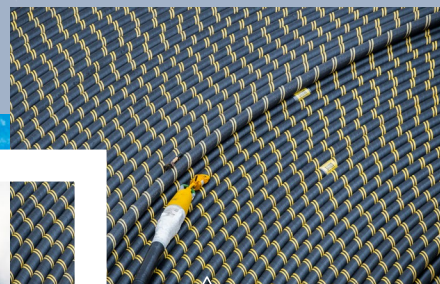


Annual Performance Report

2025/26



Overview



About us

We are SSEN Transmission, the trading name for Scottish Hydro Electric Transmission.

We are responsible for the maintenance and development of the high voltage electricity transmission network in the north of Scotland.

Our infrastructure consists of underground and subsea cables, overhead lines on wooden poles or steel towers, and electricity substations and converter stations, with our network extending over a quarter of the UK's land mass, crossing some of its most challenging terrain.

Our first priority is to provide a safe and reliable supply of electricity to our communities. We do this by taking electricity from generators and transporting it at high voltages over long distances through our transmission network for onwards distribution to homes and businesses in villages, towns and cities.

Our operating area is home to vast renewable energy resources which are being harnessed through wind, hydro, solar and marine generation. Working closely with the National Energy System Operator (NESO), we enable these electricity generators to connect to the transmission grid by providing their connections and allowing the electricity generated by them to be transported to areas of demand across the country.

As a natural monopoly, we are closely regulated by the GB energy regulator, Ofgem, which determines how much revenue we are allowed to earn for constructing, maintaining and renovating our north of Scotland transmission network. These costs are shared between all those using the transmission system, including generation developers and electricity consumers.



About this report

Our Annual Report provides a comprehensive update on our operational and financial performance, our investment in the network, delivery for customers and consumers, and our sustainability progress throughout the financial year 2025/26.

The report is compliant with our obligations under Standard Licence Condition B15 (Regulatory Instructions and Guidance).

The report has been prepared by the Managing Director for the directors of Scottish Hydro Electric Transmission plc (SSEN Transmission). SSEN Transmission encompasses the licenced entity Scottish Hydro Electric Transmission plc Registered in Scotland No. SC213461.

About our shareholders

SSE, the UK and Ireland's clean energy champion, holds a majority 75% stake in SSEN Transmission. SSE's purpose is to provide the energy needed today while building a better world of energy for tomorrow. SSE aims to be a leading energy company in a net zero world and their strategy for achieving this is to create value for shareholders and society in a sustainable way by developing, building, operating and investing in the electricity infrastructure and businesses needed for the energy transition.

Ontario Teachers' Pension Plan acquired a 25% minority stake in SSEN Transmission in 2022. The organisation is a leading global investor with net assets of \$303.2bn*, delivering retirement income to 346,000 active and retired teachers in Ontario, Canada. Ontario Teachers' is committed to helping reduce carbon emissions and achieve net zero by 2050, as part of its desire to shape a better future for the teachers it serves, the businesses it backs and the world we live in.

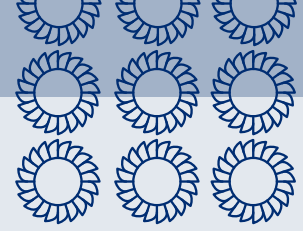
*Canadian dollars as of 30 June 2026.



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Foreword



2025/26 marked an important milestone for all of us here at SSEN Transmission as we brought to a close an exceptionally strong period of delivery throughout the RIIO-T2 price control period for our connecting customers, electricity consumers and wider stakeholders, alongside preparing to begin the next chapter of unprecedented investment and delivery during RIIO-T3.

The twelve months of 2025/26, and the four other years of RIIO-T2 which preceded, were filled with significant achievements, underpinned by strong, sector-leading operational performance, and continued progress in delivering the infrastructure needed to support a secure, affordable and clean electricity system for the UK.

Reflecting on the last five years, our business has evolved considerably. During RIIO-T2, we achieved our strongest ever safety performance while investing more than £6bn in the north of Scotland's transmission network, connecting substantially more renewable generation than originally anticipated, delivering every connection offer on time, and maintaining exceptional levels of network reliability. We also exceeded our target to deliver £100m of efficiency savings through innovation and continuous improvement, with our expected RIIO-T2 close-out position indicating more than £240m of efficiencies delivered for consumers.

These achievements create an incredibly strong foundation for success as we move into RIIO-T3 and the continued delivery of one of the largest infrastructure programmes currently underway anywhere in the UK. Our £29bn investment programme will transform the electricity network across the north of Scotland, increasing capacity, strengthening resilience and enabling the renewable electricity projects required to support national energy security and clean power ambitions.

During the year, we continued to make significant progress across this programme. Around three-quarters of the major consents required for our Pathway to 2030 portfolio have now been secured, construction activity continues to accelerate on key projects, including the Eastern Green Link 2 (EGL2) and the Orkney Link, and work commenced on strategically important developments such as the Netherton and Banniskirk Hubs. These milestones are a clear demonstration of our ongoing ability to move major projects through development into delivery at pace while maintaining our focus on safety, quality, sustainability and value for consumers.

Alongside network investment, we have remained committed to creating lasting legacy benefits for the communities we serve. Through our community benefit funding programmes, housing strategy, skills initiatives and supply chain partnerships, we are working to ensure the opportunities created by the energy transition are shared across the communities we serve in the north of Scotland. We have recently welcomed our 3,000th employee, continued progress towards our commitment to support the delivery of 1,000 homes and took our total amount of community benefit funding awards to local projects and initiatives to more than £5m to date.

As we look ahead, the importance of electricity transmission infrastructure has never been greater. As demand for electricity across GB and the world continues to grow, driven by electrification, economic development and the transition to a lower-carbon economy, our role is to ensure that the high voltage electricity network in the north of Scotland is ready to support those changes, by delivering the infrastructure required while continuing to provide the excellent service for consumers, customers and communities that we have built our reputation on.

I am extremely proud of what we have achieved together during RIIO-T2, and I'm particularly encouraged by the significant progress made over the last year. The foundations are now firmly in place for our next phase of investment, and I look forward to working with colleagues, communities, supply chain partners, customers and all our other stakeholders as we continue to deliver the network needed for the future.



Rob McDonald | Managing Director
SSEN Transmission



Delivering against our goals

As we conclude the RIIO-T2 price control period, we are proud to have successfully delivered all of the commitments we set out in our Business Plan while supporting unprecedented growth in the north of Scotland's electricity network. Over the course of the period, we invested more than £6bn in the transmission system, achieved our best-ever safety performance, reduced faults by 20% compared to RIIO-T1, and maintained network performance that ranks in the top quartile internationally.

Throughout RIIO-T2, we responded to changing customer and network requirements, adapting our plans where necessary to ensure we continued to deliver the most economic and efficient outcomes for consumers. Despite significant challenges, including planning constraints, supply chain pressures and the scale of network growth required to support the energy transition, we successfully delivered our customer and stakeholder commitments and created a strong platform for the next regulatory period.



01

Goal: Every connection delivered on time

How we've delivered

We successfully delivered our commitment to provide every connection on time, with no untimely connection offers throughout the RIIO-T2 period. We also connected significantly more generation than originally forecast, helping to accelerate the transition to a clean energy system.



02

Goal: Aim for 100% transmission network reliability for homes and businesses

How we've delivered

We maintained exceptional levels of network performance throughout RIIO-T2, delivering 99.999% network reliability. Continued investment in network resilience and asset performance helped ensure a secure and dependable electricity supply for homes and businesses across the north of Scotland.



03

Goal: Transport the renewable electricity that powers 10 million homes

How we've delivered

We exceeded our ambition to transport enough renewable electricity to power 10 million homes. By the end of RIIO-T2, our network was transporting renewable electricity capable of powering almost 11 million homes, reinforcing our critical role in enabling the UK's energy transition.



04

Goal: One-third reduction in our greenhouse gas emissions

How we've delivered

Despite substantial growth in our network during the RIIO-T2 period, we successfully delivered a 31% reduction in operational greenhouse gas emissions. This achievement reflects our long-term commitment to sustainability, innovation and reducing the environmental impact of our operations while supporting the transition to a net zero energy system.



05

Goal: £100 million in efficiency savings from innovation

How we've delivered

We significantly exceeded our efficiency target. Our expected RIIO-T2 close-out position indicates more than £240m of efficiency savings delivered, driven by innovation, continuous improvement and a relentless focus on delivering value for consumers while maintaining high standards of service and performance.

Key highlights

In another year of delivery as we closed out the RIIO-T2 price control period, we reached some significant milestones across our business on the journey towards delivering energy security and clean power across the country. Highlights include:

Achieving consent for key projects

Achieving planning consent is a critical milestone in delivering the infrastructure needed to support a secure, affordable and clean electricity system. During the year, we continued to make strong progress on achieving consent for our £29bn investment programme projects, with around 75% of the required major consents secured. This level of consent reflects years of planning and collaborative working with communities, regulators and decision-makers – taking us closer to delivering the network required to unlock Scotland's renewable potential.



Continuing to grow a diverse and inclusive workforce



We continued to make progress in building a more inclusive and diverse organisation, with targeted recruitment campaigns and sustained investment in early careers programmes helping our workforce grow from around 400 in 2019 to more than 3,000 colleagues for the first time. This growth reflects the scale of our investment programme across the north of Scotland and supports the delivery of the critical network infrastructure needed for the transition to a low-carbon economy.

Delivering on our RIIO-T2 price control goals

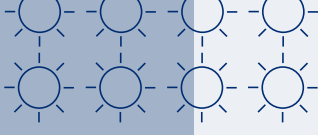
Despite significant challenges during RIIO-T2, we delivered major milestones including connecting Shetland to the GB grid, reducing network risk, enhancing digital capabilities, launching our £29bn investment programme, and beginning construction of flagship projects like the Eastern Green Link 2, the UK's largest transmission project to date. These investments are supporting jobs, economic growth across the north of Scotland and the transition to a cleaner, more electrified energy system.



Breaking ground on critical national infrastructure projects

In the last 12 months, we have moved key strategic investments from planning into delivery, with construction commencing on both the Netherton and Banniskirk Hubs. Ground was broken at Netherton on the largest project in SSEN Transmission's portfolio, marking a significant milestone in the delivery of the company's investment programme. Construction also began at Banniskirk in Caithness, where a new 400kV substation and HVDC converter station will form a central part of the Spittal to Peterhead subsea cable project. Together, these projects demonstrate the growing pace and scale of investment required to deliver the network needed for the energy transition.





Delivering community benefit funding across the north of Scotland

Throughout the year, we have continued to deliver meaningful benefits for communities across the north of Scotland through our Community Benefit Fund programme. The latest round of the Regional Community Benefit Fund awarded over £2m to projects focused on skills development, employability, fuel poverty, community facilities, digital inclusion and cultural heritage, bringing total funding distributed through our funds to more than £5m since they were launched in 2024.



Building homes and creating our legacy



Since launching our housing strategy in 2024, we have made significant progress towards our commitment to support the delivery of 1,000 new homes across the north of Scotland. Major agreements have been secured in Stornoway and Brechin to deliver around 140 homes, alongside further partnerships including a deal with the Springfield Group to support the construction of around 300 homes across the Highlands, Aberdeenshire and Moray, projects to bring long-term empty properties back into use in Wick, and investment to unlock future housing development in Inverness. Together, these initiatives demonstrate how we are working to create a lasting housing legacy alongside our investment in critical electricity infrastructure.

Continuing to perform on safety, operations and stakeholder engagement

Throughout the year, we maintained a strong focus on safe and reliable network operation while continuing to engage openly with customers, communities and stakeholders across the north of Scotland. On top of delivering an excellent year of safety performance, the business secured the full reward available through Ofgem's 'Energy Not Supplied' incentive for the third consecutive year, supporting the ambition of delivering zero interruptions to properties. Alongside this, we continued to carry out extensive stakeholder engagement, shaping projects through one of Scotland's largest-ever public consultation programmes, achieving another sector-leading score in AccountAbility's global stakeholder engagement rankings.



Keeping power flowing and delivering £296m of constraint savings during upgrade works

In 2025/26, our SO:TO schemes delivered around £296m of constraint savings by enabling more renewable electricity to reach homes and businesses. Innovative solutions at Fetteresso and Tealing kept key north-south transmission circuits in service during major upgrade works, avoiding lengthy outages and helping to minimise costs for consumers.



Safety, health & wellbeing



Over the last 12 months, we have made significant progress in strengthening our approach to safety, health and wellbeing (SHW) across Transmission.

We have continued to roll out our industry-leading Immersive Training and Mind Power Training programmes, launched our Operational Safety Manual (OSM), enhanced our assurance processes by launching a new digital tool to support site-led assurance activities, and successfully maintained and strengthened both our ISO 45001 and ISO 45003 approved management systems. All of this has contributed to a positive safety performance, and despite the significant increase in activity levels, with hours worked increasing by around 40%, there was no increase in the number of high-severity, high-potential or life changing injuries recorded. In addition, we have driven over one million more miles without recording a single RTC1, our most serious category of road traffic collision.

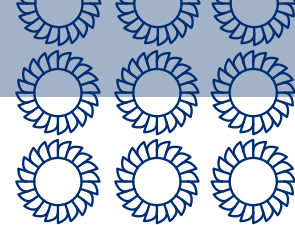
These performance headlines provide strong foundations as we move forward, and our business continues to grow. To help ensure our SHW Strategy develops in line with the business, we reviewed, updated and then re-energised our SHW strategy by welcoming more than 1,200 colleagues to face-to-face events to learn, listen and reflect on how we can continue to do safety differently.

The significance of 'doing safety differently' is particularly evident when considering the challenges associated with our ambitious programme of construction. The collaborative approach achieved through our Pathway to 2030 Safety, Health and Wellbeing Steering Group has been particularly encouraging. This group supported innovative trials of a new health and wellbeing assessment framework, enhanced 4D modelling and implemented improved standardised competence requirements for site-based supervisors. This progress demonstrates our ongoing commitment to supporting our communities and raising standards as our delivery activity continues to increase.

These recent developments continue the positive progress achieved through the RIIO-T2 period, a period that saw SSEN Transmission achieve our strongest safety performance on record.

Looking ahead, our annual Safety, Health and Wellbeing Improvement Plan will provide a clear direction for the next stage of our journey. We will build on the learning and progress achieved over the last year, and throughout the RIIO-T2 period. By continuing to work together across SSEN Transmission and our contract partner community, we will continue to strengthen our standards, improve culture, improve our SHW performance and move closer to our shared vision of a healthy, happy and safe workplace for everyone.

Operational Performance



SSEN Transmission continues to deliver sector-leading operational performance through the safe and reliable transmission of electricity, recognising the increasingly important contribution its network makes to national security of supply.

In 2025/26, we achieved 100% of the available reward through the 'Energy Not Supplied' (ENS) incentive, the third year the business has achieved this throughout the RIIO-T2 price control period, underpinning our goal of delivering zero interruptions to homes and businesses. This level of performance is made possible by a robust and ongoing programme of inspection, maintenance, refurbishment, and replacement of our assets, keeping the lights on for communities across the north of Scotland and ensuring reliable network access for electricity generators to support security of supply in Great Britain.

Behind this strong operational performance is a growing team of highly skilled people embedded within the communities we serve. During the RIIO-T2 price control period, our operational workforce increased from around 140 colleagues to more than 350, creating hundreds of sustainable, long-term jobs across the north of Scotland. This growth has also supported several hundred additional roles throughout our operational supply chain, from specialist engineering and construction services to local businesses providing vegetation management, joinery, pest control, access services and other essential support. Together, this skilled workforce plays a critical role in maintaining and operating the transmission network safely and reliably, while delivering lasting economic benefits for communities across our operating area.

Through strategic foresight, collaboration, and a commitment to operational excellence, we continue to drive regional development and continuous improvement to ensure a secure and reliable transmission network across the North of Scotland.

We once again delivered a sector-leading performance on SF₆ leakage. Despite the increased volume of SF₆ on our network, we continued to decrease emissions against our baseline, thanks to the hard work of our teams proactively addressing leaks across our network. We continue to make good progress at the new Kintore 400kV substation, which upon completion, will be one of the world's first SF₆-free 400kV substations.

We also made significant strides in enhancing the resilience of our overhead line network, which spans over 5,000km across some of the UK's most challenging terrains. By the end of the RIIO-T2 price control period, the proportion of our overhead lines that are completely clear from the threat of falling trees had grown from 27% to 94%. This enhanced resilience helps safeguard our network from storm-related damage which is particularly important for our customers and communities as the impacts of climate change continue to see an increase in extreme weather events across the north of Scotland.

Asset interventions 2025/26

400kV (Load)

2 Circuit Breakers

275kV

Non-load

1 Transformer
1 Reactor

Load

3 Circuit Breakers
1 Transformer

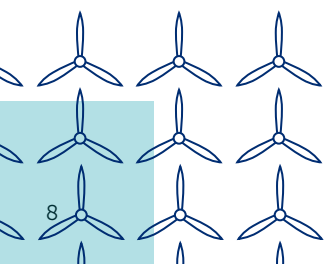
132kV

Non-load

67.1km OHL
Conductors
465 OHL Fittings
4 Towers
323 Poles

Load

21.4km OHL conductors
281 OHL Fittings
3 Towers
275 Poles
20.5km Underground
Cable
2 Circuit Breakers
2 Transformers



Delivering our investment programme



Investing in our network

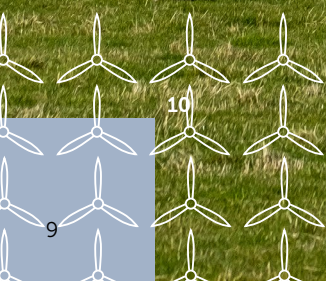
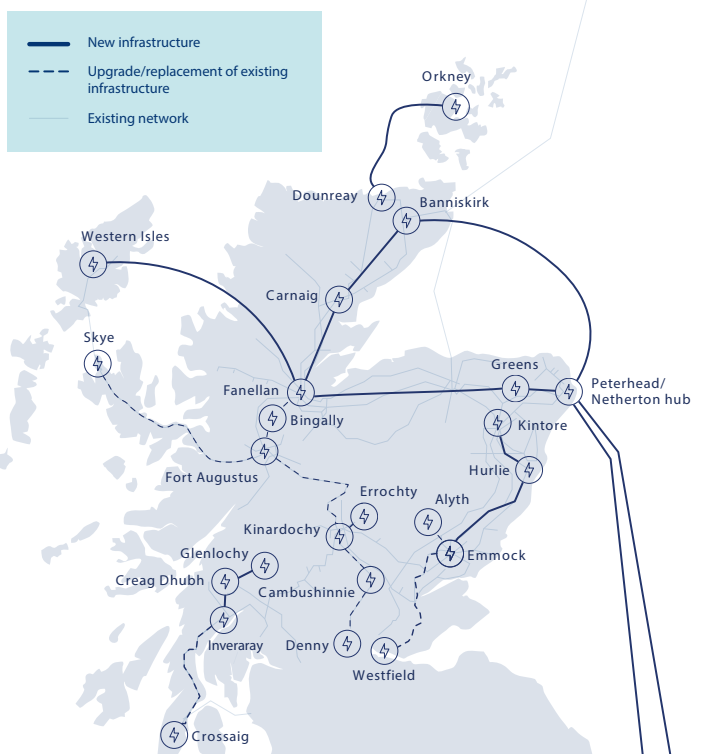
Our £29bn infrastructure investment programme includes 11 major projects, six onshore and five offshore, with the regulatory approvals for all investments already secured through Ofgem's Large Onshore Transmission Investment (LOTI) Uncertainty Mechanism and Accelerated Strategic Transmission Investment (ASTI) framework.

In the past year, work to secure consent for the substations, overhead lines and subsea cables that will make up the investment programme has continued. Together, these projects will play a critical role in enhancing the capacity and resilience of the electricity transmission network in the north of Scotland. The programme of work underpins the UK's strategic ambitions for a low-carbon future, enabling the delivery of clean, renewable electricity while supporting the national need to deliver on energy security and clean power targets.

Through this investment, we are delivering the infrastructure required to meet growing demand, integrate new renewable generation, and reinforce system stability across the north of Scotland and beyond.

As of 31 March 2026, the network's total installed renewable capacity had reached 10.8GW, marking an increase in its ability to accommodate and transmit low-carbon electricity. This included capacity provided by flexible technologies such as pumped hydro storage and battery storage, which are vital for balancing the grid and ensuring reliable supply in response to variable generation from wind and solar assets.

The Pathway to 2030 map





Delivering on key consents

Our portfolio of eleven major projects, comprising six onshore developments and five offshore schemes, continues to make strong progress as we advance the infrastructure needed to deliver a cleaner, more secure energy system for the north of Scotland and the wider GB network.

The business remains committed to working closely with the communities, landowners and stakeholders who will host and interact with our proposed projects. This commitment has been demonstrated through one of the most extensive public consultation programmes ever undertaken in Scotland. Feedback received through this engagement has directly influenced project design, resulting in changes to routes, the relocation of substations and a range of additional measures to reduce impacts where possible.

Alongside this, we are developing a community benefit programme expected to deliver in excess of £100m to communities located near our infrastructure, while also progressing our commitment to support the delivery of 1,000 much-needed homes across the north of Scotland.

With all regulatory approvals of need now secured and the supply chain arrangements required to deliver our investment programme firmly in place, obtaining the remaining planning and environmental consents remains a key focus. These consents are critical to enabling construction and ensuring projects can be delivered in line with the timescales needed to support Scotland and the UK's energy ambitions.

During the year, we secured a further 10 major consents, including approvals for six substation sites, two overhead line developments and two marine licences. This brings the total number of major consents secured to 26 out of the 34 required across our programme, representing significant progress in turning plans into deliverable projects.

We expect decisions on all remaining major consents within the next 12 months. This includes four substation applications that have been appealed to the Scottish Government following refusal by local planning authorities. In each case, the decisions were contrary to the recommendations of the authorities' own professional planning officers. The appeal process provides an opportunity for the proposals to be considered against national energy policy objectives and the substantial body of evidence supporting the need for these developments.

Collectively, the progress made over the past year means that 26 of 34 major consents required for our programme are now in place, providing greater certainty for communities, supply chain partners and investors, and bringing us closer to delivering the transmission network needed to unlock Scotland's renewable energy potential.





Delivering on construction

Timely delivery of all 11 major projects remains a key priority as we continue to invest at pace and scale in the network needed to support the UK's energy transition. This includes the projects identified through the Accelerated Strategic Transmission Investment (ASTI) programme, beginning with EGL2, which is on track to be energised in 2029.

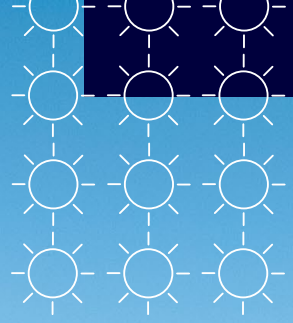
Significant construction progress has been made across our portfolio during the year. In Argyll, the first steel lattice towers have been erected on the 9km Creag Dhubh to Inveraray overhead line, providing a visible milestone for the project. Alongside this, all major earthworks and the main substation buildings at Creag Dhubh have been completed, enabling the transition into the next phase of electrical installation works.

Strong progress has also been made on the Orkney Link project, which will strengthen connections between Orkney and the mainland transmission network. Major earthworks and structural steelworks have now been completed at both the Dounreay and Finstown converter station sites, maintaining momentum as the project moves towards its next construction milestones.

Elsewhere, early construction activity has continued on the Skye Reinforcement project, with enabling works progressing across the route. These initial works are laying the foundations for the significant infrastructure upgrades required to increase network capacity in the region and support future renewable generation.

Following the granting of its marine licence in November 2025, the Spittal to Peterhead HVDC link formally entered construction, becoming the fifth major project in our portfolio to move into the build phase. The project will play an important role in increasing transmission capacity between the north of Scotland and key centres of demand, helping to unlock renewable energy generation and support wider energy security objectives.

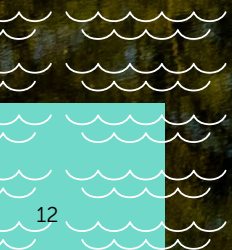




EGL2, the first of our subsea electricity links that will be delivered through a joint venture with National Grid Electricity Transmission, reached two years of construction in September 2026. Since work began, substantial progress has been made at both the Peterhead and Wren Hall converter station sites, as delivery teams continue to advance one of the most significant transmission infrastructure projects currently under construction in Great Britain. Alongside progress at the converter stations, preparatory works for the onshore and offshore cable installation programmes have also advanced, including trenching activities on land and detailed marine surveys along the subsea cable route ahead of installation works.

Looking ahead, the Eastern Green Link 3 (EGL3) project continues to build momentum. During the year, major contracts were awarded to key supply chain partners, including Hitachi Energy for the HVDC converter stations and NKT for the manufacture and installation of the approximately 690km subsea cable. These agreements represent significant milestones for the project and provide confidence in its ability to progress towards construction and delivery in the years ahead.

Overall, progress across our construction portfolio demonstrates our ability to move complex infrastructure projects from development into delivery at place, while maintaining focus on safety, schedule and the long-term objective of building the network required for a secure, clean and affordable energy future.



Delivering outputs for consumers, customers and society through the RIIO-T2 price control

The five-year RIIO-T2 regulatory price control period ran from 1 April 2021 to 31 March 2026. In that time, despite navigating a period of global disruption, inflationary pressure and unprecedented change for the industry, SSEN Transmission delivered significant value for electricity consumers, transmission customers, stakeholders and society as a whole.

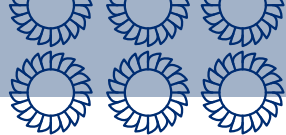
Key highlights from RIIO-T2

- We connected Shetland to the GB electricity transmission grid for the first time after successfully energising the Shetland HVDC subsea cable project in 2024.
- Network risk across the region was reduced through our asset replacement programme, which saw a number of assets that had reached the end of their operational lives replaced or upgraded.
- Significant improvement was made to the business's digital capability through the roll-out of new warehousing, asset monitoring and other digital assets.
- We launched our ambitious £29bn 'Pathway to 2030' electricity transmission infrastructure investment programme, made up of 11 significant new-build and transmission upgrade projects and started construction on the UK's biggest ever grid project, EGL2.
- We developed and launched our RIIO-T3 business plan in preparation for the next price control period, with early works designed to support the delivery of the Government's 'Clean Power 2030' ambitions.

All of this activity creates and supports jobs; stimulates economic growth across the North of Scotland and the rest of the UK; and supports the delivery of a transition to a clean, secure and more affordable electricity system, as demand continues to grow in an increasingly electrified economy.

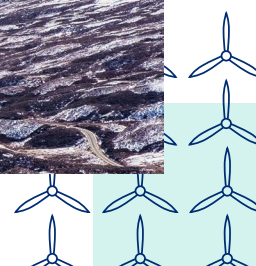
Where we ended RIIO-T1	Change	Where we ended RIIO-T2
6.75GW of renewable generation connected to the north of Scotland electricity transmission network	+60%	10.8GW of renewable generation connected - Compared to a target of 10GW
£2.97bn of transmission assets	+123%	£6.63bn of transmission assets
99.999% transmission system reliability	Maintained	99.999% transmission system reliability
Strong safety culture	Maintained	No increase in High-Severity Incidents and 50% fewer High-Potential Events
Business Carbon Footprint of 9,742 tCO₂e¹	-31%	Business Carbon Footprint of 6,732 tCO₂e delivered against the backdrop of a growing network
Whilst creating a strong foundation to deliver our ambitious T3, ASTI and CP30 plans		
Headcount of 719	+295%	Headcount of 2,843

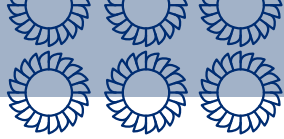
¹ This figure is the 18/19 figure which is the baseline for the RIIO-T2 target



As we enter the RIIO-T3 price control period, our commitment to delivering for customers, communities and the wider stakeholders we serve continues. We are growing our network in the north of Scotland to pave the way for a cleaner and lower cost electricity future. Alongside delivery of investment outputs, SSEN Transmission has continued to perform strongly against Ofgem's incentive framework, earning rewards across several measures including Energy Not Supplied, Insulation and Interruption Gas emissions, Quality of Connections and SO:TO Optimisation. This reflects the continued focus of the business on reliability, customer service and efficient network operation throughout RIIO-T2. A summary of our ODI performance over 2025/26 is set out in the table below:

Output Delivery Incentive	Purpose	Our performance (2025/26)	What this means
Energy Not Supplied	To minimise the loss of supply to customers	We had no incentivised loss of supply events against a target of 102MWh and no exceptional events	£1.03m reward for performing better than the target
Insulation and Interruption Gas (IIG) Emissions	To incentivise reduced leakage of SF ₆ and other IIGs from assets on the transmission network	We had a leakage rate of 0.10% which is less than half of our IIG incentive target (0.39%)	£0.85m reward for performing better than the target
Timely connections	To encourage the efficient timely delivery of connection offers to applicants (via the NESO)	We issued 100% of offers on time	No penalty
Quality of Connections	To incentivise improvements in the quality of service delivered to connections customers	We significantly exceeded the baseline target (7.7), with an overall Quality of Connections score of 8.8	£2.72m reward
SO:TO Optimisation	To encourage solutions to the NESO to help reduce constraint costs	We had three schemes in place during 2025/26 which delivered constraint savings of c. £296m	£32.81m (this is a proportion of the savings delivered to consumers)
Consumer Value Propositions			
Science Based Target	To support the reduction of its emissions in order to achieve a 1.5-degree Science Based Target (SBT)	We have delivered a 31% reduction, compared to a 33% target against a backdrop of network growth	n/a
Biodiversity (No Net Loss/ Net Gain)	To support the improvement of the biodiversity and natural capital of land impacted by construction projects	We exceeded the target (110%) delivering 119%	n/a





Price control deliverables (PCDs)

We are delivering and adapting our PCD commitments efficiently, ensuring consumers get value by completing projects on time, expanding scope where needed, aligning works to reduce costs, and handing back unused allowances when requirements change.

Of the 36 RIIO-T2 PCDs:

- 24 were delivered during RIIO-T2. This includes key projects such as the NE 400kV upgrade, warehousing and the Moray West Wind farm connection
- Four evolved materially as requirements changed. We are also adapting to changing needs in the industry, with the scope of four of our RIIO-T2 price control deliverables materially changing, including the East Coast 400kV project, which has been adapted and expanded to incorporate the second transitional Centralised Strategic Network Plan (tCSNP2) requirements.
- Eight continue delivery into RIIO-T3. Where appropriate, and in order to reduce outages and site set-up costs, some of our final outputs will be delivered during the new price control period. This includes PCDs where our resilience and operability works overlap with wider network investment and upgrade works at the same sites.

Where outputs have changed, this reflects changing network requirements, improved investment solutions or alignment with wider strategic developments. Where outputs continue into RIIO-T3, work is already progressing and final delivery is expected under the successor price control.

Consumers remain protected through the RIIO-T2 close-out process, which adjusts allowances where outputs are not delivered as originally defined.

Network access risk metric (NARM)

By the end of RIIO-T2, we expect to have delivered the substantial majority of our planned network risk reduction benefits through targeted investment in the replacement and refurbishment of ageing transmission assets across the north of Scotland.

Throughout the RIIO-T2 period, we have continued to balance long-term asset health and network resilience objectives with changing customer requirements, evolving system needs and wider industry developments. In several cases, the most efficient way to deliver risk reduction benefits has been through integration with wider reinforcement, customer connection and strategic network investment programmes.

Delivering risk reduction benefits

Our asset replacement and refurbishment programme has reduced the risk of asset failure, supported network resilience and helped maintain the high levels of reliability expected by customers and stakeholders. By the close of RIIO-T2, we expect to have delivered the vast majority of the risk reduction benefits funded through the price control.

Continuing delivery into RIIO-T3

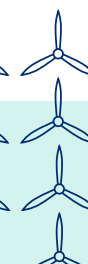
For a small number of projects, delivery will continue into RIIO-T3. These projects are generally large and complex infrastructure investments where evolving requirements, optimised delivery solutions or integration with wider network investment programmes have resulted in delivery extending beyond the RIIO-T2 period.

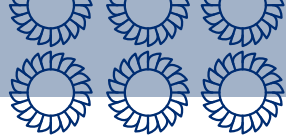
In many cases, significant risk reduction benefits have already been achieved through assets energised and works completed during RIIO-T2, with the remaining benefits expected to be delivered as projects are finalised in RIIO-T3.

Adapting to a changing environment

The delivery of our asset investment programme took place during a period of considerable external challenge, including the lasting impacts of the Covid-19 pandemic, global supply chain disruption, inflationary pressures, planning and consenting timescales, and the changing requirements of a rapidly evolving energy system.

Despite these challenges, we have continued to prioritise efficient delivery and consumer value, adapting investment programmes where necessary to ensure that network risk reduction objectives are achieved in the most appropriate and cost-effective way. Where outputs are delivered differently from those envisaged at the start of RIIO-T2, the associated allowances will be assessed through the RIIO-T2 close-out process, ensuring consumers continue to receive appropriate value for money.





A summary of our five-year total expenditure performance: pre-close-out adjustments

Category	5-year cost (£m)	5-year allowance (£m)	Delta
Load	1932.8	2,257.3	324.5
Non-load	446.5	845.9	399.4
Non-op capital expenditure	87.7	110.3	22.6
NOCs	116.8	132.8	16.0
CAI	620	388.7	-231.3
BSC	245.9	105.5	-140.4
Other	46.2	68.7	22.5
Total Costs within price control	3,493.3	3,907.3	414.0
Non-Activity based costs	243.0	289.0	46.0

Ofgem will now assess our performance and close out the RIIO-T2 price control

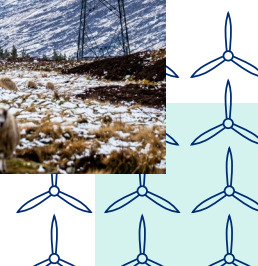
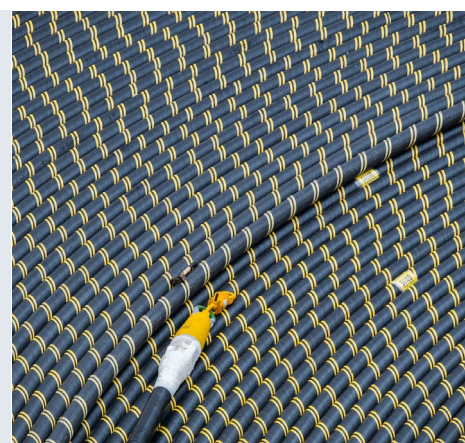
Following submission of this report, which covers the final year of the RIIO-T2 price control period, Ofgem will undertake its assessment of our performance and determine the appropriate close-out adjustments in accordance with the RIIO-T2 regulatory framework.

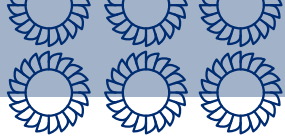
This assessment will consider our performance against Price Control Deliverables (PCDs), the Network Asset Risk Metric (NARM), Output Delivery Incentives (ODIs) and other uncertainty mechanisms and regulatory provisions contained within our transmission licence. Through this process, Ofgem will establish the final funding and output position for RIIO-T2 and determine any adjustments required to reflect actual performance delivered during the period.

Throughout RIIO-T2, we have continued to deliver significant investment across the north of Scotland network, supporting reliability, facilitating renewable generation connections and enabling the transition to a cleaner energy system. We have delivered the substantial majority of our regulatory outputs, adapted investment programmes where network requirements evolved, and continued to provide value for consumers despite a period characterised by global supply chain disruption, inflationary pressures, changing customer requirements and wider geopolitical challenges.

A key area of the close-out assessment will be the treatment of efficient early-stage expenditure incurred in support of our Pathway to 2030 programme. This investment enabled the development and progression of critical network reinforcements required to support Clean Power ambitions and wider economic growth across the north of Scotland. The expenditure has been incurred efficiently and has supported the timely progression of strategic infrastructure projects that will deliver long-term benefits for consumers, communities and the wider economy.

We will continue to engage constructively with Ofgem throughout the close-out process and provide the information required to support a robust and evidence-based assessment of our performance.



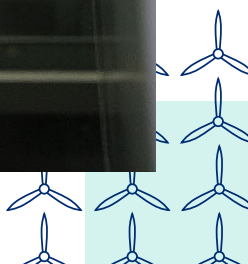


Key RIIO-T2 close-out principles

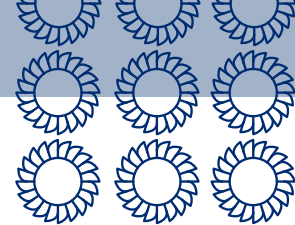
As part of the RIIO-T2 close-out process, we believe the assessment of performance should be guided by the following principles:

- Consumers should pay only for outputs delivered, ensuring value for money remains at the centre of the framework.
- Funding associated with deferred, changed or undelivered outputs should be adjusted appropriately, maintaining accountability and consumer protection.
- Efficient expenditure incurred in delivering strategic network investment should be recoverable, particularly where expenditure has supported the delivery of long-term consumer benefits.
- Performance assessment should reflect the outcomes achieved for consumers, including network reliability, risk reduction, renewable generation connections and wider system benefits.
- Delivery timing should be considered in the context of changing network requirements and external factors, recognising the significant challenges experienced during RIIO-T2 and the need to optimise delivery alongside wider investment programmes where this provides better overall value.

The RIIO-T2 close-out process provides an opportunity to assess not only whether outputs were delivered as originally envisaged, but also whether consumers have received the intended benefits of the investments funded through the price control. We believe our performance demonstrates substantial delivery of those benefits while establishing a strong foundation for the continued delivery of strategic network investment during RIIO-T3.



Sustainability



Our [Sustainability Strategy](#) and [Action Plan](#) detail our sustainability ambitions up to and including 2030. These ambitions cover six focus areas: climate, nature, communities, procurement, people, and performance. We are very proud of the work we have done in the 2025/26 financial year to start delivering against our RIIO-T3 ambitions, while closing out delivery on our RIIO-T2 commitments.

Sustainability highlights in 2025/26



Climate

Powering 12.7 million homes

At the end of 2025/26 our transmission, distribution and storage connections transmitted enough renewable energy to power 12.7 million homes, again surpassing our RIIO-T2 commitment of achieving enough renewable energy through our network to power 10 million homes.

Insulation and Interruption Gases (IIG) emissions reduction

SSEN Transmission is industry-leading in our IIG emissions reduction efforts, achieving a leakage rate of 0.10%, well below our 0.15% target and significantly below our RIIO-T2 incentive of 0.38%. Despite the volume of gas on the network doubling over RIIO-T2, leak-related emissions fell by 9% against the base year.

Decreasing emissions

This year we reduced our Scope 1 and 2 emissions by 31% against our base year emissions (2018/19). While this falls just short of our 33% reduction target, the reduction represents significant progress during a period of unprecedented growth.

Reducing transmission losses

SSEN Transmission achieved a record low transmission loss carbon intensity, 71.8% below the 2018/19 baseline. This impressive reduction supports our overall emissions reduction targets.



Nature

Biodiversity Net Gain

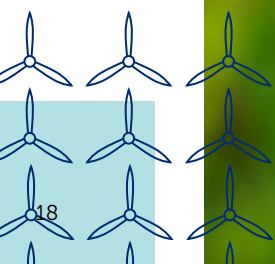
SSEN Transmission has exceeded our goal of 10% Biodiversity Net Gain, delivering an overall net gain of more than 19%. This includes on- and off-site biodiversity enhancement design. By doing so, we ensure that we leave a positive legacy for biodiversity in our areas of operation.

Enhancing Local Environments

Along with supply chain partners, we planted almost 43 hectares of native woodland and removed more than six tonnes of litter through beach cleans and local environmental action, supporting the environments we operate in.

Ongoing Partnerships

We continued work with the Scottish Association for Marine Science, Scotland: The Big Picture and RSPB Scotland and agreed a Memorandum of Understanding with Highland Council to support earlier delivery of offsite biodiversity enhancement.





Communities

Community Benefit Funds

This year, we awarded nearly £3 million to 30 projects through Regional and Local Community Benefit Funds, supporting priorities including fuel poverty, youth opportunity, education, wellbeing and community facilities.

Housing

We now have more than 600 homes in contract against our commitment to support development of 1,000 homes across our licence area through the Pathway to 2030 Housing Strategy.

Top-rated stakeholder engagement

We delivered more than 110 stakeholder events and meetings and achieved our highest ever AccountAbility rating: 97% against the AA1000 Stakeholder Engagement Standard, keeping us in the Advanced category for the fifth consecutive year.



Procurement

Supplier SBTs

We surpassed our target of two-thirds of our suppliers setting science-based targets (SBTs). 82% of our suppliers now have SBTs, supporting our long-term Scope 3 emissions reduction targets.

Contractor Sustainability Requirements

We embedded clearer sustainability requirements in contracts, improving contractor reporting on carbon, waste and social value and strengthening alignment with our Sustainability Strategy and RIIO-T3 Business Plan.

Waste

Operational waste performance remained strong, with over 99% diverted from landfill and 91.25% recycled. Project waste to landfill was 1.16%, meaning we did not meet the RIIO-T2 zero-waste-to-landfill goal. We will continue supplier improvement work in 2026/27.



People

Early Careers

We welcomed 135 Early careers professionals and delivered 136 STEM events, supporting the future workforce needed for long-term network investment.

Inclusion & Diversity

We improved inclusion, engagement and support for colleagues, with progress on female representation, a reduced gender pay gap, increased engagement and delivery of all RIIO-T2 People Sustainability targets.

Volunteering

Volunteering days increased by more than 70% in one year from 140 to 240, supporting more than 80 organisations in our operating area and near our offices.



Performance

Sustainability Data

We completed phase one of the Sustainability Data Architecture project and developed an interim supplier data capture tool to improve reporting on large capital projects.

Large Capital Project Sustainability

We helped shape refreshed SSE-wide minimum sustainability requirements for large capital projects and continued development of a digital tool to assess sustainability impacts, risks and opportunities across the project portfolio.

Innovative Solutions

We progressed innovation projects on decarbonisation, resilience and environmental performance, including SF₆ alternatives, non-intrusive foundation testing and planetary boundaries.

Further information on our approach to sustainability and performance in 2025/26 – including detail on climate, nature, communities, procurement and our people – can be found in our 2025/26 Annual Sustainability Report, available on ssen-transmission.co.uk.

Innovation

Our Innovation Strategy provides a framework for identifying and delivering innovations that support the transition to a safe, secure and affordable electricity system. It is guided by four innovation outcomes: Safer, Smarter, Greener and Faster. Which define the value innovation should deliver.

To achieve these outcomes, our Innovation Discovery Groups help identify, shape and assess opportunities against our three strategic priority areas aligned to our RIIO-T3 commitments. This ensures innovation investment is targeted where it can have the greatest impact, delivering a more efficient and resilient electricity network that provides value for consumers and society.

Priority 1

Maximising network capacity to enable faster, lower cost connections

We will deepen our focus on developing new and emerging power flow technologies, supported by advanced analytics, AI planning tools, and smarter design methods, to unlock more capacity on our network, enabling faster, lower-cost connections.

Priority 2

System stability and security

We will focus innovation on investigating and tackling system stability challenges - voltage, inertia, and restoration - that will intensify as the network expands to integrate more non-synchronous renewable generation. At the same time, we will strengthen cyber resilience as greater digitalisation increases exposure to security threats, ensuring the system remains stable and secure.

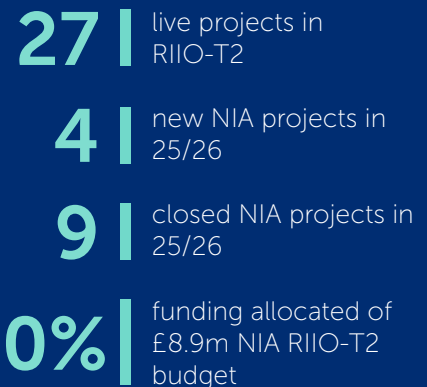
Priority 3

Infrastructure delivery and commissioning

We will focus innovation on the methods, tools, and processes that de-risk the unprecedented build-out of transmission infrastructure. This means developing new approaches for testing, commissioning, and system integration, avoiding delays, accelerating connections, and ensuring the network performs reliably at this scale.

Dashboard

Network Innovation Allowance:



For every £1 of project spend:

- Generates **£4.50** cost benefits by FY 30/31
- Generates **£32** in cost benefits over a 45-year asset lifetime

Funding allocation by Transmission Innovation Strategy theme:



Faster - £3.6m



Smarter - £3.1m



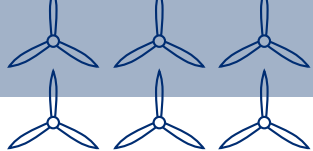
Greener - £1.7m



Safer - £0.5m

Strategic Innovation Fund:





Delivering innovation with a lasting impact

Maximising network capacity

We are deploying a suite of grid-enhancing technologies that could enable faster, lower-cost connections by making better use of the existing network. The REVISE project is transforming how overhead line ratings are calculated through better use of regional weather data and testing. Early findings suggest the potential to unlock 2–5% of additional capacity from a regionalised methodology.

Turning weather data into smarter network decisions

Weather plays a critical role in how we design our assets, how the network performs, and how we undertake operational planning. The Ice Mapping project has developed a more sophisticated, layered ice model using data that more accurately reflects local conditions. It has enabled more accurate design assumptions, reduced over-engineering and provided significant cost savings – with an estimated £30 million saving on the Kintore to Dyce overhead line upgrade project, and more than £125 million in forecast savings across our wider portfolio.

Enabling smarter maintenance through robotics and AI

We are transforming how we inspect and maintain critical assets through the deployment of robotics and advanced analytics. Our autonomous robot, named “Haggis” by pupils from a local primary school, inspects equipment inside live HVDC halls and identifies any potential emerging issues. Using this data, we are applying AI-driven analytics to develop targeted condition-based maintenance tools, designed to minimise outages, extend asset life and improve overall network resilience.

Improving system modelling and planning

As the electricity system evolves, it is becoming increasingly complex with new technologies, changing generation patterns and greater system integrations. Through projects such as TOTEM, we are developing advanced modelling capabilities for GB-wide system events, helping to build a picture of how the future network will operate, all while maintaining stability and resilience.

Leading on future HVDC networks

We are demonstrating global leadership in the development of future HVDC networks, which will play a critical role in integrating offshore renewable energy. In a world-first, our Aquila Lite project demonstrated multi-vendor HVDC interoperability, enabling systems from different manufacturers to operate seamlessly together. This aims to remove the need for costly AC/DC conversion, and reduce reliance on single suppliers, strengthening supply chain resilience.

Accelerating delivery through smarter outage planning

With a significant increase in network activity, we are developing tools that enhance planning efficiency and decision-making. The Year Ahead Outage Optimiser uses advanced decision supporting algorithms to improve outage planning. Trials over a 12-month planning period saw the tool deliver a 34.8% reduction in outages and cut total outage days by 7.4%. By identifying clashes and risks early, it enables faster, better-informed decisions and will support the complex planning required for a renewable energy system.

More information on our innovation projects and progress during 2025/26 can be found in our [Innovation Annual Summary Report](#).

Delivering value for customers and consumers



Impactful customer engagement

In 2025/26, we issued over 90 connections offers, with 100% of these on time, as we continued to meet our licence obligations. This number of connection offers, which is lower than in previous years, can be attributed to the Connections Reform application pause, which began on 29 January 2025 (more information can be found in the 'Connections reform' section on page 23).

Understanding the experiences of our customers helps us improve the services we provide. Throughout the RIIO-T2 price control period, regular 'Quality of Connections' (QoC) surveys gathered feedback at key stages of the connections journey, providing valuable insight into our customers' experiences. In 2025/26, the final year of RIIO-T2, we achieved our highest-ever Quality of Connections satisfaction score of 8.8 out of 10, exceeding Ofgem's baseline score of 7.7. The result reflects our continued focus on understanding customer needs and enhancing the experience we provide throughout the connections process.

As we move into the RIIO-T3 price control period, we will continue to gather customer feedback through our new 'Quality of Service' survey. This will allow us to further understand our customers' experiences and support ongoing improvements to the services we provide.



Connecting clean power

In 2025/26, work to connect more clean power than ever before to the electricity transmission network in the north of Scotland continued.

Upgrades to our network to create more grid capacity and enable the connection of new, clean generation mean that by the end of 2025/26 there was 10.8GW of low-carbon electricity generation connected in the north of Scotland – with the RIIO-T2 target of 10GW surpassed in 2024.





Connections Reform

One of our core responsibilities is ensuring that generation, storage and demand projects can connect to our network safely and without unnecessary delay.

In response to significant growth in the connections queue, resulting in a pipeline of contracted projects far exceeding what is required to meet the UK's clean power ambitions, we worked closely with NESO, Ofgem, Government, customers and industry partners during 2025/26 to progress implementation of the first stage of Connections Reform, including the transition to a reformed connections queue. As part of this transition, new connection applications were paused while the industry focused on implementing the reforms and establishing the new arrangements.

This work will continue through 2026/27 as we issue revised connection offers to the remaining projects in the reformed queue and support implementation of the enduring connections framework, helping to create a more coordinated, efficient and strategic route for future customer applications.



Delivering benefits for consumers

In 2025/26, our optimisation projects resulted in a constraint saving of around £296m, allowing more clean power to be transported to centres of demand.

Constraint payments, which are managed by the NESO, are paid to electricity generators when they are unable to export their power to the market on the main interconnected transmission network, including during planned outages on the electricity system, with the cost of these constraint payments impacting consumer bills.

While these payments are a necessary part of efficient network operations and the NESO's role in balancing supply and demand, we are deploying innovative solutions to reduce the impact of network outages, helping minimise constraint costs while we undertake essential work on our network.

At Fetteresso, two temporary circuit bypasses were installed in 2025 on the overhead double 275kV overhead lines, keeping these two major 'north-south' transfer circuits in service whilst allowing Fetteresso 275kV Substation to be rebuilt offline to a new 400kV specification. Without the bypasses the outage time on the circuits for the substation works would have been extensive.

At Tealing, a temporary 275kV bypass circuit installed in just seven weeks in 2022/23 continued to deliver significant benefits this year, while works at the site progressed. The bypass kept all key 'north-south' circuits in service, avoiding extended outages.



Leaving a lasting legacy

At SSEN Transmission, our investment in new grid infrastructure is about more than just delivering more network capacity – it's about leaving a positive, lasting legacy for the people and places where we operate, too.

As we continue to develop the infrastructure that will enable a secure, affordable and clean electricity system, we remain committed to ensuring that our activities will bring direct and meaningful benefits to local communities across the north of Scotland. In 2025/26, our commitment to leaving a positive, lasting legacy continued to be driven in several key areas, including: community benefit funding, housing, and creating and supporting sustainable jobs.



Community benefit funding

We recognise that large-scale infrastructure projects bring change to the communities where they are delivered. Through our industry-leading community benefit funding, we work closely with local stakeholders to identify opportunities that matter most to them – from providing funding for community facilities and skills programmes to supporting environmental initiatives.

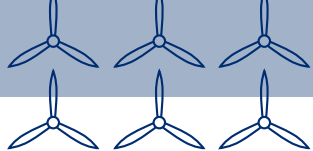
In 2025/26, we awarded a further £3 million of new funding to worthy initiatives across the north of Scotland, helping communities deliver projects that improve quality of life and build local resilience, taking the total amount awarded so far to more than £5m. As we move into the RII0-T3 price control period, our commitment to community investment continues, with our £29bn investment programme anticipated to generate over £100m of funding for similar causes right across the north of Scotland.

Legacy case study

Regional Screen Machine

One example of our Community Benefit Fund having an impact was the support for the continued operation of the Regional Screen Machine, bringing cinema experiences to remote and rural communities across the north of Scotland. By helping the mobile cinema service reach areas with limited access to entertainment and cultural facilities, the £350k in funding enabled residents of all ages to enjoy screenings close to home, helping reduce social isolation, strengthen community connections, and improve access to arts and culture in some of the region's most geographically dispersed communities.





Leaving a lasting legacy

Housing our workforce

The scale of our investment programme is driving an unprecedented demand for skilled labour in rural areas across the north of Scotland. To ensure that this growth benefits local communities rather than placing strain on them – and eases housing pressures in the north of Scotland – we have been implementing a dedicated workforce housing strategy, with significant progress made on our commitment to contribute to the development of over 1,000 new homes across the region.

In 2025/26, work continued with local authorities, housing associations, and developers to identify opportunities to fulfil our housing ambitions, with contracts signed to contribute to the construction of over 600 new homes, including an agreement made with the housing developer Springfield which will see over 300 homes being built to house our workforce in places like Elgin, Turriff, Muir of Ord and Beaulieu. Further progress in delivering our housing ambitions is expected throughout the course of 2026/27.

Continuing to demonstrate the economic benefits of network investment

In June 2026, we published new economic analysis highlighting the transformative impact our planned infrastructure investment programme can have for communities across the north of Scotland. The report found that our investment could support up to 10,000 jobs in the region, 24,000 across Scotland and 50,000 in the UK, while helping to unlock wider economic growth through increased supply chain activity and further private investment in renewable energy.

The research reinforces the critical role transmission infrastructure will play not only in delivering a more secure, more affordable and cleaner energy system, but also in creating long-term economic opportunities for businesses, workers and communities across the regions we serve.

Legacy case study

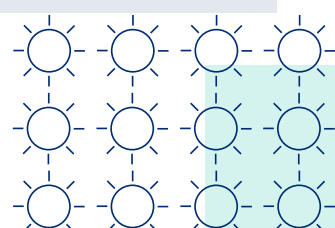
Highland Social Value Charter

In November 2025, we became the first organisation to sign the Highland Social Value Charter, a commitment to deliver lasting economic, social and environmental benefits for communities across the Highlands, including support for more than 2,200 jobs, £1.8bn of contracts for Highland businesses, investment in over 500 permanent homes, more than £200m for roads and bridges, and a commitment to achieve a 10% net gain in biodiversity on new projects.

The agreement reflects our ambition to ensure that investment in the electricity network leaves a positive and enduring legacy for communities across the north of Scotland.



The infrastructure we build will stand for generations, but our ambition is for our legacy to be measured just as much in the stronger, more resilient communities we leave behind. Through targeted investment in community benefit funding, housing, and jobs, we are ensuring that the delivery of energy security and clean power targets is something that everyone can share in.



Financial performance

The majority of our total expenditure (TOTEX) in 2025/26 continues to be focused on the delivery of large capital investment projects. Particularly those investments in new and upgraded network infrastructure that are required to grow the capacity of our network to facilitate the connection of new renewable electricity generation. This includes the new Orkney link and upgrades to the Argyll and Kintyre transmission network.

It is important to note that most TOTEX outperformance directly benefits consumers by reducing consumer bills, with only a minority of outperformance remaining with the company to incentivise efficiency.

The table below shows our actual expenditure vs allowances for 2025/26, broken down against each investment category that we report against. As this represents only one year in a five- year price control, it doesn't represent the underlying performance vs allowances. This is because it reflects differences in the phasing of allowances and actuals over the five- year period and investments can also crossover from one price control period to another. A better indicator of performance is our performance for the full price control period, as set out in the Financial Performance for RIIO-T2 table on page 28.

	2025/26 Actual (£m)	2025/26 Allowance (£m)	Delta (£m)
Load Related - Wider Works	651.8	726.4	74.6
Non-Load Related	99.8	121.4	21.6
Non-Operational Capex	20.7	9.3	(11.4)
Network Operating Costs	23.5	24.5	1.0
Indirect and Other Costs	268.5	153.6	(114.9)
Total Expenditure	1,064.3	1,035.2	(29.1)

*ASTI allowances and costs are excluded from the Regulatory Reporting Pack per Ofgem requirements

**All figures shown in 18/19 price base



Return on Regulatory Equity (RoRE)

6.3%

5 year weighted average operational RoRE*

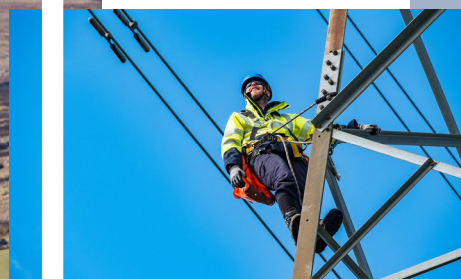
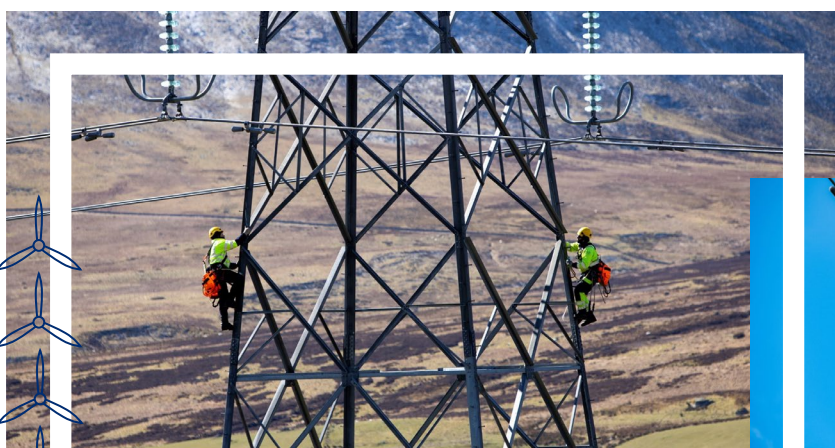
*excluding inflation, debt and tax performance



Regulated Asset Value (RAV) increase during RIIO-T2



The RAV, shown here in nominal prices, is a useful indicator of the growth in the size of our network over the RIIO-T2 price control period. The value is subject to the outcome of regulatory processes





Load related expenditure

Our reported outperformance of around £74.6m in 2025/26 does not represent underlying performance as it is impacted by differences between the phasing of allowances and actuals in and between price controls. We have however delivered efficiencies in our contracting strategy, alongside savings realised through the competitive tendering process, the early placement of material orders and changes in the technical scope of certain projects.

Non-load related expenditure

Our reported outperformance of around £21.6m in 2025/26 does not represent underlying performance as it is impacted by differences between the phasing of allowances and actuals in and between price controls. We have however delivered price control savings on these works, partly through robust competitive tendering of projects.

Non-operational Capex

Non-operational capital expenditure relates to investments in activities such as IT, Telecoms and non-operational property, which includes our new control centre, two new warehouses as well as climate change assets. Our reported underperformance of around £11.4m in 2025/26 does not represent underlying performance as it is impacted by differences between the phasing of allowances and actuals in and between price controls.

Network operating costs

Network operating costs relate to the direct operation of our network, including costs associated with faults, repairs and maintenance, inspections and vegetation management. They also capture costs associated with our visual amenity schemes. Our reported outperformance of around £1m in 2025/26 does not represent underlying performance as it is impacted by differences between the phasing of allowances and actuals in and between price controls.

Indirect and other costs

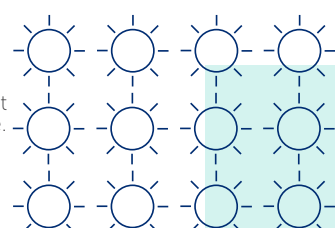
Indirect overheads and other costs mainly relate to our general indirect overheads in running our business including our own internal staff cost associated with delivering our capital programme (in line with Ofgem reporting requirements). This category also includes our physical site security upgrades and cyber resilience costs. Our reported overspend for 2025/26, of around £114.9m is due largely to the accelerated recruitment to prepare and deliver the ASTI programme, resulting in higher closely associated indirect and business support costs. Early discussions have taken place with Ofgem on how these additional costs will be recovered.

Strategic performance

During the RIIO-T2 period, we delivered efficiencies in some of our Certain View load schemes where contracts were negotiated early in the RIIO-T2 price control period when the supply chain market was more stable and less constrained, allowing fixed cost contracts to be put in place. We are continually adapting and responding to external factors and have already improved our supply chain management, adapted our plans to procure assets with long lead times early and continue a regular and ongoing engagement with the NESO on outage planning.

As the exceptional level of growth driven by 2030 targets could not have been anticipated back in 2019, funding for the rapid expansion of the organisation was not included within the RIIO-T2 plan. As a result, we have overspent against our indirect* allowances in RIIO-T2. Our RIIO-T2 baseline assumed we would have 682 employees by the end of RIIO-T2, however, we ended the price control with over 2,800 employees. We will continue to work closely with Ofgem to agree a suitable way forward for recovering the costs associated with this growth through our project assessment submissions and during the RIIO-T3 price control period.

* Indirect allowances cover the necessary costs, such as administration, IT, and management, that support the efficient operation and delivery of electricity network services, even though they aren't directly related to physical infrastructure.



Financial Forecast for RIIO-T2

	Expenditure (£m)						Allowances (£m)	Performance (£m)
	2022	2023	2024	2025	2026	T2 Total	T2 Total	T2 Total
Load Related	357.6	273.9	288.0	361.8	651.8	1,932.9	2,257.3	324.4
Non-Load Related	73.1	77.8	95.7	100.4	99.8	446.5	845.9	399.3
Non-Operational Capex	7.7	4.0	22.4	32.9	20.7	87.7	110.3	22.6
Network Operating Costs	37.1	19.0	17.7	19.5	23.5	116.8	132.8	16.0
Indirect Overheads, Other Costs & RPE's	126.5	136.8	161.4	218.9	268.5	912.1	561.1	-351.0
Total Expenditure (TOTEX) as per Regulatory Reporting Pack	602.1	511.5	585.2	733.4	1,064.3	3,496.0	3,907.3	411.3
Adjustments to Allowances within PCFM						0.0	113.0	113.0
ASTI Allowances and Costs not reported within Regulatory Reporting Pack*						1,935.4	1,935.4	0.0
Sub-total						5,431.1	5,955.7	524.6
Enduring Value Adjustments per RFPR								-281.6
TOTEX Performance per RFPR								243.0

*ASTI allowances and costs are excluded from the Regulatory Reporting Pack per Ofgem requirements

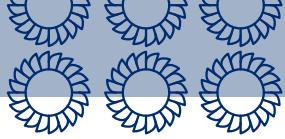
**Adjustments to the PCFM allowances and costs include TCA allowances and RPEs as reported in the PCFM

*** All figures shown in 18/19 price base

Given the significant network growth requirements currently being delivered, the majority of our expenditure for the RIIO-T2 period has focused on the delivery of large capital investment projects. A significant amount of this investment is in new and upgraded network infrastructure that is required to grow the capacity of our network to facilitate the connection of new renewable electricity generation as we continue to deliver a network in the north of Scotland that is suitable for the future.

Whilst the final year of RIIO-T2 has been delivered, there is still an element of forecasting required to estimate our expected underlying performance, given that RIIO-T2 close-out adjustments have not yet been negotiated with Ofgem. Before making any adjustments to reflect underlying price control performance, we are reporting RIIO-T2 allowances of £3,907.3m against expenditure of £3,496.0m. We then use the Ofgem methodology for calculating enduring value and other adjustments which remove non-RIIO-T2 related activity such as RIIO-T1 or RIIO-T3 costs and allowances. This leads to adjustments to outperformance and a revised TOTEX outperformance of £243m over the full RIIO-T2 period. This is around 4% outperformance against allowances, most of which will be passed on to consumers in bill reductions.

This report includes the impact of uncertainty mechanisms we are progressing throughout the RIIO-T2 price control period and associated early construction and pre-construction impact of investments which span the RIIO-T1 and RIIO-T3 price control periods. Uncertainty mechanisms are an important element of the RIIO-T2 price control and constitute the majority of expenditure. Outperformance has been delivered for our load RIIO-T2 certain view schemes, driven by a combination of innovation, value engineering and efficiencies in the contracting strategy.



Looking into the future

The RIIO-T3 price control period

On 1 April 2026, the RIIO-T3 price control period formally commenced, providing the regulatory framework for the delivery of the next phase of investment in Great Britain's electricity transmission network through to March 2031.

RIIO-T3 underpins an unprecedented programme of network investment, enabling SSEN Transmission to continue delivering the infrastructure required to connect new renewable generation, support electrification, strengthen energy security and facilitate the transition to a secure, affordable and clean energy future. The framework supports the delivery of around £29bn of investment across the north of Scotland transmission network, including major projects already approved through Ofgem's Accelerated Strategic Transmission Investment (ASTI) and Large Onshore Transmission Investment (LOTI) mechanisms, while retaining flexibility to bring forward additional investments through established uncertainty mechanisms as future network requirements are confirmed.

The start of RIIO-T3 marks a significant milestone for the business, providing the foundation for the continued delivery of its in-flight investment programme and the wider transformation of the transmission network required to meet Scotland's and the UK's clean power ambitions. Delivery during the period is expected to support substantial economic activity, employment and supply chain opportunities across the north of Scotland and beyond.

As RIIO-T3 enters its first year, the focus is now on delivering this ambitious programme safely, efficiently and at pace, while continuing to work constructively with Ofgem, government, supply chain partners and wider stakeholders to ensure the regulatory framework remains capable of supporting the scale of investment required to deliver long-term value for consumers and enable the energy transition.

Beyond 2030: Looking into the future

While SSEN Transmission's current investment programme is focused on delivering the projects required to support Scotland and the UK's 2030 clean power ambitions, significant longer-term opportunities are also emerging as electricity demand and renewable generation continue to grow.

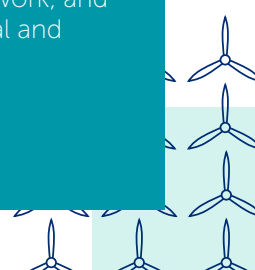
In July 2026, the NESO's 'Beyond 2030' update identified a series of additional strategic transmission reinforcements required to support the next phase of network development. The recommendations include an estimated £12bn of potential further investment within SSEN Transmission's north of Scotland operating area, underlining the critical role the region will continue to play in delivering the UK's long-term energy objectives and enabling future economic growth.

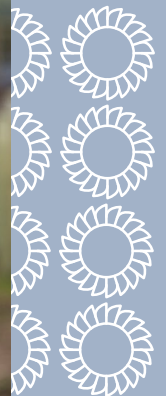
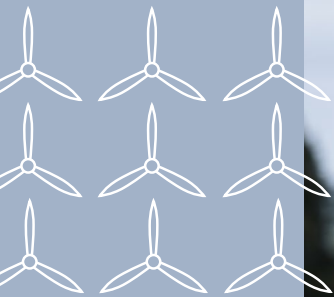
The proposed investments include two new 2GW subsea HVDC links: the Eastern Green Link 5 (EGL5) project, connecting the north east of Scotland to Lincolnshire; and the Eastern Green Link 6 (EGL6) project, linking Aberdeenshire with south-east England. Together, these projects would provide significant additional transmission capacity between Scotland's renewable energy resources and major centres of demand across Great Britain.

Alongside the new subsea links, the update identifies the need for a new 400kV double-circuit overhead line between the already consented Greens substation in Aberdeenshire, and Harburn in Scottish Power Energy Networks' network area. The report also highlights the potential future upgrading of the existing Dounreay–Loch Buidhe–Beaully 275kV transmission line, further strengthening the north of Scotland transmission network and supporting the connection of new renewable generation.

If progressed, these projects would represent a further major phase of investment in the transmission network beyond the business' current investment programme, building on the infrastructure currently under development and helping to create the capacity required for future electrification, economic growth and energy security.

The recommendations set out in the 'Beyond 2030' update remain at an early stage and would be subject to extensive public consultation and stakeholder engagement to help inform potential route options, substation locations and technology choices. Progression would also depend on the appropriate regulatory and policy framework, confirmation of SSEN Transmission as the delivery body for the work, and the receipt of all necessary planning, environmental and regulatory approvals.





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