

**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')<sup>1</sup>, by way of direction, can make changes to the Enhancing Pre-existing Infrastructure (EPI) Outputs and associated Allowed Expenditure (EPIE values)<sup>2</sup>.
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. We have set out our reasons for the modifications in our determination letter dated 17 July 2020 which is published alongside this Notice<sup>3</sup>. In summary, the purpose of the modifications is to specify the deliverables of the Glen Falloch and Sloy mitigation projects 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 indices<sup>4</sup> 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 RIIO-1 electricity transmission price control by £17.4 million (2009/10 prices).

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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-proposals-reducing-visual-amenity-impacts-loch-lomond-and-trossachs-national-park>

<sup>4</sup> 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](http://www.ofgem.gov.uk)).
9. We propose that the direction should take effect on 28 August 2020.
10. Any representations with respect to the proposed licence modifications must be made on or before 17 August 2020 to: Cissie Liu, Office of Gas and Electricity Markets, 32 Albion Street, Glasgow, G1 1LH or by email to [Cissie.Liu@ofgem.gov.uk](mailto: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 Transmission**

Duly authorised on behalf of the Gas and Electricity Markets Authority

17 July 2020

**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												
<b><u>Glen Falloch Mitigation Project Loch Lomond and the Trossachs National Park</u></b>			<b><u>Derrydaroch to Crianlarich</u></b>	<b><u>2022</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</u></b></th> </tr> <tr> <td><u>Pre-mitigation</u></td> <td><u>Post-mitigation</u></td> </tr> <tr> <td><u>High-moderate</u></td> <td><u>Entirely mitigated</u></td> </tr> </thead> <tbody> <tr> <th colspan="2"><b><u>Visual impact</u></b></th> </tr> <tr> <td><u>Pre-mitigation</u></td> <td><u>Post-mitigation</u></td> </tr> <tr> <td><u>Moderate</u></td> <td><u>Entirely mitigated</u></td> </tr> </tbody> </table>		<b><u>Landscape impact</u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>High-moderate</u>	<u>Entirely mitigated</u>	<b><u>Visual impact</u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>Moderate</u>	<u>Entirely mitigated</u>
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<u>Reduced visual impact</u>	<ul style="list-style-type: none"> <li><u>remove a 4.5km section of a 132kV double circuit overhead line (OHL), and 13 steel lattice towers, and install 4.5km underground cable from from Derrydaroch and Crianlarich;</u></li> <li><u>install two air-insulated outdoor sealing ends by existing towers (steel lattice tower based) to connect the new section of underground cables to the existing overhead lines.</u></li> </ul>	<u>4.5km</u>														

<u>EPI Output description</u>			<u>Designated Area</u>	<u>Delivery date</u>											
<b><u>Sloy Mitigation Project within Loch Lomond and the Trossachs National Park</u></b>			<b><u>Sloy Dam to Sloy Power station</u></b>	<b><u>2022</u></b>											
<b><u>EPI output</u></b>	<b><u>Mitigation activity</u></b>	<b><u>Volume of underground cable</u></b>													
<u>Reduced visual impact</u>	<ul style="list-style-type: none"> <li><u>remove 3km (three sections approximately 1km each) of 132kV double circuit overhead line (OHL), and 12 steel lattice towers, and install 3.1 km underground cable between Sloy Dam and Sloy Power Station;</u></li> <li><u>install four two-wood-pole based air-insulated sealing ends to connect the new section of underground cables to the existing overhead lines for the two sections heading east toward Sloy Power Station ;</u></li> <li><u>install one air-insulated sealing end (steel lattice tower based) near existing tower to connect the new section of underground cables to the existing overhead lines for the section heading west toward Sloy Dam ;</u></li> <li><u>use gas-insulated sealing ends, where underground cables will terminate into the new terminations on the existing gas-insulated switchgear at Sloy Switching Station</u></li> </ul>	<u>3.1 km</u>	<table border="1"> <thead> <tr> <th colspan="2"><b><u>Landscape impact<sup>5</sup></u></b></th> </tr> <tr> <th><u>Pre-mitigation</u></th> <th><u>Post-mitigation</u></th> </tr> </thead> <tbody> <tr> <td><u>High</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>High</u></td> <td><u>Negligible</u></td> </tr> </tbody> </table>	<b><u>Landscape impact<sup>5</sup></u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>High</u>	<u>Negligible</u>	<b><u>Visual impact</u></b>		<u>Pre-mitigation</u>	<u>Post-mitigation</u>	<u>High</u>	<u>Negligible</u>
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<sup>5</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.

**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**

<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>	<b>2021/ 22</b>	<b>2022/ 23</b>
	0.0	0.0	0.043	0.125	0.619	0.647	<del>18.555</del>	4.758	0.0	0.0
							<u>19.042</u>	<u>15.785</u>	<u>5.237</u>	<u>0.660</u>