

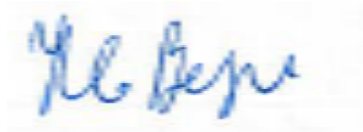
NOTICE UNDER SECTION 11A(2) OF THE ELECTRICITY ACT 1989

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 11A(2) of the Electricity Act 1989 ("the Act") as follows:

1. The Authority proposes to modify the electricity transmission licence held by Scottish Hydro Electric Transmission plc ("SHE Transmission") granted or treated as granted under section 6(1)(b) of the Act by amending:
 - (a) Special Condition 1B: Transmission Area, and
 - (b) Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditurein the manner set out in Schedule 1 and Schedule 2 to this Notice.
2. The reason why the Authority proposes to make these licence modifications has been set out in the Authority's statutory consultation letter which accompanies this Notice. In summary, the purpose of these licence modifications is:
 - (a) to provide a clearly defined, onshore demarcation point on the Kintyre Hunterston line between the Transmission Areas of SHE Transmission and SP Transmission Limited ("SPT"), and
 - (b) to insert the Strategic Wider Works ("SWW") Outputs and Allowed Expenditure for the Kintyre Hunterston project into the electricity transmission licence. The Authority set out its decision on level of the SWW Outputs from the Kintyre Hunterston project and the increase in SHE Transmission's RIIO-T1 Allowed Expenditure in a decision dated 15 November 2013.
3. The effect of the proposed modifications has been set out in the Authority's statutory consultation letter which accompanies this Notice. In summary, the effect of these licence modifications is:
 - (a) to increase the Allowed Expenditure for SHE Transmission for the Kintyre Hunterston project by £174.090 million (in 09/10 prices). SHE Transmission is required to deliver SWW Outputs of 270 MW additional transmission capacity across the B3 transmission boundary in the South West of Scotland in the final quarter of 2015/16, and
 - (b) to extend the Transmission Area specified in special condition 1B of SHE Transmission's electricity transmission licence to include the Kintyre Hunterston line up to and including the transition joint lying within the West Kilbride Golf Course to the north of the landing point at Ardsneil Bay. This area is currently included in SPT's Transmission Area.
4. The relevant licence holder for the purposes of this Notice is SHE Transmission.¹
5. Copies of the proposed modifications and other documents referred to in this notice are available on the Ofgem website (www.ofgem.gov.uk).

¹ See s.11A(10) Electricity Act 1989

6. Any representations on the proposed licence modifications may be made on or before 27th January 2014 to: Catherine Williams, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to Catherine.Williams@ofgem.gov.uk.
7. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.
8. If the Authority decides to make the proposed modifications they will take effect at least 56 days after the decision is published.



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Kersti Berge, Partner
Duly authorised on behalf of the Gas and Electricity Markets Authority
18 December 2013

Schedule 1 – Proposed modification of special condition 6I of SHE Transmission’s electricity transmission licence

Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure

Table 2: Strategic Wider Works Outputs

Description of output	Scheduled Delivery date	Annual expenditure profile £m (2009/10 prices)								
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Boundary (sub boundary): <u>B3</u> Transfer capability before output: 150 MW Output to be delivered: 270 MW additional thermal/voltage/stability capability Transfer capability after output: 420MW	Q4 2015/16	18.810	48.175	91.058	14.936	0.278	0.278	0.277	0.277	174.090
Total annual Allowed Expenditure £m (2009/10 prices)		18.810	48.175	91.058	14.936	0.278	0.278	0.278	0.278	174.090

Schedule 2 - Proposed modification of special condition 1B of SHE Transmission's electricity transmission licence

Special Condition 1B: Transmission Area

The area specified in the Electricity Act 1989 (North of Scotland Specified Area) Order 1990 made on 7 March 1990 and the Kintyre-Hunterston Transmission Line up to and including the transition joint lying within the West Kilbride Golf Course to the north of the landing point at Ardneil Bay, but excluding the Cruachan Transmission Line.

In this condition, "the "Kintyre-Hunterston Transmission Line" means both the onshore and subsea 240MVA AC transmission line extending from the Crossaig substation, through the Sound of Bute and up to and including the transmission joint lying within the West Kilbride Golf Course to the north of the landing in Ardneil Bay, North Ayrshire, together with all associated cables, transformers, switch gear and connections and all other plant and equipment making up or supporting said transmission line, with the benefit, subject to the applicable conditions therein, of all wayleaves and/or servitude rights relating thereto and where any expressions used in this definition are defined in a transfer scheme, the expressions shall have the same meaning as in such transfer scheme.

In this condition "the Cruachan Transmission Line" means the double circuit 275kV transmission line extending from the Cruachan Station Works, to the Dalmally Switching Station and thereafter to the Windyhill Substation together with all lattice towers, conductors, insulators, associated cables and connections, and all other items of plant or equipment making up or supporting said transmission line, with the benefit, subject to the applicable conditions therein, of all wayleaves and/or servitude rights relating thereto and where any expressions used in this definition are defined in a transfer scheme, the expressions shall have the same meaning as in such transfer scheme.