

TO: Scottish Hydro Electric Transmission plc

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 Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure in the manner set out in Schedule 1 to this Notice.
2. The reason why the Authority proposes to make these licence modifications is set out in the letter which accompanies this Notice. In summary, the purpose of this licence modification is to insert the Strategic Wider Works ("SWW") Outputs and Allowed Expenditure for the Beaulieu Mossford project into SHE Transmission's electricity transmission licence. The Authority set out its reasons for its decision on the level of the SWW Outputs for the Beaulieu Mossford project and the increase in SHE Transmission's RIIO-T1 Allowed Expenditure in its decision dated 16 April 2014.¹
3. The effect of the proposed modifications is set out in the letter which accompanies this Notice. In summary, the effect of this licence modification is to increase the Allowed Expenditure for SHE Transmission for the Beaulieu Mossford project by £53.245 million (in 13/14 prices).² SHE Transmission is required to deliver SWW Outputs of 252 MW additional transmission capacity across the sub-boundary b10 in the northwest of Inverness by the end of Q3 2015/16.
4. A copy of the proposed modification and other documents referred to in this Notice have been published and are available on the Ofgem website (www.ofgem.gov.uk).
5. Any representations with respect to the proposed licence modifications must be made on or before 4 August 2014 to: Peter Russell, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to Peter.Russell@ofgem.gov.uk.
6. All responses will normally be published on the Ofgem 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 However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication.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.
7. If the Authority decides to make the proposed modifications they will take effect not less than 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

4 July 2014

¹ <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-beaulieu-mossford-reinforcement-under-riio-t1-strategic-wider-works-arrangements>

² The Allowed Expenditure is expressed in 09/10 prices in SHE Transmission's electricity transmission licence. The total allowed expenditure in respect of the project in 09/10 prices is £45.61 million.

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 SWW Output	Scheduled delivery date	Annual expenditure profile - £m (2009/10 prices)									
		<u>2012/13</u>	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<p>Boundary (Sub-boundary): <u>b10</u></p> <p>Transfer capability before output: <u>86MW</u> XXXMW</p> <p>Output to be Delivered: <u>252MW</u>XXXMW additional thermal/ voltage/ stability capability</p> <p>Transfer capability after output: <u>338MW</u></p> <p><u>Note – the sub-boundary b10 transfer capabilities are based on Summer pre-fault ratings</u></p>	<p>QX-201X/1X</p> <p><u>End Q3 2015/16</u></p>	<u>0.59</u>	<u>12.23</u>	<u>20.04</u>	<u>10.57</u>	<u>2.06</u>	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>	<u>45.61</u>
Total annual Allowed Expenditure £m (2009/10 prices)		<u>0.59</u>	<u>12.23</u>	<u>20.04</u>	<u>10.57</u>	<u>2.06</u>	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>	<u>45.61</u>