design of overhead line conductor, and the design required for the reconductoring of routes from 275kV to 400kV.
- 2.24 SPT is proposing to complete circuit diversions of 132kV & 33kV circuits at Westfield and Mossmorran substations including removal of redundant low voltage cable.
- 2.25 SPT is proposing Scottish Water diversion of a potable water main at the Westfield substation.
- 2.26 SPT is proposing to complete enabling works for substation construction including:
- the discharge of suspensive planning conditions
 - creation of access tracks / roads into the relevant working areas
 - creation of welfare compounds
 - deployment of environmental mitigation measures
 - commencement of ground works.

Consumer benefits and protections in place

- 2.27 The activities in this category will ensure that SPT can progress the project at pace. Those activities must take place before the main construction can begin. Therefore, in order to begin the main construction activities as soon as planning permissions are granted, SPT will need to carry out all activities identified in this application.
- 2.28 If SPT does not complete these activities early, this could lead to delays in the overall project schedule, jeopardising the completion of the project by the target date of 2030. If the project cannot energise by its target date, this would have knock-on effects on other ASTI projects and lead to constraint costs for the consumer.
- 2.29 In the event of project cancellation, SPT would instruct all design and activities to stop and begin contract termination. However, the costs within this category will not be recoverable and only costs not yet committed at the time of the cancellation can be saved.
- 2.30 There is a potential to re-utilise the space/works at Kincardine North substation. Contractors involved in design works have also been briefed on standard planning conditions to take into account, so that the designs are as amenable to potential changes as possible.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

2.31 SPT has confirmed that the overhead line and service diversions have exemptions from planning permissions and the design will therefore not be subject to adjustments as a result of planning decisions.

Early Procurement Commitments

2.32 SPT is proposing to procure GIS equipment required for the construction of the new 400kV GIS substations at Westfield, Mossmorran and Kincardine. Equipment selection and design are required to allow more accurate detailed design and costing to be produced. Currently, the GIS equipment lead time is around 2 years and is likely to increase as demand grows. It is therefore prudent to progress this ahead of the project receiving full planning consent or reaching PA stage.

2.33 Due to heightened demand, SPT is proposing to procure the required 6 SGTs for this project. Similarly, SPT wants to procure OHL conductor equipment and accessories. Both SGT and OHL equipment have manufacturing lead times in excess of 2 years.

2.34 The lead times for Substation equipment like Air Insulated Switchgear, Mechanically Switched Capacitors with Damping Network (MSCDN) and Protection & Control (P&C) are increasing. SPT is proposing to complete the design and book manufacturing slots for these items in order to meet the project deadline.

Consumer benefits and protections in place

2.35 To protect consumers from excessive spend in the event of cancellation, SPT has confirmed that it has negotiated milestone payments on the GIS and SGT, and is negotiating AIS, MSCDN and P&C equipment. This means that the financial liability to the consumer grows only as the project matures and becomes more secure, minimising exposure to cost in the most uncertain stages of the project.

2.36 Early procurement of equipment also minimises delivery risk by avoiding delays that might otherwise occur if the equipment is not available at the time it is needed.

2.37 Early procurement also helps avoid paying increased prices at a later stage. Prices may otherwise rise in line with inflation/demand or SPT might need to pay more for expedited delivery of the items if this is an option. This means that procuring the items early can provide an additional cost saving for the consumer.

2.38 SPT has confirmed that in the event of project cancellation, some of these items could be repurposed to other projects in their current pipeline and have shared a sample list with us of what those projects could be. They would include both ASTI and RIIO3 projects.

3. Our Mindset to Position

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

- 3.1 We agree that the activities proposed by SPT are eligible for ECF. They will help accelerate the delivery of the TKUP project, minimise delivery risk and provide opportunities to secure better value for the items and services procured early.
- 3.2 Delivering the project in 2030 will bring substantial benefits for the consumer, including enabling other significant ASTI projects, such as EGL4. It will also support the government's Clean Power 2030 targets and deliver the benefits described in both NOA and NESO's Clean Power 2030 Action Plan.
- 3.3 We are therefore satisfied that the activities set out in SPT's ECF request are justified and eligible to be funded under SpC 3.41 as early construction funding and that SPT has provided us with sufficient evidence to substantiate the claims.
- 3.4 In accordance with our ASTI Decision, and as explained in the ASTI guidance, we can consider ECF requests above 20% of total forecast project costs in exceptional circumstances as per paragraph 4.8 of the ASTI Guidance where the expenditure is justified and necessary to accelerate project delivery, or where not investing will increase the risk of project delay. We must also be confident that there are sufficient consumer protections in place for each activity to minimise consumer exposure to financial loss in the event of project cancellation
- 3.5 We acknowledge that there are benefits to carrying out the activities in each category. We also consider there to be sufficient consumer protections in the categories of strategic land purchase and early procurement commitment. The consumer exposure to financial loss in the event or project cancellation for those two categories is likely to be very limited because some costs can be recovered or procured items can be re-purposed for other projects. The use of milestone payments also helps prevent excessive exposure and helps keep costs as low as practicable in the earlier stages of the project. We note that the activities in these categories represent just under half of the funding requested as part of this ECF.
- 3.6 We also acknowledge that once committed, all costs incurred under the Early Enabling Works category would be non-recoverable in the event or project cancellation. Since the costs in this category make up more than half of the funding requested, we consider that granting ECF to the value of 39% updated cost forecast (72% cost as set out in the licence) would pose a disproportionate risk on the consumer in the event of project cancellation.
- 3.7 We consider all activities in the Early Enabling Works category to be beneficial for the delivery of the project; however we are not satisfied that the consumer benefit of providing allowances for the full amount requested for this category outweighs the increased risk to consumers should the project not ultimately secure planning permission.
- 3.8 Following further engagement with us, SPT has reiterated that all funding included in the ECF application is necessary and the timing of activities cannot be moved including for the Early Enabling Works mentioned above. In order to protect the

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

consumer from excessive exposure to financial loss in the event of project cancellation, SPT has agreed to be liable for half of the financial loss and share half the risk with the consumer for the costs in the Early Enabling Works category. We will therefore calculate the ECF allowance by subtracting half of the value requested for Early Enabling Works in this ECF application.

3.9 Following our efficiency assessment at PA stage, SPT will be eligible to recover the full extent of the efficient cost incurred for all activities.

3.10 It is our minded-to decision to approve ECF funding for the activities requested for the value of 53% of the SPT TKUP project cost as set out in the SPT licence. This corresponds to 28% of the updated project cost as reported to us by SPT.

3.11 We acknowledge that the percentage requested exceeds the ECF cap of 20% as listed in the ASTI Confidential annex but consider these to be exceptional circumstances due to:

- the overall rise in costs along the supply chain means higher payments are necessary upfront to secure items with long lead times due to supply chain constraints
- the need to undertake specific activities early in order to accelerate the project and bring about the benefit of constraint cost savings by 2030 as described in NESO's Clean Power 2030 plan instead
- The need to incur additional costs as a result of developing the design of the project further to allow better use of the infrastructure in the long term

3.12 It is Ofgem's view that this strikes a fair balance between protecting the consumer from excessive risk, while still promoting acceleration of the project and providing a safe, clean and stable energy network, which is ultimately in the consumer's interest.

3.13 We expect SPT to take all reasonable steps to ensure timely and successful delivery of the project and to ensure that consumer risks in every scenario are kept as low as practical.

4. Next steps

Section summary

This chapter sets out the next steps in our assessment under the ASTI framework.

- 4.1 Our consultation on the positions set out in this document will close on 26 March 2026.
- 4.2 We aim to publish our ECF decision in summer 2026 and, subject to the outcome of the consultation, this will be alongside the decision to modify SPT's licence in accordance with section 11A of the Electricity Act 1989.
- 4.3 The proposed modifications to Appendix 1 of SpC 3.41 are set out in the accompanying document to this consultation.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this consultation. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Annex I: Notice of statutory consultation to modify SpC

3.41

To: Scottish Power Electricity Transmission Plc

Electricity Act 1989

Section 11A (2)

Notice of statutory consultation on a proposal to modify the Special Conditions of the electricity transmission licence held by Scottish Power Electricity Transmission

1. The Gas and Electricity Markets Authority ('the Authority') proposes to modify the Special Conditions (SpC) of the electricity transmission licence held by National Grid Electricity Transmission Plc (NGET) granted or treated as granted under 6(1)(b) of the Electricity Act 1989 by amending an allowance value (ASTIAt) referenced in Appendix 1 (ASTI Price Control Deliverable) of SpC 3.41 (Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)).
2. In line with SpC 3.41.10 and the Accelerated Strategic Investment Guidance and Submission Requirements Document, we are proposing this modification because we are satisfied that SPT's Early Construction Funding (ECF) application:
 - a) has provided clear and convincing justification for exceeding the 20% threshold of total forecasted project cost as set by SpC 3.41.8 and has demonstrated the appropriate balance between assisting acceleration and protecting consumers from potentially excessive cost exposure in the unlikely event that the projects do not progress;
 - b) was pre-empted by a notice in writing of SPT's intention to make the application under section 3.41.7 at least 8 weeks before SPT made the application; and
 - c. there is a clear justification for why it is in consumers' interests to provide funding for the proposed activities to take place ahead of our cost assessment as part of the PA process as the early construction activities will aid in accelerating project delivery.
3. The effect of the proposed modification is to adjust the allowances contained in the ASTI Confidential Annex as referenced in Appendix 1 (ASTIAt) of Special Condition 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIAt)' and to insert "ECF" into the "ECF/PA" column for TKUP in Appendix 1 to SpC 3.41 in SPT's electricity transmission licence to allow SPT's ECF expenditure application. The proposed modification will be reflected in what will become the latest version, v1.1, of the ASTI Confidential Annex.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

4. With the exception of the ASTI Confidential Annex, a copy of the proposed modification and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from information.rights@ofgem.gov.uk
5. The full text of the proposed modification to Appendix 1 of SpC 3.41 is set out below in Appendix 2 with the new text to be inserted shown double underscored. For reasons of commercial sensitivity, details of the amended allowance are confidential but will be issued to SPT in the updated ASTI Confidential Annex.
6. Any representations with respect to the proposed licence modification must be made on or before 26 March 2026 to: Thomas Johns, Office of Gas and Electricity Markets, 32 Albion Street, Glasgow, G1 1LH or by email to MajorProjects.LTPD@ofgem.gov.uk and marked for the attention of Thomas Johns.
7. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
8. If we decide to make the proposed modification, it will take effect not less than 56 days after the decision to modify the licence is published.

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Thomas Johns

Deputy Director of Major Projects Delivery

Duly authorised on behalf of the Gas and Electricity Markets Authority

26 February 2026

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Annex 2: Special Condition 3.41 Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR_t)

Introduction

- 3.41.1 The purpose of this condition is to specify the value of the term ASTIR_t (the accelerated strategic transmission investment Re-opener term). This contributes to the calculation of the Totex Allowance.
- 3.41.2 The effect of this condition is to:
- (a) specify the ASTI Outputs, delivery dates and allowances for the Price Control Deliverable;
 - (b) establish a Re-opener for the licensee to apply for an adjustment to the ASTI Outputs, delivery dates and allowances in Appendix 1 and the Minimum circuit availability standard after delivery in Appendix 2;
 - (c) provide for an assessment of the Price Control Deliverable; and
 - (d) establish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.
- 3.41.3 This condition also sets out the process the Authority will follow when making changes to Appendix 1 as a result of the Re-opener.

Part A: Formula for calculating the accelerated strategic transmission investment Re-opener term (ASTIR_t)

- 3.41.4 The value of ASTIR_t is derived in accordance with the following formula:

$$ASTIR_t = ASTIA_t - ASTIRA_t$$

where:

ASTIA_t means the allowances in Appendix 1; and

ASTIRA_t has the value zero unless otherwise directed by the Authority in accordance with Part G.

Part B: ASTI Outputs

- 3.41.5 The licensee must deliver the ASTI Outputs no later than 12 months after the delivery dates specified in Appendix 1.
- 3.41.6 After the ASTI Output has been delivered it must be operational and available for use by the ISOP for the period specified in Appendix 2 after application of the exclusions set out in Chapter 4 of the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Part C: Early Construction Funding

- 3.41.7 The licensee may, in respect of any ASTI Output, apply for an Early Construction Funding decision to adjust ASTIA_t.
- 3.41.8 Unless the Authority directs otherwise, the aggregate allowances provided under paragraph 3.41.7 for any ASTI Output may not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex.
- 3.41.9 The licensee must notify the Authority in writing of its intention to make an application under 3.41.7 at least 8 weeks before making an application, unless the Authority directs otherwise.
- 3.41.10 A modification under this Part will be made under section 11A of the Act.

Part D: ASTI Project Assessment Decision

- 3.41.11 The licensee may, in respect of any ASTI, apply for an ASTI Project Assessment Decision and an associated modification of Appendices 1 and 2 to:
- (a) specify or amend an ASTI Output, a delivery date and associated allowances; and
 - (b) specify the minimum circuit availability standard after delivery for the relevant ASTI Output.
- 3.41.12 Unless the Authority otherwise directs, the licensee may only apply for an ASTI Project Assessment Decision after submission of all material planning consent applications.
- 3.41.13 A modification under this Part will be made under section 11A of the Act.

Part E: ASTI Cost And Output Adjusting Event

- 3.41.14 The licensee may apply for a modification to the ASTI Outputs and allowances in Appendix 1 where it considers that there has been one or more ASTI Cost And Output Adjusting Event.
- 3.41.15 The licensee may only apply under this Part to modify allowances in Appendix 1 where:
- (a) expenditure has been caused to increase or decrease by at least the percentage specified in, or in accordance with, paragraph 3.41.17, calculated before the application of the Totex Incentive Strength, relative to the relevant allowance in Appendix 1 by the event or if there has been more than one event:
 - i. by each event;
 - ii. if the Authority has directed that the events in relation to the relevant ASTI Output should count cumulatively towards the percentage threshold,; and

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

- (b) the increase or decrease in expenditure is expected to be efficiently incurred or saved.
- 3.41.16 The licensee may apply under this Part to modify the ASTI Outputs in Appendix 1 only where there is a material change to the scope of the relevant ASTI project.
- 3.41.17 The percentage referred to in paragraph 3.41.15(a) is:
- (a) 5%; or
 - (b) such other percentage as the Authority may specify by direction.
- 3.41.18 An application under this Part must be made in writing and must:
- (a) include detailed supporting evidence that an ASTI Cost And Output Adjusting Event meeting the requirements set out in paragraphs 3.41.15, or where applicable 3.41.16, has occurred;
 - (b) set out the modifications requested to the ASTI Outputs or associated allowances in Appendix 1;
 - (c) explain the basis of the calculation for any proposed modification to the allowances in Appendix 1, which must be designed to keep, so far as is reasonably practicable, the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred; and
 - (d) include a statement from a technical adviser, who is external to and independent from the licensee, whether, considered in the context of the value of the ASTI Output, the proposed modification to the ASTI Output or associated allowances fairly reflects the effects of the ASTI Cost And Output Adjusting Event.
- 3.41.19 The Authority may make a modification under this Part where:
- (a) there has been an application under this Part;
 - (b) there has been an ASTI Cost And Output Adjusting Event in relation to the relevant ASTI;
 - (c) the requirements of paragraphs 3.41.14 to 3.41.18, where applicable, have been met; and
 - (d) the proposed modifications to Appendix 1 have the effect so far as is reasonably practicable of keeping the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred.
- 3.41.20 A modification under this Part will be made under section 11A of the Act.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Part F: Modification of delivery date in Appendix 1 further to an ASTI ODI Penalty Exemption Period decision or ASTI ODI Target Date decision under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive)

3.41.21 The Authority will modify the delivery dates in Appendix 1 where it decides under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive) to make a modification to the ASTI ODI Penalty Exemption Period or ASTI ODI Target Date in Appendix 1 of Special Condition 4.9.

3.41.22 A modification under this Part will be made under section 11A of the Act.

Part G: Assessment of the Price Control Deliverable (ASTIR_t)

3.41.23 The Authority will, in accordance with the assessment principles set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements), consider directing a value for ASTIR_t where the licensee has not Fully Delivered an output in Appendix 1.

Part H: What process will the Authority follow in making a direction?

3.41.24 Before making a direction under Part G 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.

3.41.25 A direction in respect of Part G will set out:

- (a) the delivery status of the ASTI Output that has not been Fully Delivered;
- (b) the value of the ASTIR_t term and the Regulatory Years to which that adjustment relates; and
- (c) the methodology and data that has been used to decide the delivery status and value of any adjustments to the ASTIR_t term.

Part I: Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document

3.41.26 The licensee must comply with the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.

3.41.27 The Authority will issue and amend the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document by direction.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

- 3.41.28 The Authority will publish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document on the Authority's Website.
- 3.41.29 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will make provision about the detailed requirements for Parts C, D, E and F.
- 3.41.30 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will also make provision about the detailed requirements under Special Condition 3.40 (ASTI Pre-Construction Funding Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment) and Special Condition 4.9 (ASTI output delivery incentive).
- 3.41.31 Before directing that the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document comes into effect, the Authority will publish on the Authority's Website:
- (a) the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
 - (b) the date on which the Authority intends the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect; and
 - (c) a period during which representations may be made on the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.
- 3.41.32 Before directing an amendment to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, the Authority will publish on the Authority's Website:
- (a) the text of the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
 - (b) the date on which the Authority intends the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect;
 - (c) the reasons for the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document; and
 - (d) a period during which representations may be made on the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

Appendix 1

ASTI Price Control Deliverable

ASTI Output	Delivery Date	Allowance (ASTIA _t , £m)	ECF/PA
Denny to Wishaw 400 kV reinforcement (NOA Code: DWNO)	31 December 2029	Have the values given in the ASTI Confidential Annex.	ECF
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)	31 December 2028	Have the values given in the ASTI Confidential Annex.	PA
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	ECF
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)	31 December 2031	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>

Appendix 2

ASTI Output availability standard

ASTI Output	Minimum circuit availability standard after delivery (%)		
	0-6 months	6-12 months	12-24 months
Denny to Wishaw 400 kV reinforcement (NOA Code: DWNO)			
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)			
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)			
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)			

Appendix 1: Privacy policy

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

Information: Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data then make this clear. Be as specific as possible.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. ‘six months after the project is closed’)

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data

Consultation Tealing – Kincardine Upgrade Project - Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition 3.41 of their electricity transmission licence

- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use “the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this”.

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system. (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, click on the link to our “[ofgem privacy promise](#)”.