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Date
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Contact / Extension
Lynne Bryceland
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Dear Eilidh

Consultation on SP Transmission plc Output Measures Adjusting Event request and review of the Opening Asset Value for the South West Scotland Transmission Investment for Renewable Generation (TIRG) Project

SP Transmission plc (SPT) welcomes the opportunity to respond to the above mentioned consultation on our Output Measures Adjusting Event (OMAE) request for the development of our South West Scotland (SWS) renewables connection project, and subsequent review of the Opening Asset Value (OAV).

We are pleased that Ofgem is proposing to accept the Output Measures Adjusting Event under Special Condition 3J.12, as requested, reflecting the change in scope of the South West Scotland project. We also accept that the Outcome Adjusting Value should be £42.55m, equalling the original value of the project.

In relation to the project's delay, we consider that Ofgem's Option 1, is the most appropriate approach for this particular project, given the project assets in question, and circumstances leading to the delay. We consider that Option 1 is consistent with our Transmission licence provisions, recognises the activities undertaken by SPT in light of the challenges it faced to ensure that the assets could be made operational, and mitigates price volatility to customers.

We have addressed each of the consultation questions posed, in the enclosed Annex.

Please do not hesitate to get in touch with me if you have any questions in relation to this response.

Yours sincerely



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Transmission Policy and Licence Manager

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ANNEX

Consultation on SP Transmission plc Output Measures Adjusting Event request and review of the Opening Asset Value for the South West Scotland Transmission Investment for Renewable Generation (TIRG) Project

SPT's response to consultation questions

Q1. Do you agree with our proposal to accept OMAE?

We are pleased that Ofgem is proposing to accept the Output Measures Adjusting Event under Special Condition 3J.12, as requested, reflecting the change in project scope.

Q2. Do you agree with our provisional view that the OAV should equal the value as originally specified in the TIRG condition for the SWS project?

We accept that the Outcome Adjusting Value should be £42.55m, equalling the original value for the South West Scotland project.

Q3. Do you agree that the post construction period should have started in 2017/18, and that we should recognise this by shifting the post construction period back to account for the two-year delay?

For the South West Scotland project, we accept that as the post construction period should have commenced in 2017/18, the post construction period should be shifted back to account for this delay.

Q4. Do you have a view on the two approaches proposed to account for delays in the SWS project?

In relation to the project's delay, we consider that Ofgem's Option 1, is the most appropriate approach for this particular project, given the project assets in question, and circumstances leading to the delay. We consider that Option 1 is consistent with our Transmission licence provisions. It recognises that the assets are now operational and mitigates price volatility to customers.

Q5. Do you agree with our initial preference to implement Option 1?

As per our response to Question 5 above, we consider that Option 1 is the most appropriate approach, in this instance, given the specific circumstances of the South West Scotland project.

Q6. Is there any other relevant information that we should take into account?

SPT has nothing further to add.