

SSEN Transmission response to Ofgem's RIIO-T3 Price Control Draft Determination

SSEN Transmission notes today's publication of Ofgem's Draft Determination for the RIIO-T3 price control period, which comes at a critical juncture in the country's transition to a cleaner, more secure and more affordable energy system.

Investment in the electricity transmission network is the key enabler to achieving these national objectives and bringing down consumer bills by enabling the rapid deployment of homegrown, low-carbon electricity generation, underpinning the UK Government's Clean Power 2030 Mission and the Scottish Government's net zero ambitions.

SSEN Transmission acknowledges Ofgem's recognition of the criticality and unprecedented nature of this national infrastructure challenge and notes there has been some positive movement following the regulator's Sector Specific Methodology decision in July 2024.

However, based on an initial assessment, Ofgem's Draft Determination does not go far enough to deliver the investible, financeable and ambitious framework required to unlock the unprecedented levels of investment needed to deliver lower and more stable bills. In particular:

- the approach to setting baseline total expenditure allowances fails to fund the investment necessary to deliver a clean power system by 2030. The methodology adopted does not reflect the true, evidence-based costs that are required to develop, build and maintain a reliable electricity transmission network in the north of Scotland.
- the proposed Cost of Equity is not commensurate with globally competitive market rates, robust market evidence, and the significant business risks of investing in electricity transmission.
- the proposed capitalisation rate, and asset lives, do not provide adequate cash flow measures given the significant increase in uncertainty mechanism expenditure required.
- the proposed incentive regime is at an early stage and therefore requires further development to give sufficient confidence this will be a balanced and investable package that incentivises strong performance and delivers for consumers.

SSEN Transmission will now consider Ofgem's Draft Determination in detail over the coming weeks and will continue to work constructively with Ofgem, Government and wider stakeholders to ensure Ofgem's Final Determination delivers an investible, financeable and ambitious price control settlement to underpin the unprecedented levels of investment required to deliver a cleaner, more secure and more affordable energy system to meet the needs of current and future generations.

Notes

SSEN Transmission's dedicated Business Plan website:

www.ssen-transmission.co.uk/RIIO-T3

About SSEN Transmission

- Headquartered in Perth - with offices in Aberdeen, Inverness and Glasgow - SSEN Transmission is responsible for the electricity transmission network in the north of Scotland, investing in and maintaining the high voltage 132kV, 220kV, 275kV and 400kV electricity transmission network.
- SSEN Transmission's strategic objective is to enable the transition to a low carbon economy, helping to secure the country's clean power and energy security ambitions. It does this by building the electricity transmission network infrastructure required to connect and transport renewable electricity in the north of Scotland to the towns, villages and cities where it's needed, as it delivers a network for net zero emissions.
- SSEN Transmission is owned 75% by SSE plc and 25% by Ontario Teachers' Pension Plan Board (Ontario Teachers').
- Learn more about SSEN Transmission by visiting www.ssen-transmission.co.uk, [X](#), [LinkedIn](#) or [Instagram](#).

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