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RIIO Team  
Ofgem  
10 South Colonnade  
Canary Wharf  
London  
EH14 4PU

To whom it may concern,

**Re: Implications of the RIIO-T2 Draft Determinations: Consultation Response**

We are writing in response to the RIIO-T2 Draft Determinations on SHE Transmission's (SHET) Business Plan and to share our concerns over the implications Ofgem approach will have to our industry and the ability to reach net zero targets. We are a Glasgow based SME Environmental Consultancy established in 1979, whose work focusses on Environmental Impact Assessments and Environmental Mitigation and Enhancements for large infrastructure projects within the renewable energy sector. We have first-hand experience of the important pre-construction and on-site work being undertaken by SHET to ensure the best possible environmental outcomes for each project. Our work for SHET on these projects represents over 50% of our >1M annual turnover, and any threat to SHET's ability to fund their environmental targets and commitments would have serious consequences for both our own business and for our specialist sub consultants, many of whom are independent contractors based in remote parts of Scotland, or are SME's themselves, based throughout the UK.

The magnitude of RIIO-T2 budget reductions applicable to SHET is extremely worrying and will have serious impact on their ability to deliver the commitments made in their new policies and methodologies. The blanket cuts to SHET's overheads and efficiency cuts to the project delivery plan will have a negative effect on the Environmental Action Plan (EAP) and their commitments to Biodiversity Net Gain, No Net Loss Woodland Cover and scientific based targets. These commitments are funded through project allowances and therefore indirectly will have their funding reduced.

Leading in best practice holds other industry members to account in maintaining high standards and encourages improvement. Ofgem appear to agree with the ambitions policy outputs of SHET but the Draft Determination would hinder their delivery. Budget cuts can lead to delivery works concentrating on what is statutorily required with insufficient funding remaining for important policy work and implementation of industry good practice, all of which we believe the wider stakeholders fully support. It is disappointing that Ofgem's approach discourages sector leading practices such

as those proposed by SHET as these are required to deliver innovative and good practice initiatives. We would ask for funding to be reinstated to include SHET's policy commitments so that the sector doesn't stall, and enhanced services can be offered.

We are also aware of the significant cuts proposed to SHET's Repairs and Maintenance (R&M) allowances which effectively means that SHET must inspect, maintain and repair more network infrastructure, for less money. This is not efficient, risks network reliability and security of supply and increases the risk of negative environmental impacts which is a serious concern of ours. SHET will be unable to manage legacy issues or monitor the condition of assets and where necessary act to prevent risks such as oil leaks. The priority of funding will be on "keeping the lights on" and not the environment. This focus on short-term consumer savings is misguided. It is not compatible with Scotland's sustainability goals or achieving our net zero targets and is not efficient on consumer bills in the long run.

Our wider and overarching concern is the implications the Draft Determinations will have on climate change and delivering net zero targets.

Both the UK and Scottish Governments have committed to net zero emissions by 2050 and 2045 respectively. SHET has proposed an ambitious plan to help deliver this target. The new uncertainty mechanisms being introduced by Ofgem appear to be poorly designed and inefficient with lengthy approval processes which risks delays to the critical investments that will be required. This is not in line with the timescales needed to deliver a pathway for net zero.

The proposed timescales need to be significantly shortened and should allow consenting to run in parallel with the regulatory assessment. We believe this should take no more than six-months to avoid delays to customer connections.

It is essential that SHET is funded for the preconstruction work that is required to deliver the needs case submissions required for these mechanisms. From our first-hand experience we know how important this work is to ensure that the best environmental outcome for these critical net zero projects is achieved. It is unacceptable that this has been cut from the allowances as the need for this investment is certain.

We would therefore urge you to reconsider your position on the cuts that you propose.

Yours faithfully



Jennifer Skrynka

Managing Director

for ASH Design+assessment Ltd