# SSEN Transmission

## Annual report of the Managing Director of Transmission

**Covering the period from 1st April 2025 to 31st March 2026**

Document Classification | **Public**

Scottish & Southern Electricity Networks

TRANSMISSION

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# Introduction

This report and statement have been prepared by the Managing Director of SSEN Transmission for the directors of Scottish Hydro Electric Transmission plc (SHE Transmission), operating as SSEN Transmission, in accordance with the provisions of Special Licence Condition 9.16.9, Independence of and appointment of Managing Director of the Transmission Business, of SSEN Transmission's licence.

This report and statement have been prepared as soon as practicable after the end of the financial year 2025/26 and the subsequent attainment of scheduled assurance and governance.

## Report for the period 1 April 2025 to 31 March 2026

As the Managing Director of Transmission, I am responsible for the conduct of the SSEN Transmission business and our external transmission activities. In making this report for the period 1 April 2025 to 31 March 2026, I consider below those factors that are of material impact to the conduct of the Transmission business.

# People

The headcount across SSEN Transmission increased from 2,326 employees at 31 March 2025 to 2,843 employees at 31 March 2026, an increase of 517. This growth is predominantly due to the increasing workload and obligations associated with the development and delivery of our 'Network for Net Zero' RIIO-T2 Business Plan, as well as the Pathway to 2030 commitments including the Accelerated Strategic Transmission Investment (ASTI) and Clean Power 2030 projects. These commitments are driving a material increase in the workforce, in relation to both direct and indirect support.

Looking ahead to 31 March 2027, our internally approved budget increases this headcount further to around 3,600 employees. To ensure our workforce meets the capability and skills requirements of our business, and in line with our People Strategy, we have a dedicated Workforce Planning Manager. All staff employed by SSE are notified of SSEN Transmission's obligations under Special Licence Condition 9.14 of SSEN Transmission's licence, Restriction on the use of certain information.

# Expenditure

Our capital investment (including capitalised overheads and interest) was £2.3bn for the year ended 31 March 2026, with significantly greater investment expected of around £4.6bn for the year ending 31 March 2027. This capex increase is consistent with SSE plc's fully-funded Transformation for Growth investment plan, as communicated in November 2025. The increase is primarily driven by the scale-up of investment under uncertainty mechanisms, including ASTI and Large Onshore Transmission Investment (LOTI) programmes, alongside the continued delivery of strategic network reinforcements across the North of Scotland. At the same time, certain projects funded under the RIIO-T2 certain view continue to progress towards completion following the end of the price control period. In March 2026, SSEN Transmission confirmed its acceptance of Ofgem's Final Determination for RIIO-T3, which commenced on 1 April 2026, recognising the settlement as investable and deliverable overall.

Gross indirect overheads were £168m for the year ended 31 March 2026, with a forecast of around £230m for the year ending 31 March 2027. The increase reflects the growing scale and complexity of the Transmission business, including additional resources required to support the safe and secure operation of an expanding network, delivery of major investment programmes, and the enhancement of capabilities needed to enable emerging technologies and wider system transformation. Overall, the increase represents a strategic investment in operational resilience and delivery capability, aligned with the UK Government's decarbonisation ambitions.

Network operating costs were £23m for the year ended 31 March 2026, with a forecast of around £29m for the year ending 31 March 2027. The increase is primarily driven by network growth, compliance requirements and the expanding asset base. Higher maintenance activity, the implementation of sustainability initiatives, and additional support arrangements for new and existing network assets are also contributing to higher operating costs as the network continues to grow.

# Funding

SSEN Transmission is funded by revenue through the price control and where costs exceed our revenue position this difference is funded via debt.

SSEN Transmission had adequate funding arrangements in place for the regulatory year ending 31 March 2026 with a mixture of cash and bank balances, external loans, internal loan stock, bonds, and committed facilities, as well as day to day balances. The overall committed funding facilities available have increased by £1.2bn in the twelve months to 31 March 2026, with facilities totalling £5bn available at the period end.

Looking ahead to future years, we have a robust funding plan in place and more details can be obtained from our "Availability of Resources" report.

# Stakeholders

As a stakeholder-led business we continue to focus on meeting the needs of our customers and stakeholders through effective and meaningful engagement, and this will remain a priority over the coming year. We remain mindful of the current economic conditions, not least in terms of the cost-of-living pressures currently being experienced by consumers across the UK, and significant increases in cost and issues with availability of certain commodities. Ambitious UK and Scottish Government energy targets underline the importance of the Transmission network, particularly in the North of Scotland, in cost effectively transitioning the GB energy system to net zero and increasing energy security. Further details will be included within the SSEN Transmission Annual Performance Report which will be published at the end of September 2026.

# Conclusion

In conclusion, I can confirm that, in my opinion, adequate staff and resources were available during the 12-month period to 31 March 2026, and have been made available for the regulatory year commencing 1 April 2026, to ensure the efficient and effective management and operation of the Transmission Business in accordance with the licensee's duty under section 9(2)(a) of the Electricity Act and its licence.

**Rob McDonald**
**Managing Director of Transmission**
**July 2026**