



T3 Load Reopener: Shetland On-Island Infrastructure

Eligibility Letter

Document Classification | **Highly Confidential - REDACTED**



TRANSMISSION

T3LR-EL-001	Shetland On-Island Infrastructure RIIO-T3 LR Eligibility Letter		Applies to
			Transmission
Revision: 1.0	Classification: Confidential	Issue Date: 04/2026	Project Number: [REDACTED]

Executive Summary

Following approval of the Need in Ofgem’s Final Determination, this Eligibility Letter under Special Licence Condition (SpC) 3.18 within our Transmission Licence, sets out our request for Ofgem approval for the preferred option for the Shetland On-Island Infrastructure [REDACTED], request for Track 2 pathway and to set a PCD covering Pre-Construction Funding. In support of the project, SSEN Transmission (SSENT) is requesting an additional PCF allowance of [REDACTED] under SpC 3.15. The estimated project cost is [REDACTED]

The Shetland On-Island Infrastructure [REDACTED] is the second of three stages, to expand [REDACTED]

[REDACTED]

To maintain programme, the project has been progressing with development of a 220kV solution, with preferred sites and routes identified and Pre-Construction Funding required to support further investigations (including Ground Investigations, Marine Surveys and Environmental Impact Assessments) to confirm these sites/routes and mitigate key risks in further work to refine designs for consent submissions.

Without approval of the preferred option, and the subsequent release of Pre-Construction Funding, we are unable to progress this project, potentially delaying a number of contracted generation and demand Customers who have offers pending in the Connections Reform Gate 2 to whole queue (G2tWQ) process and have been assessed as needed for the achievement of Clean Power Plan 2030 [REDACTED]

[REDACTED]

The project was captured in RIIO - T3 Business Plan and supporting documentation submissions to Ofgem and in the Final Determination Ofgem assessed the need was ‘justified’, however, the optioneering view was ‘partially justified,’ due to concerns regarding our voltage selection of 220 kV. We have continued to engage on this point ahead of this eligibility letter submission and our position remains that a bespoke 220 kV solution is required and is the value for money option because:

- **Future proofed** to future generation and demand requirements, with no evidence of need for a higher voltage. [REDACTED]
[REDACTED]
that is beyond the known project pipeline (i.e. not currently part of G2TWQ process), in line with the Shetland Local Area Plan developed by Shetland Island Council, as well as significant [REDACTED] All of which would be developed to [REDACTED]
[REDACTED]
- **Reduced consenting risk** – Shetland is unique from both an environmental and landscape perspective, with no existing lattice towers on island. The reduced footprint and land take of the

¹ 23/24 prices, Class 0 Estimate (-50%/+100%)

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220 kV towers manages the challenging environmental constraints on island, particularly minimising the disturbance of Class 1 peatland and international environmental designations which are extensive across the island. The reduced tower size (particularly height) also mitigates potential visual impact, a key sensitivity in feedback to date with stakeholders, with no existing steel lattice towers on the island currently. Managing both environmental and stakeholders' concerns as far as reasonably practicable, is critical to successful consent submissions and minimises the risk of lengthy consenting challenges which would delay Customer Connection dates.

- **Reduced Delivery and safety challenges** – The increased footprint and size of 400 kV towers is challenging to deliver on [REDACTED] due to the unique topography, geographic and environmental constraints, particularly the extensive coverage of Class 1 Peatland on an undulating landscape, creating significant slope stability and associated safety challenges.
- **Cost effective, value for consumer** – a higher voltage solution (such as 400 kV) would cost the consumer more. Our cost benefit analysis shows that there is no additional operational or economic benefit to either a higher voltage solution or additional circuits down the [REDACTED]. This is because, at the level of capacity provided by [REDACTED]

Our preferred project pathway is Track 2. Following completion of the Eligibility Letter Assessment, the project should progress directly to Project Assessment, without the need for further need and option assessment. While the project has costs [REDACTED], detailed justification and optioneering has previously been provided via the submission of a full Engineering Justification Paper as part of our RIIO-T3 Business Plan submission. The need is clear and we have addressed Ofgem concerns about our optioneering therefore there is no need for additional assessment through a Needs Case submission. Track 2 is also required to maintain programme, with the additional Track 3 requirement for a Needs Case submission delaying statutory Public Consultations, which would impact consent submission dates and ultimately project completion. As a result of this, an Independent Technical Assessor (ITA) is not required given the significant amount of Ofgem review on this project and introducing one now would delay the project and associated Customer Connection dates.

An Output Delivery Incentive (ODI) should not be set at this stage given challenges in providing a robust p50 date that can be used for incentive calibration, given the current stage of development, with preferred technology confirmed but further investigations ongoing to finalise site selection and alignment design. Ground conditions are a significant challenge across [REDACTED], with acceleration of ground investigations planned to mitigate risk and uncertainty. Attempting to set an ODI now would introduce risk for both SSENT and Consumers of an inappropriately calibrated ODI.

We ask that Ofgem:

- Confirm eligibility for the LR
- Confirm Track 2 pathway for regulatory funding, with progression straight to Project Assessment
- Amend SpC 3.15 Pre-Construction Funding in line with the Final Determination decision of 8.2% PCF

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- Confirm that an ITA and ODI will not apply

This submission is made in accordance with SpC 3.15 (“Pre-Construction Funding Re-opener and Price Control Deliverable”) and SpC 3.18 (“Load Reopener and Price Control Deliverable”) of SSENT’s Licence. The content within this submission is aligned to the requirements in Ofgem’s “Re-opener Guidance and Application Requirements Document Version 4” (dated 28th October 2025).

We are applying to Ofgem for a direction to amend the outputs and associated allowances in Appendix 2 of SpC 3.15 of our Licence. This is permissible in respect of new Load Re-opener Outputs. SSEN-T may apply to the Authority for a direction amending the outputs, delivery dates, or associated allowances by submitting an Eligibility Letter for the relevant Load Re-opener as set out in Part D of Special Condition 3.18 Load Re-opener and Price Control Deliverable (LRt).