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Date
15th April 2026

Email: Transmission.Acceleration@ofgem.gov.uk

Contact
Lauren Logan

Dear Irina,

Response to Ofgem consultation: Denny to Wishaw 400kV Reinforcement Project (DWNO) Statutory consultation on Early Construction Funding (ECF) and corresponding proposed modification to Special Condition (SpC) 3.21.

SP Transmission (SPT), part of SP Energy Networks and the Iberdrola group, is the Transmission Owner in central and southern Scotland. Our networks are crucial to the delivery of the UK and Scottish Government's renewable energy objectives, and we have a unique role in connecting renewable generation and bulk transfer of renewable energy from Scotland into England & Wales benefiting stakeholders well beyond our licence area. It is worth noting Ofgem refers to Special Licence Condition 3.41 which is the relevant RIIO-T2 provision, as we are now in the RIIO-T3 period, the consultation should refer to SpC 3.21.

We appreciate the opportunity to respond to Ofgem's consultation regarding its minded-to decision on SPT's Early Construction Funding (ECF) application for the Denny to Wishaw 400kV Reinforcement Project (DWNO), published on 17th March 2026. Ofgem's minded-to decision on the DWNO ECF marks an important step forward for this strategic reinforcement project. We welcome the proposal to approve [REDACTED] of ECF under the ASTI framework. This represents 24% of the updated project cost estimate and 55% of the original allowances in the licence based on a 6-month Project Assessment (PA) timeline from Ofgem.

The scale and strategic importance of the DWNO project means that continued regulatory clarity and timely decision making remain essential. DWNO is identified by both Ofgem and NESO as critical to achieving Clean Power 2030. DWNO is a key reinforcement project in SPT's portfolio and is a major north to south upgrade across the B5 boundary. DWNO will establish a double circuit 400kV route between Denny North and Wishaw, including the construction of a new overhead line (OHL) route between Bonnybridge and Glenmavis. As a major reinforcement of the Scottish transmission network, DWNO will significantly increase north to south transfer capacity across the B5 boundary, reduce constraint costs, and enable connection and utilisation of low carbon generation. Any delays to early works or uncertainty in future funding phases could materially impact these national objectives. We've explained to Ofgem that DWNO's programme is extremely challenging, with the potential for Compulsory Purchase Orders (CPOs) to be required.

We acknowledge Ofgem's recognition that the ECF at the level of funding requested, is necessary to maintain momentum on essential early works for the project, including enabling works, EPC design development, essential early procurement activities to secure long-lead equipment items, and land rights acquisition. These activities are fundamental to managing and maintaining delivery programmes and managing project costs. Maintaining the project's programme ensures consumers benefit from reduced constraints.

We understand the request is above the 20% ECF value and has required additional justification on consumer protection which we provided to Ofgem¹. Specifically, the early enabling works for DWNO, both the substation works within the existing sites and EPC design activities for the substations, and the OHL are 'no regret' works. These are either common to the works required for other drivers (such as connections at the substations) or they serve works which would be undertaken in the event that DWNO is not progressed (for example XX and XR routes reconductoring). In addition, there are works that are 'nested' with other works already planned and are critical to the delivery of the project in line with agreed outage windows.

Furthermore, the land purchased could be resold, where appropriate. The equipment, such as the GIS, if the order could not be cancelled, could be used for future strategic connection opportunities. Similarly, if supergrid transformer orders could not be cancelled, the transformers could be used for either customer connection works or for condition-driven (non-load) transformer replacement projects.

It should be noted that the risk of project cancellation is considered to be extremely low. The reinforcement is identified as necessary for CP2030 and SPT has been engaging extensively with stakeholders and statutory bodies to minimise the risk of refusal of consent. From a consumer protection perspective, the financial exposure in the unlikely event of cancellation is limited. All contracts include cancellation clauses, any residual fees would be minimised with costs redirected wherever possible, and land assets could be resold at standard market value. In addition, a proportion of the project's design work could be reused on other schemes, further reducing any potential sunk costs.

We also welcome Ofgem's commitment to an expedited 6-month PA process, following the re-alignment of our ECF submission. This creates a clear pathway to a full funding decision and underscores the importance of submitting a robust and timely PA.

We support Ofgem's minded-to decision and encourage continued alignment between Ofgem, NESO, and SPT to ensure the project proceeds at the pace required. This is particularly important given the growing constraint environment and the urgent need to strengthen GB transmission capability.

Our engagement with Ofgem on DWNO funding to date has been productive, and we would welcome further discussions on this matter should you require any further information.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Lauren Logan".

Lauren Logan
Head of Transmission Regulation Policy

¹ Email from SPT dated 13 March 2026.

Appendix 1: Responses to consultation questions

Q1: Do you agree with our minded-to position to provide ECF for the SPT DWNO project?

We welcome Ofgem's positive decision to grant above the 20% ECF threshold for the DWNO project. As we had stated in our ECF submission and throughout ECF discussions with Ofgem, it is essential to ensure that the DWNO project can continue to develop at pace. Ofgem accurately reflects the need for the DWNO project by highlighting the NESO's 2025 Constraint Cost Report² that stated the principal B5 constraint incurred £96.4m in costs between April 2024 and March 2025, with a further £4.4m recorded between April and September 2025. Ultimately, we are supportive of Ofgem's position that the project provides material protection against the expected escalation of constraint costs later this decade. Accelerating delivery of DWNO therefore will help alleviate constraint costs that would otherwise be borne by the consumer.

Q2: Do you agree with our proposed modification to adjust ASTIAt in Appendix 1 of SpC 3.21?

Ofgem refers to SpC 3.41 as the licence condition to which the ASTIAt appendix 1 applies. However, we are now in the RII0-T3 period and for clarity, it is worth noting that the correct licence condition applicable should be SpC 3.21.

Nevertheless, the relevant modifications to the ECF phasing figures will appear in the ASTI confidential annex which has not yet been shared with SPT. Based on recent interactions with Ofgem for the DWNO project, we assume SPT will feed into the drafting of the year-on-year phasing and that this process will take place post consultation, once the final ECF figure has been confirmed.

We look forward to and welcome further engagement with Ofgem on all of our funding requests.

² [Constraint Breakdown Costs and Volume | National Energy System Operator](#)