

Transmission licensees,
generators, suppliers, and
consumer groups

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Date: 15 October 2019

Dear colleague,

Determination on Scottish Hydro Electric Transmission's proposal for reducing visual amenity impacts in the Loch Tummel National Scenic Area (NSA)

This letter sets out our determination on Scottish Hydro Electric Transmission's (SHE Transmission) funding request of £366,488 (2009/10 prices)¹ to deliver a new Enhancing Pre-existing Infrastructure (EPI) output under the RIIO-T1 price control in the Loch Tummel National Scenic Area. The project will reduce the impact of SHE Transmission's electricity transmission infrastructure on the National Scenic Area's visual amenity by undertaking woodland management and tower repainting on 7km of 132kV overhead line by 2021.

Summary of our determination

We have determined that the Loch Tummel National Scenic Area mitigation project is a valid outcome of SHE Transmission's implementation of its Visual Impact of Scottish Transmission Assets (VISTA) policy and its work with stakeholders to select EPI outputs during the RIIO-T1 price control². We are also satisfied, based on the supporting evidence provided, that the cost of the EPI output is £366,488³ and that this value is efficient and economical. This is the amount SHE Transmission requested.

In the [appendix](#) to this letter, we provide further detail on:

- EPI outputs in the RIIO-T1 electricity transmission price control;
- The scope of the Loch Tummel National Scenic Area mitigation project;
- Our determination on the EPI output and the economic and efficient cost of the project.

New EPI output and adjustment to RIIO-T1 allowed expenditure

We are proposing to modify SHE Transmission's licence by way of direction to introduce a new EPI output and to increase its RIIO-T1 allowed expenditure by £366,488.

¹ This value is £481,000 in 2018/19 prices.

² See 6G.14(a) of SHET Electricity Transmission Licence Special Conditions

³ Unless otherwise stated, all values are in 2009/10 prices.

Following the implementation of our determination on the Loch Tummel National Scenic Area mitigation project, the remaining available expenditure cap in the RIIO-T1 price control for new EPI outputs will be £382.299m⁴.

Next Steps

Alongside this letter, we are publishing a notice under Part C of Special Condition 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) to modify SHE Transmission's electricity transmission licence to implement the above determination. The notice sets out the proposed new EPI outputs and the adjustment to SHE Transmission's allowed expenditure. Please respond to dale.winch@ofgem.gov.uk on or before 15 November 2019.

Yours sincerely,

Min Zhu
Deputy Director – RIIO Transmission
15 October 2019

⁴ This amount also takes into account the allowed expenditure we have approved for other EPI outputs over RIIO-T1. For more information on the associated mitigation projects please see details on our website. <https://www.ofgem.gov.uk/electricity/transmission-networks/network-price-controls/visual-amenity>

Appendix

Background on mitigating the impact of pre-existing transmission infrastructure in RIIO-T1

As part of the RIIO-T1 price control, we introduced a policy for electricity transmission owners (TOs) to reduce the visual impact of pre-existing infrastructure in nationally designated areas⁵. The policy applies to infrastructure in the following designated areas: National Parks, Areas of Outstanding Natural Beauty, and National Scenic Areas. The expenditure cap for all mitigation projects that come forward under the scheme during the RIIO-T1 price control is £500m in total⁶. The deliverables from these mitigation projects are known as EPI outputs.

A TO can propose new EPI projects and request funding for these under its price control. However, before a TO can request funding for new EPI projects, it must have in place a policy in relation to methods of working with stakeholders to select projects in its transmission areas⁷.

When we receive a funding request for a specific mitigation project we assess:

- Whether, in proposing a project, the TO can demonstrate that it has complied with its policy, in particular in how it has engaged with stakeholders to identify, prioritise, and select projects; and,
- Whether the proposed costs for delivering the project are economical and efficient.

If appropriate, a modification will be made to the transmission owner's licence for an EPI output, including the amount of allowed expenditure.

Summary of the Loch Tummel National Scenic Area mitigation project

The scope of the mitigation project submitted by SHE Transmission encompasses the following within the Loch Tummel National Scenic Area boundary:

- 28 towers will be painted on a 7km section of 132kV double circuit overhead line (OHL) line;
- Woodland management, including felling and replanting 16 hectares of woodland along the 7km section of 132kV OHL line;

SHE Transmission will complete the project by 2021.

⁵ Pre-existing transmission infrastructure is defined as network equipment such as lines and towers that are part of the licensee's transmission network as of April 2013.

⁶ The level of the expenditure cap was informed by a survey of households on the amount they would be willing to pay to reduce the effects of pre-existing transmission infrastructure on the visual amenity of designated areas.

⁷ We approved SHE Transmission's Visual Impact of Scottish Transmission Assets (VISTA) policy in 2016. A copy of our decision letter is available on our website: <https://www.ofgem.gov.uk/publications-and-updates/response-our-consultation-she-transmission-s-proposed-visual-impact-scottish-transmission-assets-policy>

Our determination

The table below summarises our determination on the adjustment to be made to SHE Transmission's RIIO-T1 Allowed Expenditure for the delivery of Loch Tummel National Scenic Area mitigation project.

Project cost category	Final cost (£)
Preliminary project development costs	£80,245
Tendered costs	£232,770
Non-tendered costs	£53,509
Total	£366,488

Taking into account our assessment, we have determined:

- To make an allowed expenditure adjustment and introduce an EPI Output specified in Special Condition 6G of SHE Transmission's electricity transmission licence for the Loch Tummel National Scenic Area mitigation project.
- To require SHE Transmission to deliver an EPI output by 2021 specified as:
 - 28 towers will be painted on a 7km section of 132kV double circuit overhead line (OHL) line;
 - Woodland management, including felling and replanting on sections of the 7km of 132kV OHL line;
- To increase SHE Transmission's allowed expenditure in the price control, RIIO-T1, by £366,488.

The above determination is subject to a 28 days' notice to insert these provisions into Special Condition 6G of SHE Transmission's electricity transmission licence by way of direction.