

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 15 October 2019 which is published alongside this Notice. In summary, the purpose of the modifications is to specify the deliverables of the Loch Tummel National Scenic Area (NSA) mitigation project that the licensee is required to deliver, and to specify the associated EPIE values.
6. 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 RIIO-1 electricity transmission price control by £366,488 (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.

7. 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).
8. We propose that the direction should take effect on 29 November 2019.
9. Any representations with respect to the proposed licence modifications must be made on or before 15 November 2019 to: Dale Winch, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London E14 4PU or by email to dale.winch@ofgem.gov.uk.
10. 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 Transmission

Duly authorised on behalf of the Gas and Electricity Markets Authority

15 October 2019

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

The proposed modification would 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>Loch Tummel National Scenic Area Mitigation Project³</u>				<u>2021</u>
<u>EPI output</u>	<u>Mitigation activity</u>	<u>Landscape impact⁴</u>		
<u>Reduced visual impact</u>	<ul style="list-style-type: none"> <u>Woodland management including felling and replacing 16 hectares of woodland, to reduce visual presence.</u> <u>Tower repainting of 28 towers on a 7km section of the 132kV overhead line.</u> 	<u>Pre-mitigation</u>	<u>Post-mitigation</u>	
		<u>Moderate</u>	<u>Moderate</u>	
		<u>Visual impact</u>		
		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	
		<u>High</u>	<u>Moderate</u>	

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

The proposed modification would 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	0.043	0.125	0.619	0.647	18.218	4.728
							<u>£18.555</u>	<u>£4.758</u>

³ Line section LTUM.2 (132kV)

⁴ 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.