



Making a positive difference
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[DATE]

To: Scottish Hydro Electric Transmission Plc

Direction issued by the Gas and Electricity Markets Authority ('the Authority') under Special Condition 3.16 of the Electricity Transmission Licence ('the Licence') held by Scottish Hydro Electric Transmission Plc for amendments to:

- **the value of the Bespoke Procurement allowance in Appendix 2 of the Licence;**
- **the Advanced Procurement Mechanism (APM) Governance Document to add a new APM Cost Category.**

- 1.1 Scottish Hydro Electric Transmission Plc ('the Licensee') is the holder of a licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Act').
- 1.2 Special Condition (SpC) 3.16 of the Licensee's Electricity Transmission Licence provides for the process of amending:
 - the value of the Licensee's APM Cap (APMC_t, as defined in the Licence) in Appendix 1 of the Licence. This is the cap on the APM Allowance established by the Authority;
 - the value of the Licensee's Bespoke Procurement allowance (as defined in the Licence) in Appendix 2 of the Licence. This is an allowance granted for the purpose of booking supply chain capacity for the procurement of specified Equipment and/or Related Services (as defined in the Licence) for use in specified projects; and
 - the APM Governance Document with respect to additions of new, or modifications of existing, APM Cost Categories. APM Cost Categories are expenditure categories that the Authority has deemed eligible for the licensee to use its APM Allowance against as set out in the APM Governance Document.

Amendments to the value of the Licensee's Bespoke Procurement allowance

- 1.3 The Licensee applied in April 2026 under SpC 3.16 to increase the value of its Bespoke Procurement allowance in Appendix 2 of the Licence by a net **£[REDACTED]**.
- 1.4 We approve a net **£[REDACTED]** of the requested additional Bespoke Procurement allowance and amend the value of the Licensee's Bespoke Procurement allowance

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in Appendix 2 of the Licence to **£[REDACTED]**. Our approvals are detailed in **Appendix 1 of this direction** and are subject to certain conditions that must be met before or when incurring APM Expenditure.

- 1.5 We decline **£[REDACTED]** of the requested additional Bespoke Procurement allowance. Our reasons for declining are detailed in **Appendix 2 of this direction**.

Amendments to the APM Governance Document to add a new APM Cost Category

- 1.6 The Authority amends the APM Governance Document, at the appropriate place, by adding the following new APM Cost Category:

APM-specific category	APM-specific subcategory	APM Cost Category	Bespoke Procurement only
Modular Substations	33kV	Yes	[To be determined]
Modular Substations	132kV	Yes	[To be determined]
Modular Substations	275kV	Yes	[To be determined]

Updates to the Licensee's APM Register

- 1.7 Attached is a copy of the Licensee's confidential APM Register (APM_Register_SHET_v3.0). Our directions on the Licensee's application are detailed in the APM Register. Please note that the APM Register is in 2023/24 prices, but that 2018/19 prices apply to RIIO-ET2.

Status of the Authority's directions

- 1.8 Please note that:
- In accordance with Special Condition 3.16.26 of your Licence, no determination of an allowance specified in Appendix 1, 2 or 3 of the Licence constitutes approval by the Authority of any project in respect of which the allowance has been used to procure Equipment or Related Services.
 - The Authority's directions do not constitute an acceptance of the costs associated with the contracts for the relevant Equipment or Related Services procured using allowances specified in Appendix 1 or 2 of the Licence. The

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Authority will make separate determinations on the efficiency of costs through a cost assessment process as part of the relevant price control funding pathway.

Consultation under Part F of the Licence

- 1.9 These directions are issued pursuant to SpCs 3.16.21 and 3.16.22 of the Licence and will take effect immediately.

Yours sincerely,

Anita Payne

Duly authorised on behalf of the Gas and Electricity Markets Authority



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APPENDIX 1: Approvals of applications for additional Bespoke Procurement allowance

[REDACTED]



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APPENDIX 2: Rejections of applications for additional Bespoke Procurement allowance

[REDACTED]