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Thomas Johns
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Dear Tom,

Minded-to consultation on SHE Transmission's additional funding request and opening asset value for the Beauldy-Denny electricity transmission project

Scottish Hydro Electric Transmission plc welcomes the above consultation and we appreciate the opportunity to comment on the proposed changes to the Beauldy-Denny project funding.

The Beauldy-Denny line was energised in November 2015. It was constructed to transport electricity from renewable generators in the north of Scotland to meet the demand in the South. It also provides additional flexibility and network resilience; with one of the additional benefits of the new overhead line being realised during the big storms of last winter - storms Frank, Gertrude and Henry - when there was no loss of supply to our generation customers.

The TIRG licence condition outlines the circumstances which allows transmission owners to request additional funding for efficient overspends outwith their control. Following extensive engagement over the last year on the efficient spend on the Beauldy-Denny project, we welcome Ofgem's conclusion that all spend is efficient.

We believe that the proposed allocation of efficient costs between the construction period (and the five year post-construction period) and the end of the post-construction period provides a fair apportionment of these costs.

We note Ofgem's approach to determining the opening asset value outlined in Appendix 2 of the consultation. TIRG is a complex mechanism, exacerbated in this case by Beauldy Denny running across two price control periods. This will require further discussion and work over the coming weeks in order to determine how the proposals will be implemented in practice.

Yours sincerely,

Malcolm J. Burns
Acting Head of Regulation (Transmission)