

To: Scottish Hydro Electric Transmission plc

Notice under Part C of Special Condition 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) of the Electricity Transmission Licence to make modifications to the EPI outputs and Allowed Expenditure

1. Scottish Hydro Electric Transmission plc ('the licensee') is the holder of an Electricity Transmission Licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989.
2. Special Condition (SC) 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) of the Electricity Transmission Licence specifies the circumstances in which the Gas and Electricity Markets Authority (the 'Authority')¹, by way of direction, can make changes to the Enhancing Pre-existing Infrastructure (EPI) Outputs and associated Allowed Expenditure (EPIE values)².
3. Part B of SC 6G sets out the process the Authority will follow in considering a request from the licensee for an adjustment to the EPIE values in its price control to deliver an EPI Output.
4. In accordance with SC 6G.18, the Authority hereby gives notice to interested parties that it proposes to modify Table 1: EPI Outputs in Part B of SC 6G and Table 2: EPIE Values in Part D of that same condition in the manner indicated in Schedule 1 to this Notice.
5. The reason why we propose to make these modifications is explained in our determination letter dated 28 May 2019 which is published alongside this Notice³. In summary, the purpose of the modifications is to specify the deliverables of the Cairngorms National Park mitigation project that the licensee is required to deliver, and to specify the associated EPIE values.
6. We propose to further adjust the main contract price for changes in the metal price and exchange rate indices⁴ that have occurred in the period between the contractors submitting their final price, and the licensee awarding the contract. We propose that this adjustment be reflected in the allowed expenditure that is directed following the 28 day notice period to implement our determination.
7. The effect of the proposed modifications has been set out in our determination letter, which accompanies this Notice. In summary, the effect of these licence modifications is to increase the licensee's Allowed Expenditure under the RIIIO-1 electricity transmission price control by £24.381 million (2009/10 prices).

¹ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.

² This is the specific licence term used in SC 6G for Allowed Expenditure associated with EPI Outputs.

³ <https://www.ofgem.gov.uk/publications-and-updates/determination-she-transmission-s-proposal-reducing-visual-amenity-impacts-cairngorms-national-park>

⁴ The indices to be used to adjust the contract price are: Metals: London Metal Exchange <https://www.lme.com> and Forex: Bank of England <https://www.bankofengland.co.uk/statistics/exchange-rates>

8. The proposed modifications are set out in Schedule 1 to this Notice. A copy of the proposed modifications and other documents referred to in this Notice are also published on our website (www.ofgem.gov.uk).
9. We propose that the direction should take effect on 10 July 2019.
10. Any representations with respect to the proposed licence modifications must be made on or before 26 June 2019 to: Cissie Liu, Office of Gas and Electricity Markets, 32 Albion Street, Glasgow, G1 1LH or by email to Cissie.Liu@ofgem.gov.uk.
11. All representations will normally be published on our website. However, if you do not wish your response to be made public, then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be published easily on our website.

Min Zhu
Deputy Director - RIIO Electricity Transmission

Duly authorised on behalf of the Gas and Electricity Markets Authority
28 May 2019

Schedule 1: Proposed modifications to Special Condition 6G of Scottish Hydro Electric Transmission plc's electricity transmission licence

The proposed modification will add a new row to existing Table 1: EPI outputs, as follows:

Part B: Assessment of Allowed Expenditure for EPI Outputs

Table 1: EPI Outputs

EPI Output description			Designated Area	Delivery date																										
<u>Cairngorms National Park Mitigation Project</u>			<u>Docharn to Boat of Garten substation⁵</u> <table border="1" style="margin: 10px 0;"> <thead> <tr> <th colspan="2"><u>Landscape impact⁶</u></th> </tr> <tr> <th><u>Pre-mitigation</u></th> <th><u>Post-mitigation</u></th> </tr> </thead> <tbody> <tr> <td><u>Moderate</u></td> <td><u>Negligible</u></td> </tr> </tbody> </table> <table border="1" style="margin: 10px 0;"> <thead> <tr> <th colspan="2"><u>Visual impact</u></th> </tr> <tr> <th><u>Pre-mitigation</u></th> <th><u>Post-mitigation</u></th> </tr> </thead> <tbody> <tr> <td><u>Moderate</u></td> <td><u>Negligible</u></td> </tr> </tbody> </table> <u>Boat of Garten substation to Nethy Bridge⁷</u> <table border="1" style="margin: 10px 0;"> <thead> <tr> <th colspan="2"><u>Landscape impact</u></th> </tr> <tr> <th><u>Pre-mitigation</u></th> <th><u>Post-mitigation</u></th> </tr> </thead> <tbody> <tr> <td><u>Low</u></td> <td><u>Negligible</u></td> </tr> </tbody> </table> <table border="1" style="margin: 10px 0;"> <thead> <tr> <th colspan="2"><u>Visual impact</u></th> </tr> <tr> <th><u>Pre-mitigation</u></th> <th><u>Post-mitigation</u></th> </tr> </thead> <tbody> <tr> <td><u>Moderate (CAGR.3)</u></td> <td><u>Negligible</u></td> </tr> <tr> <td><u>Low (CAGR.4)</u></td> <td></td> </tr> </tbody> </table>	<u>Landscape impact⁶</u>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Moderate</u>	<u>Negligible</u>	<u>Visual impact</u>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Moderate</u>	<u>Negligible</u>	<u>Landscape impact</u>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Low</u>	<u>Negligible</u>	<u>Visual impact</u>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Moderate (CAGR.3)</u>	<u>Negligible</u>	<u>Low (CAGR.4)</u>		<u>2020</u>
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⁵ Section CAGR.2 (RG1/RG2 line)

⁶ The value and susceptibility of the landscape impact was determined following the methods set out in 'Guidelines for Landscape and Visual Impact Assessment', Third Edition, 2013 (GLVIA3). The assessment of impacts on visual amenity was undertaken using a selection of representative viewpoints. The overall assessment is rated on a scale of low, moderate, high, and very high.

⁷ Section CAGR.3 and CAGR.4 (GF line)

Part D: Determination of revisions to EPIE values by the Authority

The proposed modification will replace the existing table with the new table below.

Table 2: EPIE values after modifications in Part C of this condition

£m (2009/10 prices)	Relevant Year t							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
			<u>0.043</u>	<u>0.125</u>	<u>0.619</u>	<u>0.647</u>	<u>18.218</u>	<u>4.728</u>