

SSEN Transmission
Grampian House
200 Dunkeld Road
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24th June 2026

Dear Christopher,

**Proposed methodology for Electricity Bill Discount Scheme (EBDS) cost allowance
June 2026**

SSEN Transmission welcomes the opportunity to respond to Ofgem's consultation on the proposed methodology for introducing a cost allowance within the Default Tariff Cap to reflect the costs of the Electricity Bill Discount Scheme (EBDS).

We are the Transmission Owner for the North of Scotland and are responsible for developing, maintaining and operating the high-voltage electricity transmission network across this region. We are at the forefront of delivering the network infrastructure required to enable the UK's transition to a net zero electricity system.

We recognise that this consultation is focused on the retail price cap, specifically enabling energy suppliers to recover the efficient costs associated with delivering the scheme. However, we would like to raise some observations which are not addressed in this consultation and require clarification ahead of the scheme being implemented.

Principle of cost recovery

The proposed allowance reflects an important regulatory principle, where licensed parties incur costs because of government policy obligations, there should be a clear and timely mechanism to recover efficient costs. We support this principle in the retail context to ensure suppliers can fund and administer the EBDS effectively.

While the consultation is focused on the retail framework, the EBDS is inherently linked to the delivery of new and upgraded electricity transmission infrastructure. As such, it is important to consider the consistency of regulatory treatment across the energy value chain. Where Transmission Owners (TOs) are required in legislation to support delivery of the scheme, the same underlying principle of efficient cost recovery should apply.

Implications for TOs

Delivery of the EBDS will require inputs from network operators, including:

- Provision of asset and locational data to support eligibility definition;
- Engagement with scheme administration processes;

- Clarification of infrastructure scope and qualifying works.

We note that, based on wider policy development, the scope of infrastructure captured by the EBDS may extend beyond major new transmission projects to include certain uprating works, asset replacement activities and substation expansions where defined criteria are met.

To the extent this interpretation is applied, there is potential for a material increase in the volume of qualifying projects, and therefore the overall cost of the scheme to consumers. We encourage Ofgem to consider how such uncertainty is reflected in the cost estimation approach underpinning the proposed allowance.

Efficient delivery and reporting considerations

Delivery of the EBDS is also likely to introduce incremental data and reporting requirements for Transmission Owners.

It will be important to ensure that these requirements are:

- Proportionate and streamlined, recognising existing regulatory reporting obligations; and
- Designed to avoid duplication or inconsistency across reporting frameworks.

Aligning EBDS-related requirements with established processes (for example, existing Regulatory Reporting Pack submissions or equivalent) would help minimise administrative burden and support efficient and consistent data provision.

Recovery of costs through the RIIO framework

We note that Ofgem's proposal ensures suppliers can recover efficient EBDS related costs through the price cap. Without corresponding clarity elsewhere, there is a risk of misalignment in regulatory treatment, where:

- Policy-driven costs for other parties may fall outside existing allowances; and
- Costs may need to be absorbed within Network company baselines not designed for this purpose.

Over time, this could create unnecessary pressure on delivery and weaken price control incentives aligned to delivery of efficient outcomes.

We therefore encourage Ofgem to provide clarity on how any incremental costs incurred by Transmission Owners through its obligation to support EBDS delivery would be treated within the RIIO framework. This is particularly important where costs arise from new or expanded data provision, reporting, or scheme interface requirements associated with the policy.

We are seeking confirmation that:

- Clearly attributable, incremental and efficiently incurred costs would be considered for recovery; and

- Existing RIIO mechanisms (e.g. uncertainty mechanisms or re-openers) would provide an appropriate route where required.

Conclusion

We support Ofgem's proposal to introduce a cost allowance enabling suppliers to recover the efficient costs of delivering the EBDS. More broadly, this consultation highlights the importance of consistent treatment of policy-driven costs across the energy sector, alongside the need to ensure proportionality and efficiency in scheme delivery. Providing clarity on how this principle will apply within the RIIO framework will support alignment of incentives, regulatory certainty, and the efficient delivery of the transmission infrastructure required to meet the UK's energy objectives.

Yours sincerely,

Sam Torrance

Head of Price Control Operations