

Transmission licensees,
generators, suppliers, consumer
groups and any other party who
has an interest in the
transmission arrangements

Date: 21 July 2014

Dear colleague,

Decision under section 11A(1)(a) of the Electricity Act 1989 to make licence modifications for the proposed Kintyre Hunterston reinforcement under the Strategic Wider Works (SWW) arrangements

We are today publishing our decision to make modifications to Scottish Hydro Electric Transmission plc's (SHE Transmission's) electricity transmission licence.¹ This follows a statutory consultation on the proposed licence changes which we published on 18 December 2013 (the December consultation). The modifications will take effect on 16 September 2014.

The proposed modifications in our consultation

The December consultation proposed two modifications to SHE Transmission's electricity transmission licence. These would bring into effect the decision published by the Authority² on 15 November 2013 on the proposed reinforcement of the electricity transmission system around the Kintyre peninsula in the South West of Scotland (the Kintyre Hunterston project).

The two modifications proposed in the December consultation would:

- insert into Special Condition 6I of SHE Transmission's electricity transmission licence the SWW Outputs and Annual Expenditure for the Kintyre Hunterston project; and
- extend the Transmission Area in Special Condition 1B of SHE Transmission's electricity transmission licence to include 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 at Ardsneil Bay in North Ayrshire, but excluding the Cruachan Transmission Line.

Our December consultation, which closed on 27 January 2014, set out the background to the proposed changes and provided our reasons for the above modifications.

¹ A copy of all the documents we have published relating to this decision can be found on our website: <https://www.ofgem.gov.uk/electricity/transmission-networks/critical-investments/strategic-wider-works/kintyre-hunterston>

² The terms "Authority", "Ofgem", "we", "us" and "our" are used interchangeably in this document

Responses to the December consultation

We received two³ responses to our December consultation, neither of which was marked as confidential. These responses have been published on our website alongside this letter.⁴

Both respondents supported the proposed licence modifications. One respondent noted a small drafting error in the proposed modification to Special Condition 1B which incorrectly referred to the “transmission” joint rather than to the “transition” joint.

Another respondent made the following two comments:

- The letter refers to approximately 90 per cent of the Kintyre Hunterston cable falling within SHE Transmission’s current Transmission Area. The respondent noted that this may suggest that the Firth of Clyde is within SHE Transmission’s existing Transmission Area which the respondent does not believe to be the case; and
- The letter should more accurately refer to SHE Transmission being able to operate and maintain the Kintyre Hunterston cable up to and including the transition joint. The words “and including” are missing in the letter.

We have carefully considered the responses to our December consultation. They do not change our assessment of the need for the proposed modifications. In response to the first comment, we do not consider the territorial extent of SHE Transmission’s electricity transmission licence to be relevant for the purposes of this modification decision. Therefore, we do not discuss this issue further in this decision letter.

In the light of the responses received, we have made minor amendments to the licence drafting that we consulted on in December. These amendments are shown in black bold underlined text on the Schedules accompanying this letter and set out in the table below. The amendments correct minor typographical errors and do not amount to substantive changes to the modifications proposed in our December consultation.

Amendments to proposed licence modifications since December

Since publishing the December consultation, we became aware that the Electricity Act 1989 (North of Scotland Specified Area) Order 1990 (the 1990 Order) that is referred to in Special Condition 1B of SHE Transmission’s electricity transmission licence has been repealed and replaced by the Electricity Act 1989 (Uniform Prices in the North of Scotland) Order 2005 (the 2005 Order).

Special Condition 1B of SHE Transmission’s electricity transmission licence refers to its Transmission Area as that specified in the 1990 Order (ie the north of Scotland). The areas specified in both the 1990 and 2005 Orders are geographically the same although changes were made to the areas specified in the 2005 Order to reflect the extent of the north of Scotland area in terms of current administrative areas and cartographical boundaries. For the avoidance of doubt, the substitution of the 1990 Order with the 2005 Order does not represent a physical change to SHE Transmission’s Transmission Area as proposed in the December consultation.

Because the 1990 Order has been repealed, it is necessary to modify Standard Condition 1B of both SHE Transmission’s and SP Transmission Ltd’s (SPT’s) licences to replace the reference to the 1990 Order with a reference to the 2005 Order. We have consulted with

³ A further respondent, who did not respond formally to the December consultation, informed us by telephone of a small rounding error in the proposed modifications to the annual Allowed Expenditure profile.

⁴ <https://www.ofgem.gov.uk/electricity/transmission-networks/critical-investments/strategic-wider-works/kintyre-hunterston>

both SHE Transmission and SPT and both companies have agreed with this change. These changes are included as part of this modification decision.

The amendments to the proposed modifications since our statutory consultation in December 2013 are summarised in the table below and are shown in black bold underlined text in the Schedules accompanying this letter:

Condition	Amendment to the modifications proposed in our December consultation	Impact
Special Condition 1B of SHE Transmission's electricity transmission licence	In Schedule 2, lines 1, 2 and 3 of the first paragraph, change the words "Electricity Act 1989 (North of Scotland Specified Area) Order 1990 made on 7 March 1990" to "Electricity Act 1989 (Uniform Prices in the North of Scotland) Order 2005 made on 1 April 2005"	To amend the licence for the fact that the 1990 Order has been repealed and replaced with the 2005 Order.
Special Condition 1B of SHE Transmission's electricity transmission licence	In Schedule 2, line 3 of the second paragraph, change the word "transmission" to "transition"	Corrects a typographical error in Schedule 2 of the Notice accompanying the December consultation letter.
Special Condition 6I of SHE Transmission's electricity transmission licence	In Schedule 1, in the first line of Table 2 (Annual expenditure profile): <ul style="list-style-type: none"> replace £0.277 million with £0.278 million for 2019/20 In Schedule 1, in the final line of Table 2 (Total annual Allowed Expenditure: <ul style="list-style-type: none"> replace £0.278 million with £0.277 million for 2020/21 	Corrects a rounding error in the annual expenditure profile and the total allowed annual expenditure columns for 2019/20 and 2020/21. This does not change the Allowed Expenditure proposed in our December consultation.
Special Condition 6I of SHE Transmission's electricity transmission licence	In Schedule 1, in the second line under in the box entitled, "Description of output", we have replaced B3 with B3B.	This corrects a typographical error in Schedule 1 of the Notice accompanying the December consultation letter.
Special Condition 1B of SPT's electricity transmission licence	In Schedule 3 of paragraph 1(a) change the words "Electricity Act 1989 (North of Scotland Specified Area) Order 1990 made on 7 March 1990" to "Electricity Act 1989 (Uniform Prices in the North of Scotland) Order 2005 made on 1 April 2005"	To amend the licence for the fact that the 1990 Order has been repealed and replaced with the 2005 Order.

Schedule 1 and Schedule 2 of the modification decision published alongside this letter set out the final licence modifications to both Special Condition 1B and 6I of SHE Transmission's electricity transmission licence. These include both the changes consulted on in December 2013 which are shown in red text and additional minor amendments shown in black bold underlined text.

Schedule 3 sets out the modification to SPT's electricity transmission licence to replace the reference to the 1990 Order with a reference to the 2005 Order.

The modifications will take effect 56 days after the publication of this decision, on 16 September 2014.

Yours sincerely

Kersti Berge
Partner – Electricity Transmission