

Q11 Cost Recovery

In section 1.4 of the submission you propose modifications to the IRM variable values for the year 2015/16. The licence states that modifications can only be proposed for the year following the submission at the earliest. Please can you explain why you propose a modification for the year 2015/16?

A11:

In principle we believe that IRM should apply to the full RIIO period and should incentive licensees to roll-out innovative technologies at the earliest possible opportunity.

The installation of this conductor will create a significant amount of additional transmission capacity for use by renewable generation. The use of this conductor is both the lowest cost and quickest means of creating additional capacity compared to any other business as usual or innovative solution.

Early connection is critical to the economic viability renewable developments and SPT has therefore sought to accelerate delivery ahead of typical programme timescales for a project of this scope and scale. This has involved expenditure in 2015/16. This expenditure is absolutely consistent with the intent of the IRM and acceleration of expenditure is in the interests of consumers and renewable developers. We therefore believe that it is appropriate to propose an adjustment in the year 2015/16.