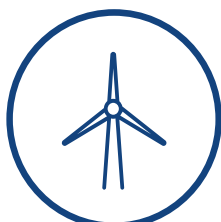




Our response to RIIO-T2 Draft Determinations

September 2020

Our RIIO-T2 Business Plan has Five Clear Goals



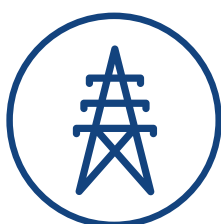
Transport the renewable electricity that powers 10 million homes

Our RIIO-T2 Certain View will deliver an electricity network with the capacity and flexibility to accommodate 10 GW of renewable generation in the north of Scotland by 2026



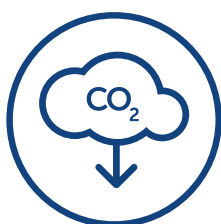
Aim for 100% transmission network reliability for homes and businesses

By investing in new technology and ways of working, when cost effective for customers to do so, we will strive for 100% transmission network reliability for homes and businesses by 2026



Every connection delivered on time

By 2026 we will provide every network connection, tailored to meet our customers' needs, on time, on budget and to our customers' satisfaction



One third reduction in our greenhouse gas emissions

Reduce the controllable greenhouse gas emissions from our own operations by 33% by 2026, consistent with a net zero emissions pathway



£100 million in efficiency savings from innovation

Our RIIO-T2 Certain View includes £100 million of cost savings through productivity and increased innovation, and we aim to go further to save more

Delivered for around £7 a year

Our Five Clear Asks of Ofgem

SHE Transmission has Five Clear Asks of Ofgem for the RIIO-T2 Final Determinations. Final Determinations can protect consumers, maintain security of supply, act on climate change and attract the investment that creates jobs and future prosperity. But urgent changes are needed. To achieve this, the Final Determinations must:



Respond to the ambitions of stakeholders and consumers for a fairer, greener future for all

Final Determinations should reward licensees, like us, who have acted on stakeholders' views and remove the £32 million penalty applied under the Business Plan Incentive



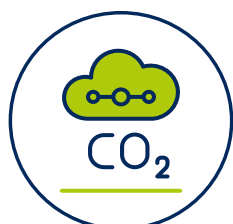
Reward the leading licensee for operating cost efficiency and delivery of capital investment

Final Determinations should resolve £361 million of errors and excess efficiency assumptions unjustifiably applied to strong performers



Ensure resilience and reliability of electricity supply is maintained during the energy system transition

Final Determinations should accept fully justified and efficient investment of £338 million in security of supply and network resilience and operating cost requirements of a growing network in the north of Scotland



Demonstrate that the regulatory framework is aligned with achieving a net zero pathway

Final Determinations must model how net zero pathways will be delivered, include uncertainty mechanisms that will work in practice to ensure net zero pathways in the north of Scotland can be achieved and fully fund £153 million investment in pre-construction activities, allowing for additional expenditure as and when it is required to ensure net zero pathways



Attract the investment needed to deliver the net zero energy system

Final Determinations should achieve the balance of risk and return that is required to deliver multi-billion pound infrastructure and attract necessary investment to the UK, supporting the green recovery

Foreword

Our Business Plan for RIIO-T2, A Network for Net Zero, is an evidence-based plan built in collaboration with stakeholders to deliver their ambition for a fair transition to net zero that maintains reliability and improves service while protecting consumers from uncertainty of exactly where and what investment will be required.

I'm extremely disappointed that the approach set out in Ofgem's Draft Determinations fundamentally fails to deliver on net zero, inadequately reflects stakeholder and customer needs, and falls short in seeking to attract the significant investment required. The investment that we require to deliver stakeholder expectations has been cut by a third. This would leave us unable to deliver the level of service that is expected or the growth in capacity for renewable generation that is needed. It also threatens our ability to maintain our sector leading approach to sustainability and to support the green recovery through job creation.



At present the draft settlement does not strike the right balance for all stakeholders and without significant changes during the consultation period, there is a real risk that the critical investment in Britain's electricity networks will be unnecessarily slowed down by an appeal process via the Competition and Markets Authority, which is not in any stakeholders' interests.

Thankfully, these determinations are not yet final. Ofgem's consultation on the Draft Determinations provides an opportunity for us to work constructively to address these issues.

Our stakeholders including communities, consumer groups, renewable generation developers, investors, unions and our supply chain have engaged with us during Ofgem's eight-week formal consultation to fully understand the implications of the Draft Determinations. Across the board stakeholders have been disappointed that the Draft Determinations lack alignment with net zero and a green recovery, lack consideration for the impact of the cuts on network reliability, and apparently disregard their views and priorities. In our consultation response we have reflected these views to make sure that Ofgem is left in no doubt about what is required to meet their needs. In our Business Plan we set out Five Clear Goals for RIIO-T2. In this response to the Draft Determinations we have set out our Five Clear Asks of Ofgem for the Final Determinations. Meeting these asks will be essential to delivering an approach that meets the needs of our customers and stakeholders and delivers an acceptable final determination.

As part of its Draft Determination consultation, Ofgem has made a clear commitment to listen to the evidence and consider what changes are required. We therefore urge Ofgem to work with us and our stakeholders to ensure Final Determinations deliver net zero; maintain and where cost-effective improve network reliability and resilience; and deliver the ambition demanded by stakeholders during the development of our business plan.

Rob McDonald
Managing Director
SSEN Transmission

The SSEPD Board are deeply concerned by Ofgem's Draft Determination proposals for RIIO-T2. Electricity transmission networks have a critical role to play in our economy and the energy transition. The Draft Determinations fail to support and encourage the delivery of net zero targets to meet stakeholders' expectations.

As concerning, the Draft Determinations fail to achieve the balance of risk and return that is required to deliver multi-billion pound infrastructure and so will not attract necessary investment to the UK. In our response, we provide evidence based proposals to realign the settlement with stakeholders' views that, if adopted for Final Determinations, would ensure RIIO-T2 is a catalyst for the green economic recovery.

The Board fully approves this response.



Gregor Alexander
Chair
Scottish and Southern Electricity Power Distribution (SSEPD) Board

Our full response to the Draft Determinations on RIIO-T2 is available [here](#).



Respond to the ambitions of stakeholders and consumers for a fairer, greener future for all

We hear strong and consistent support for decisive action on climate change and the environment, supporting local and vulnerable communities, and contributing to the just transition to net zero

Stakeholder-led and co-created

Our RIIO-T2 Business Plan was based on over two years of extensive and intensive stakeholder engagement, consultation and research which took us the length and breadth of the north of Scotland and beyond. From project-specific public consultation events to wide-ranging bilateral engagements, workshops and events, we deployed a range of communications and engagement methods to ensure all our stakeholders have had the opportunity to contribute to the co-creation of a stakeholder-led Business Plan.

Since the costs of the transmission system are ultimately spread across and recovered from GB electricity consumers, we have been careful to engage across GB – energy consumers, representative bodies, elected members and governments.

We published a [full report](#) on our engagement and how it shaped our Business Plan.

RIIO-T2 User Group

The role of our RIIO-T2 User Group was to “scrutinise and provide input and expert challenge to the transmission company’s business plan”. To do this, the Group met regularly during the development of our Plan and undertook detailed examination of our past performance and future plans.

The [final report](#) of the User Group was published in December 2019.



The role of stakeholders in shaping Draft Determinations

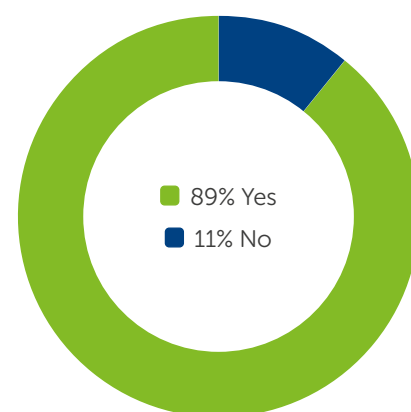
In its Draft Determinations, Ofgem notes that the reports from User Groups “were useful in casting light on the key issues in the company Business Plans”. No further information is provided on how this influenced the Draft Determinations, or how the views of stakeholders that were not represented on the Groups were considered.

We fully support stakeholder-led networks’ price controls, but this needs to be enabled by a regulatory framework that is responsive to stakeholders’ views and clear on how they have been considered. It is not clear that this is the case for the RIIO-T2 Draft Determinations.

In making around £779m of cuts to our business plan Ofgem has cut the investments that were supported by stakeholders. These cuts compromise our ability to deliver our ambitious goals for RIIO-T2 which received overwhelming stakeholder support. For example, stakeholders supported our proposals for investment in the existing network and Ofgem has refused many of these investments including our new control centre. While Ofgem has accepted our stakeholder led outputs, they have not provided the funding for us to deliver these.

It was the view of the User Group and stakeholders that we submitted a high quality and ambitious Business Plan and yet Ofgem has applied a £32m penalty under the Business Plan Incentive.

Stakeholder views on our Business Plan



“Do you believe that our five goals are the priority areas for our business and are suitably ambitious?”*

*Question asked by SSEN Transmission

Final Determinations should reward licensees, like us, who have acted on stakeholders’ views and remove the £32 million penalty applied under the Business Plan Incentive



Reward the leading licensee for operating cost efficiency and delivery of capital investment

What needs to happen to resolve the £361m of errors and efficiency cuts is that Ofgem needs to correct the errors and reverse the efficiency cuts

The Draft Determinations propose a one-third cut in the cost allowances in our Business Plan. This is a total cut of £780 million and a £32+ million penalty.

Reason	Impact	Value
Upfront Penalty	<p>Revenue impact of -£32 million in 2021/22</p> <p>This is the result of the above unjustified efficiency and critical investment cuts, alongside errors in application. This fails to recognise the quality and ambition of our Business Plan.</p> <p>See page 5</p>	£32m+
Need	<p>Critical investment and operating costs disallowed</p> <p>This jeopardises network reliability, increases risk, delays efficiency improvements and increases the investment burden on future price controls</p> <p>See pages 8-9</p>	£338m
Errors in Cost Allowances	<p>Insufficient allowances to meet stakeholders' expected outcomes</p> <p>This puts at risk our proposals for customer service and sustainability, as well as investments to deliver connections and maintain the network</p> <p>See page 7</p>	£361m
Future Cost Efficiency	<p>Extreme and unprecedented assumptions about future productivity</p> <p>Unrealistic assumptions will impact upon scope for innovation and timely investment</p> <p>See page 7</p>	
Uncertainty	<p>Insufficient funding for critical pre-construction investment</p> <p>This jeopardises the timely and cost effectively delivery of critical national infrastructure necessary to meet net zero targets</p> <p>See page 11</p>	£80m+
Uncertainty	<p>Complicated, lengthy and bureaucratic uncertainty mechanisms</p> <p>Rather than enabling net zero, timing misalignment and processes bound in red tape will not permit investment in capacity to meet the need for the energy system transition</p> <p>See page 10</p>	Delay to investment
The result: failure to meet 2030 Net Zero targets + missed opportunity from green recovery + lower service for our customers + failure to attract essential investment		×

Resolving the £361m of errors and efficiency cuts

A fundamental question of the regulatory process is whether we have submitted a high quality, ambitious Business Plan. Our stakeholders believe we have, as do we and we have the strong track record to prove it.

However, the outcome of the Draft Determination implies we have not. This mismatch needs to be addressed in the Final Determinations. While much of this will be resolved through the actions described in this summary of our response, there are two further technical issues described here. To resolve the £361 million of errors and efficiency cuts described here, Ofgem needs to correct the errors and reverse the efficiency cuts.

1. SIGNIFICANT ERRORS OF CALCULATION OR METHODOLOGY

There are four significant errors of calculation or methodology in the calculation of allowed costs in the Draft Determinations:

- i. Ofgem has committed to allow for the movement in input prices excluding inflation. For us, this is £82 million in total. While this is included in the Price Control Financial Model, it is missing from the Draft Determinations.
- ii. When investments are disallowed this should also result in disallowance of the associated overheads. In its adjustment to overheads, Ofgem has made an error that results in the deduction being around £70 million higher than it should be.
- iii. As we described on page 9, Ofgem has failed to account for the growth in our network when assessing the cost of inspection, maintenance and repair. This results in understating the costs by £45 million.
- iv. Inconsistencies between the described approach and its application mean that Ofgem has miscalculated risk allowances by at least £57 million.

Together, these four errors understate our cost allowances by over £250 million.

2. COST EFFICIENCY

Ofgem's own analysis concludes that we are efficient, yet it has imposed £361 million for efficiency improvements. There are two critical concerns with Ofgem's approach.

First, Ofgem has proposed ongoing efficiency reductions to all networks' cost allowances at levels without historic precedent. Analysis undertaken by independent experts has highlighted that this extreme productivity challenge is not substantiated by empirical evidence or regulatory precedent.

Second, Ofgem is not comparing like-with like when using unit cost benchmarks. The work to be undertaken in RIIO T2 is substantially more complex than the work undertaken in T1. Yet, Ofgem has benchmarked our cost base on our backward looking workload, rather than our actual expected forward looking work plan, resulting in an understatement of unit costs.

Overall, correcting these wrongful assumptions alone would reinstate the costs we submitted.

Final Determinations should resolve £361 million of errors and excess efficiency assumptions unjustifiably applied to strong performers



Ensure resilience and reliability of electricity supply during the energy system transition

Maintaining, and where cost effective improving, the exceptional performance of the electricity transmission system remains the top priority of our customers and the communities we serve

The Draft Determinations disallow the NEED for essential investment in:

1. Asset replacement and refurbishment
2. Projects that increase the resilience of the network to threats
3. Operating costs for network inspection, maintenance and repair

This results in cuts of £338 million across 10 investments in existing assets, 4 projects to increase resilience and operating costs.

Disallowed Investments

- ✗ Keith Substation
- ✗ Broadford Substation (Skye line)
- ✗ St Fillans Substation
- ✗ St Fergus Mobil Substation
- ✗ Sloy Substation
- ✗ Culligran Substation
- ✗ Deanie Substation
- ✗ Quioch Tee Substation (Skye line)
- ✗ Tummel Bridge Substation
- ✗ Kilmorack and Aigas Substations

Disallowed Investment for Resilience

- ✗ New Control Centre
- ✗ Transmission Communications Upgrades
- ✗ Smart Monitoring
- ✗ New Warehouses

Plus cuts to operating costs (see opposite page)

EXISTING ASSETS Replacement and Refurbishment

We ensure the reliability of the transmission system by making efficient decisions to replace or refurbish equipment as its condition deteriorates. As the network was built over many years, this means we have a constant programme of investment in existing assets.

In our Business Plan we set out fully justified investment proposals for 28 projects that need to be delivered during the RIIO-T2 period to ensure future security of supply.

We strongly disagree with Ofgem's assessment and rejection of 10 of the 28 projects. In our Business Plan, we detailed the need (including Asset Condition Reports), options, scope, costs and benefits of each project, ultimately reaching the conclusion that RIIO-T2 was the optimal time to undertake these asset management works to deliver best value to consumers, ensure the safe and secure operation of our network, and deliver the reliability levels expected by consumers and customers.

Ofgem's approach is flawed because it has:

- Not considered the full suite of evidence submitted, including asset condition reports and cost benefit analysis
- Disregarded the views of the customer for the six sites that are generation connections (where the customer directly pays for part of the investment)
- Triple-counted potential efficiency savings

INCREASING RESILIENCE to Threats to the Network

Stakeholders and consumers told us that maintaining security of supply is critical as we go through the energy transition. Through consultation, we developed a detailed programme of work to meet the requirements of our growing network, manage increasing external threats and ensure timely adoption of new technologies.

Again, Ofgem has largely disallowed this investment including four projects to upgrade our Control Centre, upgrade our communications network and construct new warehouses for spare equipment.

We strongly disagree with Ofgem's assessment. We appointed independent consultants to review our Business Plan submission, who have affirmed that our proposals are essential for the ongoing safe and secure operation of the GB transmission system.

OPERATING COSTS for Inspection, Maintenance and Repair

Ofgem has cut operating costs by 51% compared to the detailed, justified plan that we set out. This jeopardises the safe, reliable operation of the GB transmission system as the allowance proposed by Ofgem is insufficient to deliver the required inspection, maintenance and repairs (including faults and vegetation management). Ofgem has based allowances for the RIIO-T2 period on our actual expenditure in 2013-18, reduced by an ongoing efficiency assumption.

This approach does not account for:

- i. The significant five-fold growth of the north of Scotland transmission network since 2013, and forecast growth of >60% under the Certain View
- ii. The energisation of the Caithness Moray HVDC link in December 2018, with around £4 million per year operating cost
- iii. Our current leading operating cost efficiency as shown in Ofgem's own analysis and our international benchmarking

CASE STUDY Control Centre - disallowed

Our Control Centre works with the Electricity System Operator and other Transmission Owners to manage the flow of electricity on the north of Scotland transmission system.

The growth in our network and adoption of new technologies is driving increased requirements for real-time control and system monitoring of the network which cannot be facilitated in our existing Transmission Control Centre. The existing location also offers a number of significant issues in ensuring the physical security, cyber security, and functionality challenges of our control facilities as the role of the Control Centre expands.

During the RIIO-T2 period we are proposing to construct and move to a new Control Centre building that meets modern security and operational standards. Upon completion, our existing Control Centre will become a disaster recovery site to allow full network operations to take place should the Control Centre become unavailable.



CASE STUDY Sloy Substation - disallowed

Sloy Substation is the connection point for the 152.5 MW Sloy hydro-electric power station, and also provides electricity to over 600 customers on the local distribution network.

Sloy power station is a key site in the Scotland / GB Black Start plan. In order to be able to act as a 'power island' for Black Start, it is essential that three of the four transformers are available at all times. Our investment will ensure that ongoing certainty of availability.

This investment is to replace all four transformers and associated equipment in the substation. Independent assessment of the condition of the substation indicates that end of life will be between 2026-2032. Our analysis shows that it is most cost effective to complete all works for 2026 rather than do a number of smaller investments during the RIIO-T2 and T3 periods.

Final Determinations should accept fully justified and efficient investment of £338 million in security of supply and network resilience and operating cost requirements of a growing network in the north of Scotland

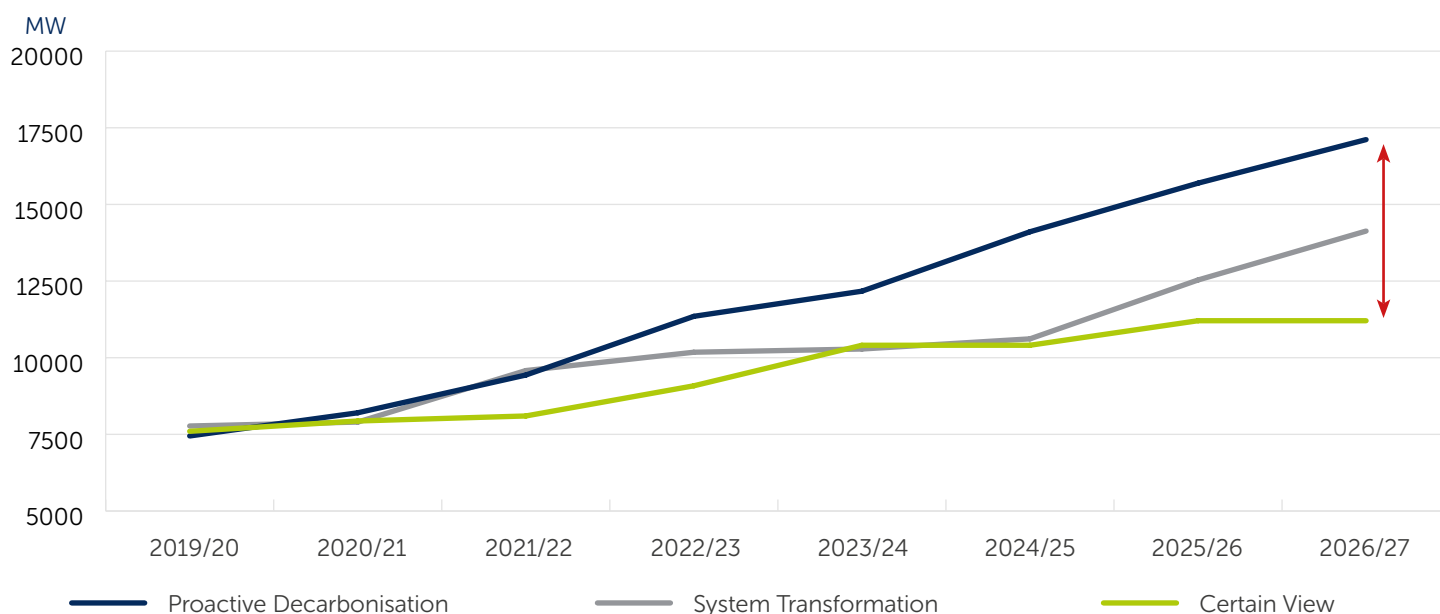


Demonstrate that the regulatory framework is aligned with achieving a net zero pathway

Our RIIO-T2 Business Plan clearly set out how we would deliver the investments required to put us on a pathway to net zero based on energy scenarios that align with climate science and government targets. The Draft Determinations do not include any explanation of how net zero will be delivered under Ofgem's methodology.

The System Operator's Future Energy Scenarios were updated in July 2020 to reflect the net zero greenhouse gases emissions targets legislated for by national governments. These scenarios show four-fold growth in connected renewable generation in the north of Scotland required in all net zero scenarios, reaching 40GW in 2050. Alongside this generation growth, electricity demand remains relatively low, increasing the export of electricity from the north of Scotland. Given the rich renewable energy resource in the north of Scotland, there is certainty that the capacity for renewable generation will increase during the 2020s. In our Business Plan, we submitted a Certain View of investment, which was a baseline allowance for projects that are already certain. Uncertainty mechanisms were proposed as how we will 'close the gap' between the Certain View and net zero pathways. Uncertainty mechanisms are a good way to protect consumers from the cost of investments when the need is not definite at the start of the price control period. However, the uncertainty mechanisms set out in the Draft Determinations do not result in timely and accurate regulatory decisions that align with net zero pathways and government energy strategy. If unresolved this will result in severe delays to projects critical to the delivery of net zero.

Figure 1 Connected generation (MW) in the north of Scotland in the Certain View, the lowest net zero pathway (System Transformation) and the highest net zero pathway (Proactive Decarbonisation), 2019-2026



To address this, we need Ofgem to do 3 things: model net zero, address the uncertainty mechanisms to align with net zero and allow full pre-construction expenditure.

UNCERTAINTY MECHANISMS that meet users' needs

Two straightforward amendments can be made in the Final Determinations that would more closely align the mechanisms with the achievement of net zero targets:

1. For the Volume Driver mechanism, which is used to fund local connection works, there are errors in Ofgem's modelling that create significant losses. These errors must be corrected, and the design of the below graph revised to ensure timely connections.
2. For the critical Medium Sized Investment Projects (MSIP) and Large Onshore Transmission Investments (LOTI) uncertainty mechanisms, timescales set out in the draft determinations are too late and too slow. Applications should be allowed at any time during the price control period and Ofgem should commit to reach a decision within six months of receipt of a full, evidence-based submission.

WE'VE HAD OUR
SCIENCE-BASED TARGET APPROVED



We are the world's first electricity networks company to receive external accreditation for our science-based target in line with a 1.5°C global warming pathway.

PRE-CONSTRUCTION that is fully funded

Transmission investments can take over a decade to plan and build. This means that during the RIIO-T2 period we need to be developing those projects we expect to construct during RIIO-T3. Good project management practice would expect investment of up to 10% of the total capital expenditure prior to construction. This percentage could be higher for complex, innovative developments. This early expenditure ensures timely, cost effective delivery. It also ensures that we are able to present a comprehensive case for both planning and regulatory approvals.

Draft Determinations disallow over 63% of our forecast pre-construction expenditure. This is wholly disproportionate for the scale of our future investment requirements to meet net zero pathways. Instead Ofgem proposes to undertake a review of pre-construction expenditure after the end of the RIIO-T2 period and make retrospective allowances. This is unnecessary given the need for investment is certain now.

We describe three straightforward amendments in the Final Determinations:

1. Full upfront funding of £153 million for the development of known investments as shown in the table below.
2. An annual window, after the publication of the Network Options Assessment report, to apply for funding for new investments (including material changes to existing projects).
3. A clear definition of pre-construction that encompasses all of the activities up to the start of construction (see bullets under 'Why is pre-construction important?').

Investment	(£m)
Eastern Peterhead to Drax HVDC link	21.6
Second Peterhead to England HVDC link	32.4
Skye Upgrade	17.7
Argyll 275kV Upgrade	22.7
ScotWind Caithness Reinforcement	30.1
Other, including NOA and RIIO-T3 planning	28.5
	153.0

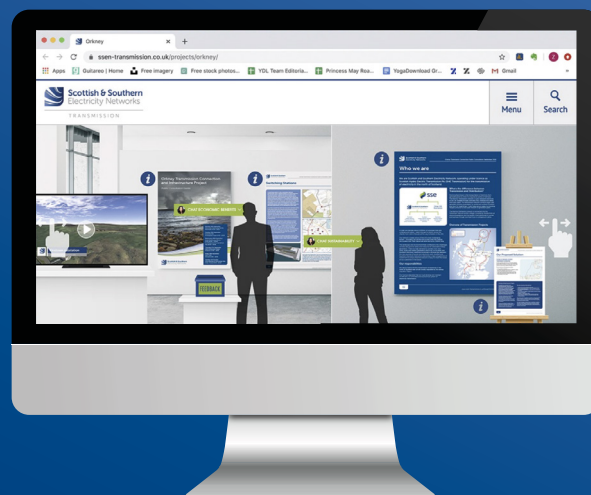
Why is pre-construction important?

Pre-construction is all of the work that we do to develop an investment before a spade goes in the ground. Project development can take many years and encompasses a huge range of activities, for example:

- Stakeholder engagement and consultation
- Detailed studies of the electricity system, electrical components and civil engineering
- Options assessment for site selection and routing
- Environmental Impact Assessment, including biodiversity, noise, visual impact, heritage and forestry
- Planning applications
- Competitive procurement processes

Comprehensive and thorough pre-construction ensures that we select the best investment option and deliver it in a way that minimises the impact on the environment and local communities.

It is also through good pre-construction that we can identify and understand project delivery risks – by taking action we can reduce risks that would otherwise increase costs during construction.



Final Determinations must model how net zero pathways will be delivered, include uncertainty mechanisms that will work in practice to ensure net zero pathways in the north of Scotland can be achieved and fully fund £153 million investment in pre-construction activities, allowing for additional expenditure as and when it is required to ensure net zero pathways



Attract the investment needed to deliver the net zero energy system

To secure investment for net zero, a balance of risk and return is required to deliver multi-billion pound infrastructure and attract necessary investment to the UK, supporting the green recovery

Our Network for Net Zero Business Plan presents the opportunity for at least £2.4bn of investment which will directly support the green economic recovery. This scale of investment would create around 250 direct jobs and 1,600 indirect jobs through our supply chain.

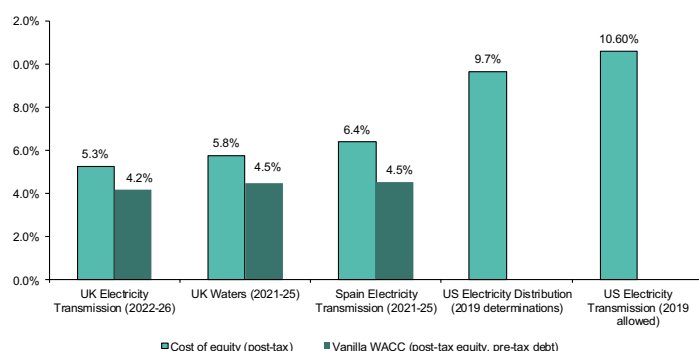
Delivering this magnitude of investment requires significant support and investment from funding providers including international equity and debt investors.

Unfortunately, Ofgem's Draft Determinations would increase risk and reduce returns to levels unprecedented in a regulatory settlement, not only for UK infrastructure investment but also compared to international peers – making UK Electricity Transmission an unattractive sector to invest in.

While companies and their investors recognise that returns should fall based on market evidence, and accordingly our Business Plan proposes a lower level of return than in RIIO-T1, the returns proposed by Ofgem are the lowest ever in a regulatory settlement. This level of return is lower than returns in electricity distribution and water and is not commensurate with raising the funding required to deliver a robust and secure energy system capable of supporting the significant level of new renewable energy required to deliver decarbonisation and set the UK on the path to net zero emissions.

When seeking finance for our projects and business operations, we are competing both with other sectors and internationally with other investment opportunities, and better returns are available elsewhere. The investment returns proposed in the Draft Determinations are one of the lowest of any other regulated sector in the UK and, on international comparison, is the lowest in energy networks in comparable economies including in Europe, Australia and America.

Figure 4 Comparable allowed returns



Source: Bernstein analysis An Open letter to the CEO of Ofgem: With great power comes great responsibility. Note: Assumes a uniform 2% inflation to convert nominal to real returns and vice-versa across countries. Vanilla WACC = Post-tax equity * (1 - gearing) + Pre-tax debt * gearing. All parameters except inflation from national regulatory documents

During our engagement on the Draft Determinations, investors and analysts have already indicated that with returns of 9 and 10 per cent available in the US and Italy, the level of return Ofgem is indicating will create reticence to invest in the UK.

Ofgem has also changed its methodology for setting the Cost of Capital and Returns moving away from a methodology solely based on market evidence. This is a material break from regulatory precedent, is inconsistent with finance theory and is at odds with industry best practice.

Another key question for Ofgem to consider is whether this cost of capital is commensurate with the risk in the rest of the package. As currently drafted, networks are expected to spend at risk (for example on pre-construction), with significant ongoing regulatory interventions (through uncertainty mechanisms), with asymmetry of the incentives (i.e. penalties that far outweigh incentives) and with significant upfront penalties (including the Business Plan Incentive penalty). This does not provide a lower level of risk to balance a lower level of return.

The risk and return levels proposed in Ofgem's Draft Determination are not commensurate with raising funding from international investors and will lead to detrimental impacts on electricity network investment. Taking a more pragmatic, economically reflective view which includes market based, but not punitive refinements to investors returns would be a more appropriate response.

Headline financial package

	RIIO-T1	SHE-T Business Plan	Owfat – PR19	Ofgem – RIIO-T2 DD
Cost of equity	8%	6.5%	4.09%	3.71%
Cost of debt	2.74%	1.9%	2.1%	1.47%
WACC	5.11%	3.74%	2.9%	2.47%

Final Determinations should achieve the balance of risk and return that is required to deliver multi-billion pound infrastructure and attract necessary investment to the UK, supporting the green recovery

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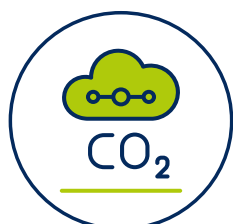
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Scottish & Southern
Electricity Networks

TRANSMISSION



SSEN Community



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