

CMP447 – Orkney Liabilities Case Study

Case study for CMP447 workgroup 3, showing the impact of excluding a LOTI-funded project from Attributable Liability for a 60 MW Large Embedded generation project.

It also illustrates why generators are likely to choose Fixed Attributable liabilities from the outset and therefore look to CMP447 to allow them to benefit from any exclusion of works subsequent to their opting to fix.



Location of Orkney within the SSEN 33kV distribution network

MAIN NORTH OF SCOTLAND ELECTRICITY TRANSMISSION NETWORK IN 2030

Inflight Investments

1. Argyll 275kV strategy
2. Fort Augustus to Skye 132kV upgrade
3. Orkney 220kV AC subsea link




Pathway to 2030 Investments

1. Beauliv to Loch Buidhe to Spittal 400kV
2. Beauliv to Blackhillock to New Deer to Peterhead 400kV
3. Beauliv to Denny 400kV prating (with SPT)
4. Kintore to Tealing (with connection to Alyth) to Westfield 400kV (with SPT)
5. Spittal to Peterhead 2GW HVDC subsea Link
6. Peterhead to Drax 2GW HVDC subsea link - Eastern Green Link 2 (with NGET)
7. Peterhead to South Humber 2GW HVDC link - Eastern Green Link 4 (with NGET)
8. Western Isles 1.8GW HVDC link

Public Consultation to Inform Project Development

All new reinforcements remain subject to detailed consultation and environmental assessments to help inform route and technology options

More detail on these projects, including how to sign up for updates, will be made available on SSEN Transmission's website www.ssen-transmission.co.uk

-  New Infrastructure (Routes shown here are for illustrative purposes)
-  Upgrade/Replacement of Existing Infrastructure
-  Existing Network



Orkney 220kV, 220MW transmission link (under construction, LOT1 funding mechanism under RIIO-ET2, TO ref. SHET-RI-019)

Project Overview:

- 60 MW generation project
- Distribution connected, thus Large Embedded
- Distribution connection offer accepted in 2023
- BELLA offer from NGESO in December 2023 was interactive, with acceptance period reduced to 30 days. This demonstrates high demand for the new capacity.
- The interactive offer was withdrawn within the 30 days and a fresh offer, for a flexible connection subject to Active Network Management control, was made in March 2024.
- Connection date October 2028, trigger date 1-Apr-25
- The liabilities presented in this case study are those which accompanied the revised offer.

Exhibit MM1

Cancellation Charge Statement

Project Name:

User:

Scottish Hydro Electric Power Distribution Plc

Connection Site:

Finstown 132/33kV GSP Substation

Agreement Reference:

Cancellation Charge

The Cancellation Charge (excluding VAT) which will or might fall due on termination of the Construction Agreement during the period commencing on and including 1 April 2024 and ending on and including 30 September 2024 is:

£37,442,880.90

Extract from MM1 statement, showing Actual Attributable Liability that would apply on acceptance of BELLA. Fixed Attributable liability (as shown in the next slide) would clearly be the preferred option.

Exhibit MM3

Notification of Fixed Attributable Works Cancellation Charge

Project Name: [REDACTED]
User: Scottish Hydro Electric Power Distribution Plc
Connection Site: Finstown 132/33kV GSP Substation
Agreement Reference: [REDACTED]

Financial Year	Pre Trigger Amount	TEC (MW)	Fixed Cancellation Charge
1 Apr 2024 - 31 Mar 2025	£1000	60	£60,000.00

Financial Year	Attributable Works Cancellation Amount	Cancellation Charge Profile (%)	Fixed Cancellation Charge
1 Apr 2025 - 31 Mar 2026	£51,130,004.00	25	£12,782,501.00
1 Apr 2026 - 31 Mar 2027	£51,130,004.00	50	£25,565,002.00
1 Apr 2027 - 31 Mar 2028	£51,130,004.00	75	£38,347,503.00
1 Apr 2028 - 31 Mar 2029	£51,130,004.00	100	£51,130,004.00

Extract from MM3 statement, showing the profile of Fixed Attributable liability from acceptance of contract to completion. Note the value £51.13M in the final year.

Fixed Attributable Works Cancellation Amount based on

Component	Attributable Works Capital Cost	LARF (%)	SIF (%)	Distance Factor (%)	Attributable Works Cancellation Amount
Finstown GSP A1 - 2 x 132/33kV transformers	£15,713,576.00	64.00	52.63	100	£2,977,309.10
Finstown GSP A1 - 2 x 132kV Circuit Breakers	£8,698,585.00	43.00	13.82	100	£685,464.55
Finstown GSP A1 - 2 x 33kV Bays (CB and disconnector)	£1,683,598.00	47.00	44.44	100	£396,580.87
Finstown GSP A1 - 6 x 132kV Disconnectors	£1,964,196.00	78.00	13.82	100	£158,740.54
SHET-RI-019 Downreay to North West Orkney 132kV AC Link V9	£307,121,000.00	29.69	21.77	100	£47,010,908.95

Extract from MM3 statement, identifying costs associated with SHET-RI-019

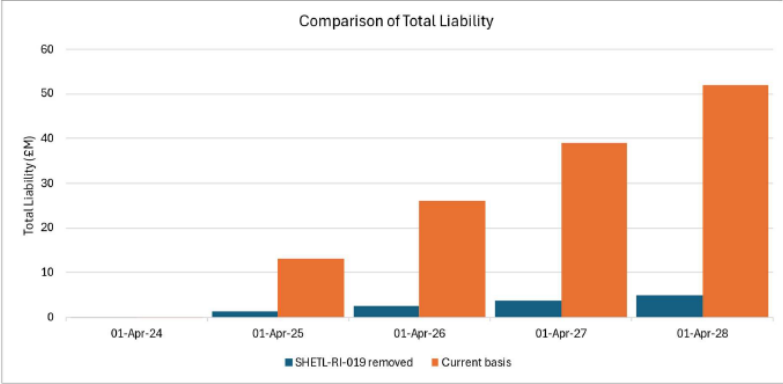
Total including SHET-RI-019: £51.13M
Total excluding SHET-RI-019: £4.12M

Profile of total liability on current basis (fixed attributable option)

Financial Year	Fixed Attributable Liability	Wider Liability	Total Liability
1-Apr-24 – 1-Apr-25	£60k	n/a	£60k
1-Apr-25 – 31-Mar-26	£12.783M	£235.2k	£13.018M
1-Apr-26 – 31-Mar-27	£25.565M	£470.3k	£26.035M
1-Apr-27 – 31-Mar-28	£38.348M	£705.5k	£39.053M
1-Apr-28 – 31-Mar-29	£51.130M	£940.6k	£52.071M

Profile of total liability with SHETL-RI-019 removed (fixed attributable option)

Financial Year	Fixed Attributable Liability	Wider Liability	Total Liability
1-Apr-25 – 31-Mar-26	£1.03M	£235.2k	£1.265M
1-Apr-26 – 31-Mar-27	£2.06M	£470.3k	£2.530M
1-Apr-27 – 31-Mar-28	£3.09M	£705.5k	£3.795M
1-Apr-28 – 31-Mar-29	£4.12M	£940.6k	£5.061M



CW 3-Jul-25