

## Special Condition 3.44 Development Funding Price Control Deliverable and Use It Or Lose It Adjustment (DFt)

### Introduction

- 3.44.1 The purpose of this condition is to calculate the term  $DF_t$  (the Development Funding Price Control Deliverable term). This contributes to the calculation of the Totex Allowance.
- 3.44.2 The effect of this condition is to:
- (a) specify the outputs, delivery dates and associated allowances for the Price Control Deliverable;
  - (b) provide for an assessment of the Price Control Deliverable;
  - (c) provide for a Use It Or Lose It Adjustment; and
  - (d) establish the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document

### Part A: Formula for calculating the Development Funding Price Control Deliverable term $DF_t$

- 3.44.3 The value of  $DF_t$  is derived in accordance with the following formula:

$$DF_t = DFA_t - DFRA_t$$

where:

$DFA_t$  means the allowances in Appendix 1; and

$DFRA_t$  has the value zero unless otherwise directed by the Authority in accordance with Part C.

### Part B: Development Funding outputs

- 3.44.4 Appendix 2 specifies the outputs the licensee is funded to deliver, the delivery dates for those outputs and the allowances provided.

### Part C: Assessment of the Price Control Deliverable ( $DFRA_t$ )

- 3.44.5 The Authority will direct a value for  $DFRA_t$  where either of the following is appropriate:
- (a) an adjustment in accordance with the assessment principles set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements), where the licensee has not Fully Delivered an output in Appendix 2; or
  - (b) a Use It Or Lose It Adjustment, which will be assessed after any assessment under sub-paragraph (a)

## **Part D: What process will the Authority follow in making a direction?**

- 3.44.6 Before making a direction under paragraph 3.44.5 the Authority will publish on the Authority's Website:
- (a) the text of the proposed direction;
  - (b) the reasons for the proposed direction; and
  - (c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.
- 3.44.7 A direction under paragraph 3.44.5 will set out the value of the DFRA<sub>t</sub> term and the Regulatory Years to which the adjustment relates, and where the direction is under paragraph 3.44.5 (a) will set out:
- (a) the delivery status of the output that has not been Fully Delivered; and
  - (b) the methodology and data that has been used to decide the delivery status and value of any adjustments to the DFRA<sub>t</sub> term.

## **Part D Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document**

- 3.44.8 The licensee must comply with the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document .
- 3.44.9 The Authority will issue and amend the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document by direction.
- 3.44.10 The Authority will publish the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document on the Authority's Website.
- 3.44.11 The Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document will make provision about the detailed requirements for Part C.
- 3.44.12 The Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document will also make provision about the detailed requirements under Special Condition 3.43 (Delivery Track Pre-Construction Funding, Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment).
- 3.44.13 Before directing that the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document comes into effect, the Authority will publish on the Authority's Website:
- (a) the text of the proposed Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document;
  - (b) the date on which the Authority intends the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document to come into effect; and

- (c) a period during which representations may be made on the text of the proposed Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document, which will not be less than 28 days.
- 3.44.14 Before directing an amendment to the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document, the Authority will publish on the Authority's Website:
- (a) the text of the amended Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document;
  - (b) the date on which the Authority intends the amended Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document to come into effect;
  - (c) the reasons for the amendments to the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document; and
  - (d) a period during which representations may be made on the amendments to the Transitional Centralised Strategic Network Plan 2 Guidance and Submission Requirements Document which will not be less than 28 days.

## Appendix 1

### Development Funding Allowance table (£m)

Total Value	
SPT	Have the values given in the tCSNP2 Confidential Annex (sum of allowances from Appendix 2).

## Appendix 2

### Development Funding Price Control Deliverables (£m)

Project Name	Output	Delivery Date	DF Allowance
Establish a new 400kV double circuit OHL from Gala North to Carlisle (NOA Code: CMN3)	Develop project CMN3 to the Minimum Maturity Requirement; to submit a Development Track Report to Ofgem, and submit options to NESO via the system requirements form.	15 September 2025	Have the values given in the tCSNP2 Confidential Annex
Establish a new 400kV double circuit from Kilmarnock South to	Develop project WCN2 to the Minimum Maturity Requirement; to submit a Development Track Report to Ofgem, and submit	15 September 2025	Have the values given in the tCSNP2

Glenmuckloch and Carlisle (NOA Code: WCN2)	options to NESO via the system requirements form.		Confidential Annex
Proposed amendment to HND1 Western Multi Terminal HVDC to provide 4GW North to South Capacity (North Wales) (NOA Code: WCD4)	Develop project WCD4 to the Minimum Maturity Requirement; to submit a Development Track Report to Ofgem, and submit options to NESO via the system requirements form.	15 September 2025	Have the values given in the tCSNP2 Confidential Annex
New Deer 2 - Tealing - Harburn 400kV New Double Circuit (NOA Code: NHNC)	Develop project NHNC to the Minimum Maturity Requirement; to submit a Development Track Report to Ofgem, and submit options to NESO via the system requirements form.	15 September 2025	Have the values given in the tCSNP2 Confidential Annex
Establish a 400kV single circuit corridor south from Kincardine North, on existing OHL routes (NOA Code: LCU2)	Develop project LCU2 to the Minimum Maturity Requirement; to submit a Development Track Report to Ofgem, and submit options to NESO via the system requirements form.	15 September 2025	Have the values given in the tCSNP2 Confidential Annex
Establish new 400kV double circuit from Harburn to Gala North (NOA Code: HGNC)	Develop project HGNC to the Minimum Maturity Requirement; to submit a Development Track Report to Ofgem, and submit options to NESO via the system requirements form.	15 September 2025	Have the values given in the tCSNP2 Confidential Annex