

**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 (the licensee) as granted or treated as granted under section 6(1)(b) of the Act by amending:
  - (a) Special Condition 1A (Definitions and Interpretation)
  - (b) Special Condition 6I (Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure)
2. The reason the Authority proposes to modify Special Condition 1A is to include 'Relevant System Planning Activities' as a new defined term.
3. The reason the Authority proposes to modify Special Condition 6I is to require the licensee to include any analysis undertaken by the System Operator as part of its Relevant System Planning Activities in any Strategic Wider Works needs case submissions.
4. The effect of the proposed modification to Special Condition 1A is the inclusion of the new defined term.
5. The effect of the proposed modification to Special Condition 6I is the inclusion of the System Operator's analysis in Strategic Wider Works needs case submissions.
6. The proposed modifications are attached in full at Schedule 1 to this Notice.
7. A copy of the proposed modifications and other documents referred to in this Notice have been published alongside this Notice and are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
8. Any representations with respect to the proposed licence modifications must be made on or before 4 August 2015 to: Sheona Mackenzie, Office of Gas and Electricity Markets, 107 West Regent Street, Glasgow, G2 2BA or by email to [ITPRMailbox@ofgem.gov.uk](mailto:ITPRMailbox@ofgem.gov.uk)
9. 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 However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on the Ofgem website.
10. 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, Transmission**

**Duly authorised on behalf of the Gas and Electricity Markets Authority**

**7 July 2015**

**Schedule 1: Proposed amendments to Scottish Hydro Electric Transmission Plc  
Electricity transmission licence Special Conditions**

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## **Chapter 1: Definitions**

## Special Condition 1A. Definitions and Interpretation

[Note: The following definitions are to be amended and/or added to this condition, in alphabetical order and in the manner set out below. For clarity, current definitions that are not being amended are not included in this paragraph.]

### Relevant System Planning Activities

means activities undertaken by the system operator pursuant to:

- (a) standard condition C27 (The Network Options Assessment process and reporting requirements);
- (b) paragraph 4(c) of standard condition C6 (Connection charging methodology);
- (c) paragraphs 3(c), where relevant to Developer-Associated Offshore Wider Works, 5A and 9A of standard condition C8 (Requirement to offer terms);
- (d) standard condition C25 (Provision of information and assistance to the Authority in relation to applications requiring the appointment of an offshore transmission owner), where relevant to Developer-Associated Offshore Wider Works; and
- (e) paragraphs 1(bb), 3(e) and 13(aa) of standard condition C11 (Production of information about the national electricity transmission system).

## **Chapter 6: Annual Iteration Process - Adjustments to the Transmission Network Revenue Restriction**

## **Special Condition 6I. Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure**

[Note: Proposed new text is marked with a double underscore and proposed deletions with strike through. For clarity we have only included the part of the condition we are proposing to modify.]

[Extract from Part F]

### **(i) Licensee's notice to the Authority in respect of new Strategic Wider Works Outputs**

6I.35 Where the licensee proposes to request that the Authority specify a new Strategic Wider Works Output then it must give notice to the Authority in such form as the Authority may from time to time require.

6I.36 The licensee must provide notice of such a request in accordance with the timeline set out in Final Proposals and in reasonable timescales for the Authority to conduct its assessment in accordance with the timeline set out in Final Proposals or as amended by the Authority in further guidance it may issue from time to time (or by such alternative date as the Authority may notify to the licensee).

6I.37 A notice under paragraph 6I.35 of this condition must contain:

- (a) a description of the proposed Strategic Wider Works Output and requested Allowed Expenditure for each Relevant Year, including evidence that the proposed output satisfies the following materiality criteria;
  - (i) total delivery costs will be greater than £50 million; and
  - (ii) the output will deliver cross boundary (or sub boundary) capacity or wider system benefits; and
  - (iii) costs cannot be recovered under any other provision of this licence.
- (b) the reasons for the request, including the associated needs case and cost-benefit analysis for the Strategic Wider Works Output and Delivery timescales (this should include all relevant supporting analysis such as any analysis undertaken by the system operator as part of its Relevant System Planning Activities). In the event of any difference between the needs case and the analysis produced by the system operator as part of its Relevant System Planning Activities an explanation of the difference and any associated implications must be provided; and
- (c) a planned submission timetable for further information that the licensee considers relevant to the Authority's assessment of the request, taking into account any guidance that may be issued by the Authority for this purpose from time to time.

6I.38 For the purposes of paragraph 6I.37(c) of this condition, relevant information is expected to include, without limitation:

- (a) a specification of the potential risks associated with Delivery and ongoing operation of the proposed Strategic Wider Works Output as well as relevant supporting information on the licensee's risk management strategy and the efficiency of its risk sharing arrangements with consumers;
- (b) a description of the licensee's Delivery plans including a project assessment timeline, project development plans, planning consent details and status, details of the construction programme, and a scheduled completion date.
- (c) evidence of efficient costs including information on detailed design works, the licensee's supplier procurement and tender procedures, forecast costs on a year by year basis, and a breakdown of the forecast costs;
- (d) a description of the additional Strategic Wider Works Output in the form set out in Table 2 in Part A of this condition; and
- (e) any other analysis or information that the licensee considers may be relevant to the Authority's consideration of its request.