

# Decision

## Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence

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Contact: Irina Dihanova

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Team: Transmission Acceleration

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Email: [Transmission.Acceleration@ofgem.gov.uk](mailto:Transmission.Acceleration@ofgem.gov.uk)

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Following our consultation in March 2026<sup>1</sup>, this document confirms our decision on the Early Construction Funding (ECF) for eight ASTI projects. This decision is taken in line with Scottish & Southern Electricity Networks Transmission's (trading as Scottish Hydro Electric Transmission Plc – 'SHET') electricity transmission licence (the Licensee), Special Condition (SpC) 3.21 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)'.

This document outlines our consultation position, the responses to the consultation, our view of the responses, and our final position. Non-confidential responses are published alongside this decision. This decision document and corresponding Statutory Decision Notice of Modification published alongside it confirms our decision to proceed to modify the SpC and to adjust the ASTIAt term and allowances referenced in Appendix 1 of SpC 3.21<sup>2</sup>.

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<sup>1</sup>[Eight SHET Early Construction Funding applications | Ofgem](#)

<sup>2</sup> At time of submission, the special condition number was 3.41. We are now in RIOT3 period and with the licences updated, the text can now be found in 3.21.

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## **Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence**

### **Executive summary**

In March 2026, we consulted on our minded-to position to adjust allowances (ASTIAt) set out in the ASTI Confidential Annex that is referenced in Appendix 1 of Special Condition (SpC) 3.21 ‘Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIRt)’<sup>3</sup>.

The consultation was carried out under SHET’s electricity transmission licence (Part C: Early Construction Funding of SpC 3.21) to reflect SHET’s ECF request for eight ASTI projects.

On 3 August 2025, in line with SpC 3.21.9 and the ASTI Guidance and Submission Requirements Document <sup>4</sup>(ASTI guidance), SHET submitted a consolidated ECF application regarding eight <sup>5</sup>electricity transmission projects. SHET previously submitted two ECF applications for these eight projects and we awarded early construction funding for the activities specified in those applications. The projects have since sufficiently matured to carry out the activities included in this submission. As part of our assessment of this ECF application we have undertaken a high-level analysis of the proposed early construction activities to determine whether they are justified and eligible under the licence and ASTI guidance.

In our consultation we also included a statutory notice of our proposed modification to adjust the ASTIAt term as referenced in Appendix 1 of SpC 3.21 to give effect to our minded-to position.

### **Decision**

This document confirms our decision to proceed and adjust the allowances set out in Appendix 1 (ASTIAt) of SpC 3.21 ‘Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIAt)’ in SHET’s electricity transmission licence to allow SHET’s ECF expenditure request. The term will have the value given in the corresponding updated version of the ASTI Confidential Annex issued to SHET.

As per SpC 3.21.8, the Authority hereby directs that the licence limitation for the ECF to not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex for the projects with NOA codes BLN4, SLU4, BDUP, BPNC and Western Isles is not applicable for the reasons given in this licence modification decision.

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<sup>3</sup> A copy of SpC 3.21 can be found in Annex 2. We note that the number of the condition and relevant paragraphs may differ in the new price controls window starting 1 April 2026

<sup>4</sup> [Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document.pdf](#)

<sup>5</sup> The eight projects included in SHET’s application for early construction funding are: BLN4, SLU4, BBNC, BPNC, BDUP, TKUP, PSDC and WI.

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**Next steps**

In accordance with section 11A of the Electricity Act 1989, the licence modification will take effect 56 days after the publication of the decision to proceed with the modification.

## **Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence**

### **1. Context**

This document confirms our decision on our minded-to position regarding SHET's ECF request for eight ASTI projects. The consultation sought stakeholder views on Ofgem's minded-to position on SHET's ECF application for the projects.

Chapter 2 includes a brief description of the projects, SHET's ECF application, and our consultation minded-to position.

Chapter 3 summarises the response to our consultation questions and our response to this feedback.

Chapter 4 sets out our decision following consideration of the consultation responses.

Alongside this decision, we are also publishing the amendments to SpC 3.21, which will give effect to our decision. In accordance with section 11A of the Electricity Act 1989, the licence modification will take effect 56 days after the publication of the decision to proceed with the modifications.

### **Related publications**

Consultation on eight SHET Early Construction Funding applications: [Eight SHET Early Construction Funding applications | Ofgem](#)

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)

Modifications to the RIIO-3 licences and associated documents: [Modifications to the RIIO-3 licences and associated documents | Ofgem](#)

Decision on eight Scottish Hydro Electric Transmission projects - Early Construction Funding and licence consultation round 2: [Eight Scottish Hydro Electric Transmission projects - Early Construction Funding and licence consultation round 2 | Ofgem](#)

Eight Scottish Hydro Electric Transmission projects - Early Construction Funding and proposed licence modification round 1: [Eight Scottish Hydro Electric Transmission projects - Early Construction Funding and proposed licence modification | Ofgem](#)

### **Decision-making stages**

**Stage 1** Consultation open: 05 March 2026

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**Stage 2** Consultation closed. Deadline for responses: 10 April 2026

**Stage 3** Responses reviewed, and decision published: 12 May 2026

**Stage 4** Licence modification takes effect 56 days after the publication of the licence modification decision

## Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence

### 2. Early Construction Funding Consultation for eight SHET projects

#### Section summary

This chapter provides a brief description of the projects and SHET's application. It also outlines Ofgem's minded-to position that was set out in our consultation document.

#### Brief description of the project

- 2.1 All eight projects were approved for inclusion in our ASTI framework decision as they were considered crucial for the safe, resilient, and efficient transmission of electricity through the energy system. The projects 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 2021-22<sup>6</sup> and the Holistic Network Design<sup>7</sup>.
- 2.2 These projects were also identified by NESO as key projects 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<sup>8</sup>. Their completion will therefore also support the Scottish and UK Government's ambitions for a clean power and net zero future.
- 2.3 The projects are:

#### Onshore (six projects)

- BLN4: Beauly to Loch Buidhe 400kV Reinforcement
- SLU4: Loch Buidhe to Spittal 400kV Reinforcement
- BBNC: Beauly to Blackhillock 400kV Double Circuit
- BPNC: Blackhillock and Peterhead 400kV Double Circuit
- BDUP: Beauly to Denny 275kV Circuit to 400kV
- TKUP: East Coast Onshore 400kV Phase 2 reinforcement (SSE portion only)<sup>9</sup>

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<sup>6</sup> [Network Options Assessment 2021-22](#)

<sup>7</sup> [A Holistic Network Design for Offshore Wind | National Energy System Operator](#)

<sup>8</sup> [NESO Clean Power 2030 Annex 2](#)

<sup>9</sup> The project under NOA code TKUP is delivered together with SPT. Each TO has a separate ECF allowance for the works they carry out in their respective portions of the project. The consultation for SPT's part of TKUP can be found here: [Tealing-Kincardine Upgrade Project Early Construction Funding and licence consultation | Ofgem](#)

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### Offshore (two projects)

- PSDC: Spittal to Peterhead 2GW High Voltage Direct Current (HVDC) Subsea link
- Western Isles: Arnish to Beaully (Western Isles) HVDC link

2.4 Please see Annex 3 for a map and brief description of the projects.

## **ECF application**

2.5 SHET made an application for ECF under Part C of SpC 3.21 of its licence to enable funding of early construction activities for eight projects. These activities fall in the categories of strategic land purchase, early enabling works, and early procurement commitments. SHET also requested funding for activities falling in the category “other activities approved in advance by the Authority” under the titles “Accommodation” and “Environment and Nature”.

2.6 This is the third ECF request for all eight projects. The table below sets out the percentage value of ECF previously approved for each project as well as the cumulative percentage of total ECF, which includes the values requested in the current application. The last column shows what the requested total ECF would look like if we base the percentage on the updated project cost values as reported by SHET as part of this application.

2.7 While we have included the updated cost percentage for contextual and illustrative purposes, our decision is made with reference to the percentage specified in the licence, not the updated cost forecast.

2.8 Since the original inclusion of the project in NOA, SHET has updated the cost estimates of their ASTI portfolio and informed us that this is due to the following reasons:

- When SHET produced the cost estimates for the projects in 2022, projects were at an early stage, with sites, routes, design, and technology options still under consideration. The cost estimates were therefore informed by historic project rates, internal SSE insight, and available market intelligence. The cost estimates from 2022 became the basis of the values that have been included in the ASTI Confidential Annex in SHET’s licence and the values against which ECF allowances were calculated for each project.
- The updated cost forecasts use revised unit rates reflective of current market pricing as the projects transition to delivery phase. Those have been particularly impacted by constraints in the supply chain.

2.9 While we include the updated cost percentage for contextual and illustrative purposes, our decision is made with reference to the percentage specified in the licence, not the updated cost forecast. We have not completed technical

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assessments or project assessments to confirm which costs will be accepted as efficient. This will be done at project assessment stage. SHET will only be able to recover efficient costs.

<b>Project</b>	<b>Previously approved ECF in % based on licence cost</b>	<b>Cumulative ECF inclusive of this request in % based on licence cost</b>	<b>Cumulative ECF inclusive of this request in % based on updated total cost forecast</b>
BLN4	20%	30%	7%
SLU4	31%	34%	6%
BBNC	13%	14%	5%
BPNC	19%	27%	7%
BDUP	27%	44%	10%
TKUP (SHET share only)	17%	20%	4%
PSDC	13%	19%	9%
WI	11%	23%	9%

Table 1. Percentage of ECF requested for each project

2.10 For five out of the eight projects, the requested ECF amount combined with previously approved ECF will exceed the ECF cap of 20% of the respective project’s total cost as set out in SHET’s licence. We had already approved ECF beyond the 20% cap for SLU4 and BDUP in SHET’s second ECF request. The justification for this was explained in our decision document published 19 November 2025.<sup>10</sup>

2.11 SHET has identified the main drivers for exceeding the cap for each project. We listed the details of this in our consultation document. In our ASTI Guidance, we explained that we will consider approving ECF in excess of the 20% cap in exceptional circumstances where expenditure is justified and necessary, and where 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

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<sup>10</sup> [Eight SHET projects – Early Construction Funding and Modification to special conditions of the electricity transmission licence](#)

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protections in place to minimise consumer exposure to financial loss in the unlikely event of project cancellation.<sup>11</sup>

2.12 SHET informed us that the activities included in this ECF request can help discharge relevant planning conditions for each of the projects, making it possible to progress at pace as soon as material consents are secured.

2.13 Below is a summary of the requested activities for all projects for the different permitted ECF activities.

### Strategic land purchases

Project	Summary of activities
BLN4	SHET intends to make payments to cover the leasing of land to facilitate access arrangements necessary to deliver the Fanellan 400 kV substation and associated enabling works; SHET expects these arrangements may be necessary to discharge planning conditions.
SLU4	No funding requested for this category.
BBNC	No funding requested for this category.
BPNC	No funding requested for this category.
BDUP	SHET intends to make payments to cover remainder of cost required to complete land purchase for Cambushinnie and Bingally substations (earlier ECF approved initial payments).  Land purchase to host the Errochty to Kinardochoy underground cable.  Purchase of land to allow access to Fort Augustus.
TKUP	SHET intends to make payments to cover remainder of cost required to complete land purchase for Hurlie and Emmock substations (earlier ECF approved initial payments).
PSDC	SHET intends to make payments to cover remainder of cost required to complete land purchase for Netherton Hub substation (earlier ECF approved initial payments).
WI	No funding requested for this category.

<sup>11</sup> [ASTI Guidance](#), para 4.8

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### Early enabling works

Project	Summary of activities
BLN4	<p>SHET proposes to upgrade Fanellan Black bridge to secure access for abnormal load transportation. Upgrades are required as a recent structural assessment has designated it unfit for any vehicle loading. Activities include a full replacement of existing bridge and demolition of the current structure. The Black Bridge remains a critical requirement for the delivery of the HVDC transformers, as the alternative construction-viable routes are not suitable for abnormal indivisible load transportation.</p> <p>Meanwhile, SHET has identified an alternative option to access Fanellan substations (funding for land access required under strategic land purchases). SHET intends to utilise both options – the bridge will be required for abnormal load while the alternative land access will be used for other transportation, including access for activities required before the bridge is ready.</p>
SLU4	No funding requested for this category.
BBNC	No funding requested for this category.
BPNC	<p>New Deer Extension works include installation of 4 new SF6 400kV GIS bays, 4 non-SF6 GIS busbar routes and 4 new AIS cable bays to facilitate connections from other projects. Many of these will also be shared with BPNC.</p> <p>To meet planning conditions, public road improvements are required at Greens.</p> <p>Utility diversions are also required to complete the road improvements. The diversions include a distribution overhead line, private water supplies, telecoms, and Scottish Water mains.</p> <p>Advanced felling along OHL route is required to ensure timely and safe delivery. An agreement has been made with the landowner and relevant licences are in place.</p>
BDUP	No funding requested for this category.
TKUP	No funding requested for this category.
PSDC	Contract work is required to enable early works for the Spittal to Peterhead Netherton Hub, this work includes demolition of existing

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Project	Summary of activities
	<p>properties, primary works, formation of site compound areas, opening of initial site borrow pits and pre-earthworks temporary drainage.</p> <p>Early work on the Nethererton Hub that will consist of the design, consenting and construction activities for the installation of the infrastructure for the 9km DNO supply.</p> <p>Enabling works are required for Spittal to Peterhead such as de-vegetation and site clearance, temporary fencing, establishing access roads/tracks, haul roads and bellmouths, and Horizontal Directional Drilling (HDD) hardstanding and laydown area.</p> <p>HVDC cable needs to be protected with a trencher. SHET are proposing to design and manufacture a new offshore trencher for the project.</p>
WI	<p>SHET is proposing to commence early work to set up the Lewis hub. These activities will include primary works, access roads, formation of site compound areas, formation of laydown areas, service connections and diversions, opening of initial site borrow pits, and formation of working faces.</p> <p>HVDC cable needs to be protected with a trencher. SHET are proposing to design and manufacture a new offshore trencher for the project.</p> <p>Coordinating with Stornoway Port Authority to maximise efficiency as they upgrade the Arnish Point, SHET intend to install and provide associated materials, plus the supervision from NKT and SSE to ensure delivery of the quality plan.</p> <p>To ensure connection dates are met, SHET will complete early work on the cable installation which will consist of access routes to the cable corridor, securing/establishing project offices, storage areas and welfare facilities, de-vegetation and site clearance, temporary fencing, access roads and bellmouths, HDD hardstanding and laydown area, haul roads and temporary access tracks, and culvert upgrades and lowering.</p> <p>Technical studies have identified that the HVDC underground cable will cause interference with the existing BT Openreach (BTO) network and so SHET are proposing to remove all elements of copper cable within the affected zone.</p>

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Early procurement commitments

<b>Project</b>	<b>Summary of activities</b>	<b>Lead time identified (as of Feb 2025)</b>
BLN4	Gas Insulated Switchgear (GIS) and Air Insulated Switchgear (AIS) equipment	20 – 24 months (GIS); 43 – 80 weeks (AIS)
SLU4	GIS and AIS equipment	20 – 24 months (GIS); 43 – 80 weeks (AIS)
BBNC	No funding requested for this category	
BPNC	GIS and AIS equipment	20 – 24 months (GIS); 43 – 80 weeks (AIS)
BDUP	GIS and AIS equipment	20 – 24 months (GIS); 43 – 80 weeks (AIS)
	Black start reactor – delivery needed for Fort Augustus by 2027	18 – 30 months (Black start reactor)
	Protection and control panels	12 months
	132kV underground cable	6 months
TKUP	AIS circuit-breakers and SF-free circuit breakers	Up to 24 months
PSDC	Items for HVDC Converter building: substructure (foundations), structural steelwork, precast concrete, roofing and cladding, MEP, earthing, RFI Shielding, FRC Works, fencing; associated laydown areas for these items	No lead time identified but payment to arrange the contract required imminently
WI	Items for HVDC Converter building: substructure (foundations), structural steelwork, precast concrete, roofing and cladding, MEP, earthing, RFI Shielding, FRC Works, fencing; associated laydown areas for these items	No lead time identified but payment to arrange the contract required imminently
	Procurement of key long-lead items for the Lewis substation:	

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<b>Project</b>	<b>Summary of activities</b>	<b>Lead time identified (as of Feb 2025)</b>
	- SF6-free 400kV GIS	
	- Protection & Control panels	- Up to 24 months
	- Real Time Systems (RTS)	- 12 months
		- Unspecified

**Other costs – accommodation**

SHET intends to make payments towards various contractual agreements related to housing its workers. This is part of SHET’s Housing Strategy <sup>12</sup>and intends to cover the cost of housing the workers only for the time they are required. SHET is not proposing to permanently own properties or cover the entirety of the investment for building new homes.

<b>Project</b>	<b>Summary of activities</b>
BLN4	SHET intends to fund the construction of 209 houses (440 beds) to be made available to workers throughout FY26/27. Activities requested in this ECF application include obtaining permissions and licences, start-up funding for site works and initial rental for workers homes as they come purpose-built.
SLU4	SHET is proposing to refurbish 18 council housing stock properties for workers accommodation. These properties have been pending refurbishment for a prolonged period and are currently out of use.
BBNC	No funding requested for this category.
BPNC	No funding requested for this category.
BDUP	SHET is requesting funding for a temporary accommodation camp at Bingally and workers accommodation for Fort Augustus. In Bingally, SHET intends to purchase an existing dwelling as well as design and install a temporary camp. In Fort Augustus, SHET intends to increase the capacity of a static caravan holiday park and purchase a hostel and upgrade facilities to a suitable level.

<sup>12</sup> [Housing Strategy - SSEN Transmission](#)

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<b>Project</b>	<b>Summary of activities</b>
TKUP	SHET is proposing to make payments towards the building of 91 homes at Ury Estate, Stonehaven and 62 homes in Brechin to accommodate workers on the TKUP project.
PSDC	SHET has requested funding for initial works across 3 housing sites - Greenacres, Sovereign Gate and Aden Meadows. These developments will deliver 197 new homes to accommodate workers for the duration of construction and form part of SHET's housing commitment to provide a lasting community legacy in Aberdeenshire.
WI	SHET has requested funding for initial works across two housing sites – one site by the airport and another at Melbost. These developments will deliver 144 new homes to provide 294 beds for the workforce during construction, as well as form part of SHET's housing commitment to provide a lasting community legacy for the Western Isles.

**Other costs – environmental and nature requirements**

2.14 SHET has requested early construction funding to help meet its biodiversity net gain commitment and other legal obligations related to environmental and nature requirements.

<b>Project</b>	<b>Summary of activities</b>	<b>Hectares restored</b>
BLN4	Deliver biodiversity project at near Inverness with Charity Partner	141 ha
SLU4	Deliver peatland restoration project in Northern Highlands with Charity Partner	98 ha
SLU4	Deliver biodiversity project in Northern Highlands with Private Landowner	131 ha
SLU4	Deliver biodiversity project in Northern Highlands with Private Landowner	155 ha
BBNC	Deliver biodiversity project in Moray with Charity Partner	TBC

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BBNC	Deliver biodiversity project in Aberdeenshire with Private Landowner	68 ha
BPNC	Contribute to biodiversity project (requirement at site not large enough for individual project)	10 ha
BDUP	Deliver biodiversity project near Inverness with Private Landowner	10 ha
BDUP	Deliver biodiversity project near Perth with Charity Partner	140 ha
BDUP	Deliver ancient woodland restoration project near Loch Ness with Partner Organisation	150 ha
TKUP	Deliver biodiversity project in Fife with Charity Partner	19 ha
PSDC	Deliver biodiversity project with Charity Partner	TBC
PSDC	Deliver peatland restoration project in Northern Highlands with Charity Partner	97 ha
WI	Deliver peatland restoration project on Isle of Lewis with Private Landowner	225 ha
WI	Deliver biodiversity project with Charity Partner	TBC
<b>Totals</b>	<b>Total nature project delivery costs</b>	<b>~1244 ha</b>

## Consultation position

2.15 We are satisfied that the activities set out in SHET’s ECF request are justified and eligible to be funded under SpC 3.21 as early construction funding and that SHET has provided us with sufficient evidence to substantiate the claims. It is our view that the activities will safeguard the timely and efficient delivery of the projects by 2030, which will also support the delivery of the UK and Scottish Government’s clean power targets.

2.16 In accordance with our ASTI Decision and ASTI guidance, we can consider ECF requests above 20% in exceptional circumstances where the expenditure is justified and necessary to accelerate project delivery, or where not investing will increase the risk of project delay. We were satisfied that SHET had put in place sufficient consumer protections which were detailed in our consultation document.

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- 2.17 Key protections include the use of milestone-based payments to reduce upfront and irrecoverable costs, particularly prior to the granting of planning consent. SHET is expected to limit early commitments, utilise phased procurement agreements, and limit cancellation liabilities as much as possible. In the event of delay, amendment or cancellation, unspent ECF will be returned to consumers. All costs incurred remain subject to ex-post efficiency review at the Project Assessment stage to ensure only efficient expenditure is ultimately recovered.
- 2.18 The consultation also highlighted contractual and commercial protections, including risk-sharing arrangements with delivery partners, security mechanisms such as bonds or guarantees, and provisions that transfer delay or non-delivery risk away from consumers where possible. Collectively, these measures ensure that consumers are protected while allowing essential preparatory works to proceed in support of timely delivery and long-term system benefits.
- 2.19 A summary of our minded-to position for each project is:
- 2.20 BLN4 – approve all ECF costs in this application and direct SHET to exceed the ECF allowance of 20% as set out in their licence to cover 30% of total forecast project costs
- We note that the remaining consenting issues around Fanellan substation increase the risk to financial exposure for the consumer. However, considering the importance of Fanellan substation for half of SHET’s ASTI portfolio, we believe these activities should proceed as soon as planning consent is secured. We consider the consumer exposure to be proportionate in this case. We note that a significant proportion of the requested costs are recoverable or transferable and that SHET has put in place protections such as milestone-based payment structure, with expenditure aligned to delivery outputs rather than upfront commitments. This reduces the risk of unrecoverable spend during uncertain stages of the planning process.
  - We will expect SHET to only proceed at pace with the activities related to Fanellan substation if the substation receives consent. We expect SHET to utilise milestone payments and not to commit significant irrecoverable costs until the consenting process is complete.
- 2.21 SLU4 – approve all ECF costs in this application and direct SHET to exceed the ECF allowance of 20% as set out in their licence to cover 34% of total project costs as set out in SHET’s licence
- 2.22 BPNC - approve all ECF costs in this application and direct SHET to exceed the ECF allowance 20% as set out in their licence to cover 27% of total project costs as set out in SHET’s licence

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- 2.23 BDUP - approve all ECF costs in this application and direct SHET to exceed the ECF allowance of 20% as set out in their licence to cover 44% of total project costs as set out in SHET's licence
- 2.24 WI – approve all ECF costs in this application and direct SHET to exceed the ECF allowance of 20% as set out in their licence to cover 23% of total project costs as set out in SHET's licence
- 2.25 TKUP – approve the ECF request and allow 20% of total project costs as set out in SHET's licence
- 2.26 PSDC – approve the ECF request and allow 19% of total project costs as set out in SHET's licence
- 2.27 BBNC - approve the ECF request and allow 14% of total project costs as set out in SHET's licence

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### 3. Consultation responses

#### Section summary

This chapter provides a summary of the responses we received to our consultation.

#### Questions

- Q1. Do you agree with our minded-to position to provide ECF for the eight projects?
- Q2. Do you agree with our proposed modification to adjust ASTIA<sub>t</sub> in Appendix 1 of SpC 3.21?

- 3.1 We received three responses to our consultation on the eight SHET projects.
- 3.2 All respondents were in favour of Ofgem granting ECF funding to SHET and agreed with our proposed modification to adjust ASTIA<sub>t</sub> in Appendix 1 of SpC 3.21.
- 3.3 Hutcheson Associates expressed its support for all points raised by Ofgem in the consultation.
- 3.4 Ocean Winds supports Ofgem's minded-to-position to provide ECF for the eight projects and to exceed the ECF cap of 20% of the total forecast project costs for five projects. The response states that the activities are essential to accelerating a portfolio that is critical to unlocking Scottish wind capacity and enabling power transfer from the north and west of Scotland to demand centres in England.
- 3.5 SHET agrees with our approval of ECF for the eight projects and with the proposed licence modifications. In its response, SHET firmly maintains that the funding will be instrumental in ensuring timely delivery of project programmes. SHET also reiterates its confidence in securing pending planning approvals. This is based on robust expert support and positive local authority assessments, with all substations receiving favourable recommendations and no statutory objections.

## **Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence**

### **4. Our decision**

#### **Section summary**

This chapter details our final decision.

- 4.1 We maintain our consultation position that the activities identified by SHET fall within the ECF permitted activity areas as defined in SHET's electricity transmission special licence conditions.
- 4.2 We are satisfied that there are sufficient consumer protections in place for each activity to minimise consumer exposure to financial loss in the event of project cancellation and that exceeding the 20% cap is justified for the projects where this has been specified.
- 4.3 We consider 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.
- 4.4 After careful consideration of the responses, our decision is to maintain our consultation position and approve the ECF funding as set out in Chapter 2.

**Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 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 decision. 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](mailto:stakeholders@ofgem.gov.uk).

**Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence**

## **Annex I: Notice of decision to modify SpC 3.21**

To: Scottish Hydro Electric Transmission Plc

### **Electricity Act 1989**

#### **Section 11A(1)(a)**

#### **Notice of decision to modify the Special Conditions of the electricity transmission licence held by Scottish Hydro Electric Transmission Plc**

1. Scottish Hydro Electric Transmission Plc (SHET) is the holder of an Electricity Transmission licence (“the Licence”) granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (“the Act”).
2. Under section 11A(2) of the Act, the Gas and Electricity Markets Authority (“the Authority”)<sup>13</sup> gave notice on 05 March 2026 (“the Notice”)<sup>14</sup> that we proposed to amend the allowance value (ASTIAt) referenced in Appendix 1 (ASTI Price Control Deliverable) of Special Condition 3.21<sup>15</sup>(Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)) of the Licence. We stated in the Notice that any representations to the modification proposal must be made on or before the 11th April 2026.
3. The eight projects included in SHET’s application for early construction funding are: BLN4, SLU4, BBNC, BPNC, BDUP, TKUP, PSDC and WI.
4. We received three responses to the Notice. We carefully considered these and have published the non-confidential responses on the consultation webpage. A summary of the responses and our view on it is set out in Chapter 3 of this decision document.
5. In line with Special Condition (SpC) 3.21.10 and the Accelerated Strategic Investment Guidance and Submission Requirements Document<sup>16</sup>, the

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<sup>13</sup> The terms “the Authority”, “we” and “us” are used interchangeably in this document.

<sup>14</sup> [Eight SHET Early Construction Funding applications | Ofgem](#)

<sup>15</sup> We note that at the time of consultation publication, the number of the Special Condition was 3.41, but following the update to conditions, the same condition can be found under SpC 3.21.

<sup>16</sup> [Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document.pdf](#)

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reasons we are making the modification are because we are satisfied that SHET's Early Construction Funding (ECF) request:

- a. has provided clear and convincing justification for exceeding the 20% threshold of total forecasted project cost for five projects as set by SpC 3.21.8 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;
  - a. was pre-empted by a notice in writing of SHET's intention to make the application under section 3.21.7 at least 8 weeks before SHET made the application; and
  - b. there is a clear justification for why it is in consumers' interests to provide funding for the activities to take place ahead of our cost assessment as part of the Project Assessment process as the early construction activities will aid in accelerating project delivery.
6. As per Special Condition 3.21.8, the Authority hereby directs that the licence limitation for the ECF to not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex for the projects with NOA codes BLN4, SLU4, BDUP, BPNC and WI is not applicable for the reasons given in this licence modification decision.
  7. This modification is to give effect to our final decision to adjust the allowances in the ASTI Confidential Annex as referenced in Appendix 1 (ASTIAt) of SpC 3.41 in the Licence to allow SHET's ECF expenditure request. The addition to the allowances will be reflected in what will now become the latest version of the ASTI Confidential Annex.
  8. For reasons of commercial sensitivity, details of the amended allowance are confidential but will be issued to SHET in the updated ASTI Confidential Annex. Therefore, except for the ASTI Confidential Annex, a copy of the modification and other documents referred to in this Notice have been published on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively, they are available from [information.rights@ofgem.gov.uk](mailto:information.rights@ofgem.gov.uk)

**Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence**

9. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules <sup>17</sup>requires that the appellant must send to any relevant licence holder a non-sensitive notice setting out the matters required in Rule 5.2. The attached Annex 4 provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of ‘relevant licence holder’.
10. As per section 11A(1)(a) of the Act, we hereby modify Appendix 1 in SpC 3.21 of SHET’s Licence in the manner specified in the attached Annex 1. This modification will take effect from 08 July 2026.
11. This document is notice to the reasons for the decision to modify the Licence held by SHET, as required by section 49A(2) of the Act.

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**Thomas Johns**

**Deputy Director of Major Projects Delivery**

**Duly authorised on behalf of the Gas and Electricity Markets Authority**

**12 May 2026**

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<sup>17</sup> [Energy Licence Modification Appeals: Competition and Markets Authority Rules](#) , CMA70

**Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence**

## **Annex 2: Special Condition 3.21 Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIR<sub>t</sub>)**

### **Introduction**

- 3.21.1 The purpose of this condition is to specify the value of the term ASTIR<sub>t</sub> (the accelerated strategic transmission investment Re-opener term). This contributes to the calculation of the Totex Allowance.
- 3.21.2 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.
- 3.21.3 This condition also sets out the process the Authority will follow when making changes to Appendix 1 as a result of the Re-openers.

### **Part A: Formula for calculating the accelerated strategic transmission investment Re-opener term (ASTIR<sub>t</sub>)**

- 3.21.4 The value of ASTIR<sub>t</sub> is derived in accordance with the following formula:

$$\text{ASTIR}_t = \text{ASTIAt} - \text{ASTIRAt}$$

where:

ASTIAt means the allowances in Appendix 1; and  
ASTIRAt has the value zero unless otherwise directed by the Authority in accordance with Part G.

### **Part B: ASTI Outputs**

- 3.21.5 The licensee must deliver the ASTI Outputs no later than 12 months after the delivery dates specified in Appendix 1.
- 3.21.6 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.

### **Part C: Early Construction Funding**

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- 3.21.7 The licensee may, in respect of any ASTI Output, apply for an Early Construction Funding decision to adjust ASTIAt.
- 3.21.8 Unless the Authority directs otherwise, the aggregate allowances provided under paragraph 3.21.7 for any ASTI Output may not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex.
- 3.21.9 The licensee must notify the Authority in writing of its intention to make an application under paragraph 3.21.7 at least eight weeks before making an application, unless the Authority directs otherwise.
- 3.21.10 A modification under this Part will be made under section 11A of the Act.

**Part D: ASTI Project Assessment Decision**

- 3.21.11 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.
- 3.21.12 Unless the Authority otherwise directs, the licensee may only apply for an ASTI Project Assessment Decision after submission of all material planning consent applications.
- 3.21.13 A modification under this Part will be made under section 11A of the Act.

**Part E: ASTI Cost and Output Adjusting Event**

- 3.21.14 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.
- 3.21.15 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 3.21.17, calculated before the application of the Totex Incentive Mechanism, 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,;
    - iii. and the increase or decrease in expenditure is expected to be efficiently incurred or saved.

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3.21.16 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.

3.21.17 The percentage referred to in paragraph 3.21.15(a) is:

- (a) 5%; or
- (b) for the purpose of ASTI Output E4D3, 0.75%; or
- (c) such other percentage as the Authority may specify by direction.

3.21.18 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 3.21.15, or where applicable 3.21.16, 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.

3.21.19 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 3.21.14 to 3.21.18, 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.

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

**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 4.7 (Accelerated strategic transmission investment output delivery incentive)**

3.21.21 The Authority will modify the delivery dates in Appendix 1 where it decides under Part B of Special Condition 4.7 (Accelerated strategic transmission investment output delivery incentive) to make a modification to the ASTI ODI

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Penalty Exemption Period or ASTI ODI Target Date in Appendix 1 of Special Condition 4.7.

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

**Part G: Assessment of the Price Control Deliverable (ASTIRAt)**

3.21.23 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 ASTIRAt where the licensee has not Fully Delivered an output in Appendix 1.

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

3.21.24 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 be up to 28 days unless the Authority determines that a longer period is appropriate.

3.21.25 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 ASTIRt 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 ASTIRt term.

**Part I: ASTI Guidance and Submissions Requirements Document**

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

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

3.21.28 The Authority will publish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document on the Authority's Website.

3.21.29 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will make provision about the detailed requirements for Parts C, D, E and F.

3.21.30 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will also make provision about the detailed requirements under Special Condition 3.20 (ASTI Pre-Construction

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Funding Re opener, Price Control Deliverable and Use It Or Lose It Adjustment) and Special Condition 4.7 (ASTI output delivery incentive).

- 3.21.31 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 be up to 28 days unless the Authority determines that a longer period is appropriate.
- 3.21.32 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
- (a)

**Appendix 1**

**Price Control Deliverable**

<b>ASTI Output</b>	<b>Delivery Date</b>	<b>Allowance (ASTIA<sub>t</sub>, £m)</b>	<b>ECF/PA</b>
Beaulieu to Blackhilllock 400 kV double circuit addition (NOA Code: BBNC)	31 December 2031	Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
Upgrade the Beaulieu to Denny 275 kV circuit to 400 kV (NOA Code: BDUP)	31 December 2031	Have the <u>values</u> given in the ASTI	ECF

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Beaully to Loch Buidhe 400 kV reinforcement (NOA Code: BLN4)	31 December 2031	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
New 400 kV double circuit between Blackhillock and Peterhead (NOA Code: BPNC)	31 December 2031	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)	31 December 2030	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
Eastern Scotland to England 3rd link: Peterhead to the south Humber offshore HVDC (NOA Code: E4L5)	31 December 2031	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
Spittal to Peterhead HVDC reinforcement (NOA Code: PSDC)	31 December 2031	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
Loch Buidhe to Spittal 400 kV reinforcement (NOA Code: SLU4)	31 December 2031	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)	31 December 2031	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF
Arnish to Beaully 1.8GW HVDC link (Western Isles)	31 December 2031	Confidential Annex. Have the <u>values</u> given in the ASTI Confidential Annex.	ECF

**Appendix 2**

**ASTI Output availability standard**

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ASTI Output	Minimum circuit availability standard after delivery (%)		
	0-6 months	6-12 months	12-24 months
Beauly to Blackhillock 400 kV double circuit addition (NOA Code: BBNC)			
Uprate the Beauly to Denny 275 kV circuit to 400 kV (NOA Code: BDUP)			
Beauly to Loch Buidhe 400 kV reinforcement (NOA Code: BLN4)			
New 400 kV double circuit between Blackhillock and Peterhead (NOA Code: BPNC)			
Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)			
Eastern Scotland to England 3rd link: Peterhead to the south Humber offshore HVDC (NOA Code: E4L5)			
Spittal to Peterhead HVDC reinforcement (NOA Code: PSDC)			
Loch Buidhe to Spittal 400 kV reinforcement (NOA Code: SLU4)			
East Coast Onshore 400 kV Phase 2 reinforcement (NOA Code: TKUP)			
Arnish to Beauly 1.8GW HVDC link (Western Isles)			

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## Annex 3. Map and brief description of the eight SHET projects

### A1.1 Existing network and proposed new infrastructure



### A1.2 Brief description of the eight SHET projects

Note: NOA codes are in brackets

Projects	Overview
Beauly to Loch Buidhe 400kV Reinforcement (BLN4)	<p>Beauly to Loch Buidhe 400kV Reinforcement (BLN4) is an onshore electricity transmission project, being delivered along with Loch Buidhe to Spittal 400kV Reinforcement (SLU4), to construct a new 400kV double circuit OHL between new substations at Banniskirk, Carnaig and Fanellan, as well as reinforcements at existing Loch Buidhe and Spittal substations.</p> <p>The project is triggered by the need for onshore transmission network enabling works for the connection of ScotWind schemes. It enables significant power transfer capability required to transport power from onshore and offshore renewable generation connecting Caithness to Beauly, and to the east via BBNC/BPNC, before onward transportation at Peterhead via E4D3 and E4L5 to demand centres in England.</p>

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Loch Buidhe to Spittal 400kV Reinforcement (SLU4) Loch Buidhe to Spittal 400kV Reinforcement (SLU4) is an onshore electricity transmission project, along with Beauly to Loch Buidhe 400kV Reinforcement (BLN4), to construct a new 400kV double circuit OHL between new substations at Banniskirk, Carnaig and Fanellan, as well as reinforcements at existing Loch Buidhe and Spittal substations.

Beauly to Blackhillock 400kV Double Circuit (BBNC) Beauly to Blackhillock 400kV Double Circuit (BBNC) is an onshore electricity transmission project, along with Blackhillock and Peterhead 400kV Double Circuit (BPNC), to construct a new 400kV double circuit OHL between the new Fanellan and Longside substations, including a new substation at Greens and extension of the existing New Deer substation.

The project is triggered by the need for onshore transmission network enabling works required to utilise E4D3 and E4L5. Its aim is to enable significant power transfer capability to transport power from onshore and offshore renewable generation connecting on the west – from the Arnish to Beauly 1.8GW HVDC link (WI) - and from connections north of Beauly (via BLN4/SLU4) – to the east before onward transportation at Peterhead via E4D3 and E4L5 to demand centres in England.

Blackhillock and Peterhead 400kV Double Circuit (BPNC) Blackhillock and Peterhead 400kV Double Circuit (BPNC) is an onshore electricity transmission project, along with Beauly to Blackhillock 400kV Double Circuit (BBNC), to construct a new 400kV double circuit OHL between the new Fanellan and Longside substations, including a new substation at Greens and reinforcements at the existing New Deer substation.

Beauly to Denny 275kV Circuit to 400kV (BDUP) Beauly to Denny 275kV Circuit to 400kV (BDUP) is an onshore electricity transmission project to install the necessary infrastructure to allow the existing Beauly Denny OHL second circuit to change operation from 275kV to 400kV.

The project is triggered by the need for onshore transmission network enabling works for the connection of ScotWind schemes and Coire Glas.

BDUP has key interactions with Beauly to Loch Buidhe 400kV reinforcement (BLN4) / Loch Buidhe to Spittal 400kV reinforcement (SLU4), Beauly to Blackhillock 400kV double circuit (BBNC) / Blackhillock and Peterhead 400kV double circuit (BPNC), Arnish to Beauly 1.8GW HVDC link & Skye LOTI.

East Coast Onshore 400kV Phase 2 *East Coast Onshore 400kV Phase 2 reinforcement (TKUP) is an onshore electricity transmission project for the construction of a*

**Decision Eight SHET Early Construction Funding applications and corresponding proposed modification to Special Condition 3.21 of their electricity transmission licence**

reinforcement (TKUP) *new 400kV OHL between the upgraded substation at Kintore and the proposed new Emmock substation via the proposed Hurlie substation, plus upgrading the existing 275kV OHLs from Alyth - Emmock and Emmock – Westfield.*

The project is triggered by the need to enable significant power transfer capability required to transfer from onshore and offshore renewable generation in the North and Northeast of Scotland which cannot wholly be accommodated by E4D3 and E4L5.

TKUP has key interactions with Beauly to Blackhillock 400kV double circuit (BBNC) / Blackhillock and Peterhead 400kV double circuit (BPNC), East Coast coordinated offshore network (via AC link from Fiddes).

Spittal to Peterhead 2GW HVDC Subsea link (PSDC) Spittal to Peterhead 2GW HVDC Subsea link (PSDC) is an offshore electricity transmission project to construct a 2GW HVDC subsea link from a new 400kV substation at Spittal to a 400kV substation at Peterhead, including to construct 2GW bi-pole HVDC converter stations within the Spittal and Peterhead areas, establish HVAC connections, and install c.200 km of HVDC cables.

The project is triggered by the need for onshore transmission network enabling works for the connection of ScotWind schemes and its aim is to enable power transfer capability to transport generation from the far north of Scotland to the east coast of Peterhead.

Arnish to Beauly (Western Isles) HVDC link Arnish to Beauly (Western Isles) HVDC link is an offshore electricity transmission project to facilitate the transfer of 1.8GW of renewable generation from the Isle of Lewis in the Western Isles to the Beauly area in the North of Scotland. The project is triggered by the need for the Arnish to Beauly 1.8GW HVDC link to look to secure lower cost energy by connecting several onshore and offshore renewable wind projects.

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**Annex 4. Relevant licence holders**

<b>Electricity Transmission</b>
Scottish & Southern Electricity Networks Transmission's (trading as Scottish Hydro Electric Transmission Plc – 'SHET')