

**To: Scottish Hydro Electric Transmission plc**

**Direction issued by the Gas and Electricity Markets Authority under Part C of Special Condition 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) to modify the electricity transmission licence of Scottish Hydro Electric Transmission plc**

**Whereas**

1. Scottish Hydro Electric Transmission plc ('the Licensee') is the holder of an electricity transmission licence ('the Licence') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Act').
2. Special Condition (SC) 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) of the Licence describes the circumstances in which the Gas and Electricity Markets Authority (the 'Authority'<sup>1</sup>), by way of direction, can make changes to the Licensee's Enhancing Pre-existing Infrastructure (EPI) Outputs and associated Allowed Expenditure (EPIE values<sup>2</sup>) specified in that same condition.
3. Part B of the SC 6G also sets out the basis of the determination 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. The reason why we are making these modifications is explained in our determination letter dated 28 May 2019<sup>3</sup>. In summary, the purpose of the modifications is to specify one new EPI Output that the Licensee is required to deliver, and to specify the associated EPIE values.
5. The effect of the proposed modifications is also set out in our determination letter dated 28 May 2019. In summary, the effect of these licence modifications is to increase the Licensee's Allowed Expenditure for EPI outputs under the electricity transmission price control by £24.381 million (2009/10 prices) and to make the Licensee accountable for the delivery of the related EPI Output within the timescale specified.
6. In accordance with the requirements set out in SC 6G, we gave notice on 28 May 2019<sup>4</sup> of the proposed modifications to Table 1 in Part B of SC 6G and Table 2 in Part D of that same condition, and specified that any representations concerning the proposed modifications should be made by 26 June 2019.
7. We received no responses to our consultation on our determination and proposed modification to SC 6G.

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<sup>1</sup> 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.

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

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

<sup>4</sup> [https://www.ofgem.gov.uk/system/files/docs/2019/05/2\\_noticeoflicence\\_modification\\_28may2019.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/05/2_noticeoflicence_modification_28may2019.pdf)

8. Consistent with the approach described in paragraph 6 of the notice dated 28 May 2019, the Licensee has confirmed that there were no changes in the metal price and exchange rate indices that have occurred in the period between the supplier submitting their final bid price, and the Licensee awarding the main contract. Therefore, we have not made further amendments to the main contract price.
9. Now the Authority, pursuant to SC 6G, hereby directs that the EPI Outputs and EPIE values for the Licensee referred to in paragraph 4 of this Direction are to be modified as shown in Schedule 1.
10. This Direction gives notice of the reasons for the decision to modify the Licence as required by section 49A(2) of the Act.

**Min Zhu**

**Deputy Director - RIIO Transmission**  
**Duly authorised on behalf of the Gas and Electricity Markets Authority**

10 July 2019

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

**Part B: Assessment of Allowed Expenditure for EPI Outputs**

**Table 1: EPI Outputs**

EPI Output description			Designated Area	Delivery date																										
<b><u>Cairngorms National Park Mitigation Project</u></b>			<b><u>Docharn to Boat of Garten substation<sup>5</sup></u></b>	<b><u>2020</u></b>																										
<b><u>EPI output</u></b>	<b><u>Mitigation activity</u></b>	<b><u>Volume of underground cable</u></b>	<table border="1"> <thead> <tr> <th colspan="2"><b><u>Landscape impact<sup>6</sup></u></b></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"> <thead> <tr> <th colspan="2"><b><u>Visual impact</u></b></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> <b><u>Boat of Garten substation to Nethy Bridge<sup>7</sup></u></b> <table border="1"> <thead> <tr> <th colspan="2"><b><u>Landscape impact</u></b></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"> <thead> <tr> <th colspan="2"><b><u>Visual impact</u></b></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>		<b><u>Landscape impact<sup>6</sup></u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Moderate</u>	<u>Negligible</u>	<b><u>Visual impact</u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Moderate</u>	<u>Negligible</u>	<b><u>Landscape impact</u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Low</u>	<u>Negligible</u>	<b><u>Visual impact</u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Moderate (CAGR.3)</u>	<u>Negligible</u>	<u>Low (CAGR.4)</u>	
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<u>Reduced visual impact</u>	<ul style="list-style-type: none"> <li>remove a 4km section of a 132kV double circuit overhead line (OHL), and 15 steel lattice towers, and install 5.8km underground cable from Docharn to Boat of Garten substation;</li> <li>remove a 8.3km section of an OHL consisting of a 132kV single circuit and a 33kV single circuit, and 31 steel lattice towers, and install 8.3km underground cable from Boat of Garten substation to Nethy Bridge;</li> <li>install two air-insulated outdoor sealing ends (tower based) in Docharn and (wooden pole based) in Nethy Bridge to connect the new section of underground cables to the existing overhead lines; and,</li> <li>Expand the Boat of Garten substation to accommodate sealing ends of underground cables.</li> </ul>	<u>14.1 km</u>																												

<sup>5</sup> Section CAGR.2 (RG1/RG2 line)

<sup>6</sup> 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.

<sup>7</sup> Section CAGR.3 and CAGR.4 (GF line)

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

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

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