

Transmission licensees,
generators, suppliers and
consumer groups

Date: 22 January 2015

Dear colleague,

Decision under section 11A(1)(a) of the Electricity Act 1989 to make licence modifications for the Caithness Moray project under the Strategic Wider Works (SWW) arrangements

We have decided to modify Scottish Hydro Electric Transmission plc's (SHE Transmission's) electricity transmission licence.¹ This follows a statutory consultation on the proposed licence changes published on 16 December 2014 (our December consultation).² The modifications will take effect on 20 March 2015.

The modification to SHE Transmission's electricity transmission licence is necessary to implement the Authority's³ decision to approve a reinforcement of the transmission system in the northeast of Scotland (the Caithness Moray project).

The licence modifications will:

1. amend SHE Transmission's Transmission Area specified in Special Condition 1B to ensure it covers all the areas in which any part of the Caithness Moray HVDC link owned by the licensee will pass through;
2. specify a new SWW output and an expenditure allowance in Special Condition 6I for SHE Transmission to build the Caithness Moray project;
3. reduce the cost threshold specified for the Caithness Moray project in the Cost and Output Adjusting Event (COAE) provisions in Special Condition 6I; and
4. specify the Caithness Moray project in Table 4 of Special Condition 6I, along with two other SWW outputs. We overlooked to include the latter in Table 4 at the time we modified the licence to specify these projects as SWW outputs.

Our December consultation on modifying the licence, which closed on 16 January 2015, set out the proposed modifications and our reasons for them.

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/caithness-moray>

² <https://www.ofgem.gov.uk/publications-and-updates/notice-under-section-11a2-electricity-act-1989-statutory-consultation-proposed-modification-scottish-hydro-electric-transmission-plc%E2%80%99s-electricity-transmission-licence-caithness-moray-project>

³ The terms "Authority", "Ofgem", "we", "us" and "our" are used interchangeably in this document.

Response to the December 2014 consultation

We received a non-confidential response from SHE Transmission. This response is published on our website alongside this letter.⁴ Its response supported the proposed licence modifications, and made no further representations.

Our views on the need for the proposed modifications therefore remains as outlined in our December consultation.

Schedules 1 and 2 of the decision notice published alongside this letter set out the modifications to Special Condition 1B and Special Condition 6I of SHE Transmission's electricity transmission licence. These schedules are unchanged from those we consulted on in December 2014.

The modifications to SHE Transmission's electricity transmission licence for the Caithness Moray project will take effect on 20 March 2015.

Yours faithfully,

Kersti Berge
Partner, Electricity Transmission

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