

SP Transmission

Annual Performance Report 2024/25



Our business

We take electricity generated from power stations, windfarms and various other utilities and transport it through our vast transmission network.

SP Transmission plc (SPT) is the licensed Transmission Owner (TO) responsible for the transmission of electricity in central and southern Scotland. SPT is a wholly owned subsidiary of SP Energy Networks (SPEN). SPEN is part of the Iberdrola Group – a global leader in clean energy, grids and storage.

At SPEN, we keep electricity flowing for seven million homes and businesses 24 hours a day, 365 days a year. Our network collects low voltage electricity generated from power stations, windfarms and various other utilities, and transforms it to the higher voltages needed to efficiently transport electricity over long distances. This high voltage electricity travels to substations located strategically around our network, where it is reduced back to the low voltages needed for use in homes and businesses. Our substations also function as points of connection to our network for customers and neighbouring networks.

Our system is crucial to the delivery of the Scottish and UK Government’s renewable energy objectives due to our location in an area of outstanding renewable resource and our geographical location. We have a unique role in connecting renewable generation and bulk transfer of renewable energy from Scotland into England & Wales benefiting stakeholders well beyond our licence area.



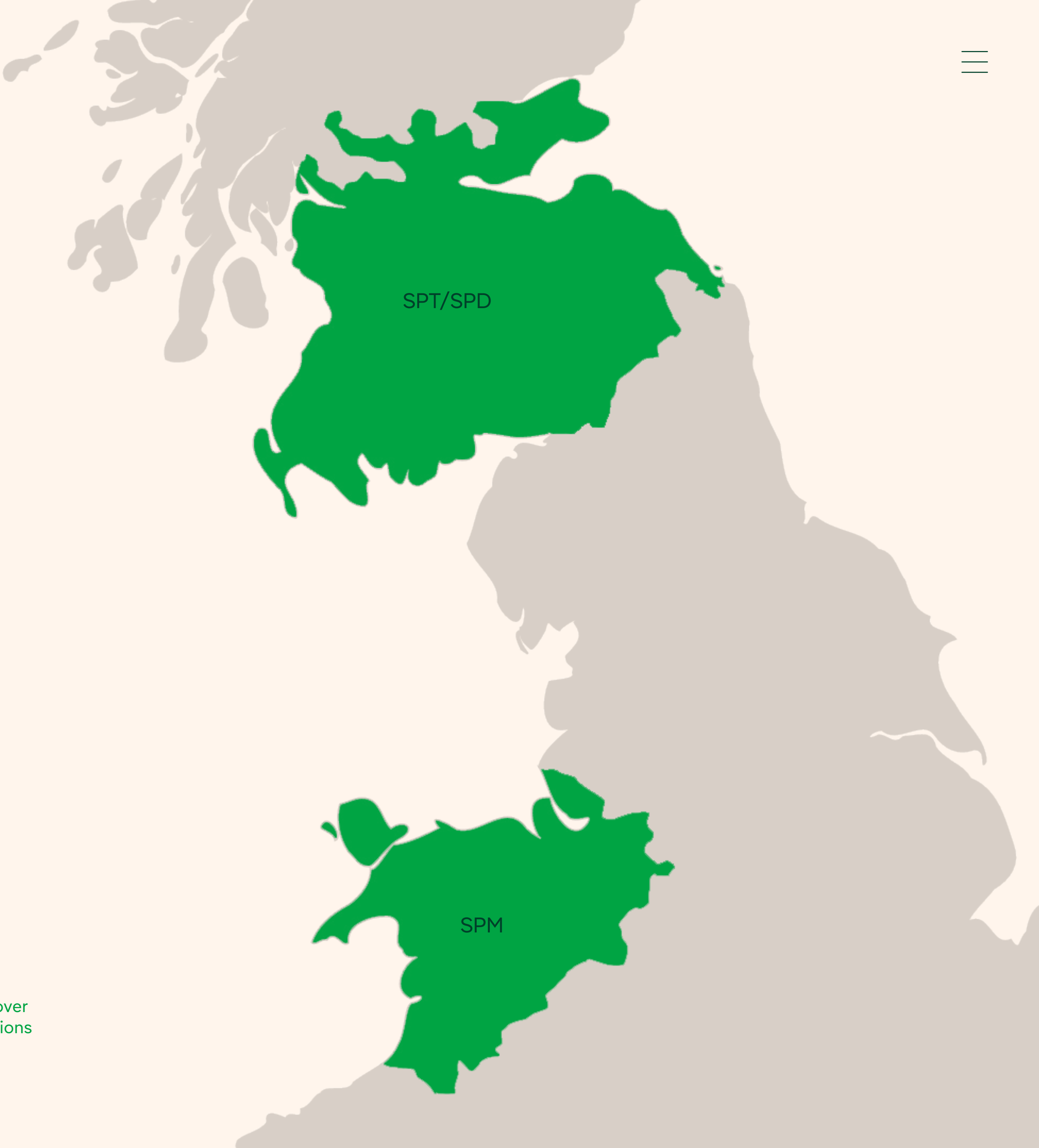
£4.1 billion

Regulatory Asset Value is forecast to be £4.1bn at the end of RIIO-T2



4,500km

Our Transmission network is comprised of over 4,500 kilometres of circuits and 175 substations operating at 400kV, 275kV and 132kV





Contents

Welcome

- Message from our CEO
- Our Key Outputs at a glance
- Financial Performance

Pg 05
Pg 06
Pg 07

Key Performance Areas

- Transmission Connections
- Customer Satisfaction
- Stakeholder Engagement
- Community Liaison
- Innovation
- Sustainability and Environment
- Supporting and Securing our Network
- A Safe Network
- Net Zero Fund

Pg 09
Pg 10
Pg 11
Pg 12
Pg 13
Pg 16
Pg 19
Pg 20
Pg 21

Expenditure and Outputs

- Load and Non-load Expenditure
- Non-load Related Expenditure
- Strategic Projects
- HVDC
- Totex
- Our Revenues

Pg 23
Pg 24
Pg 25
Pg 27
Pg 28
Pg 29

Looking Forward

- Looking Forward – RIIO-T3

Pg 31



Welcome

Message from our CEO

Pg 05

Our Key Outputs at a glance

Pg 06

Financial Performance

Pg 07



SP Energy Networks continue to be at the forefront of enabling Net Zero and the transition to a more sustainable future for current and future generations. We have a critical role to play, supporting decarbonisation by enabling high volumes of low carbon connections to our network while ensuring security of supply within our Licence area and beyond.

After just over a year in my role as CEO of SP Energy Networks, I reflect on another significant year for SP Transmission. We have navigated the challenges of a dynamic industry with our customers at the heart of every decision that we make. Looking ahead, we are excited to build on this momentum, driving forward with a clear vision for a connected future.

As we move towards the end of the RIIO-T2 period and the start of RIIO-T3 our momentum is increasing rapidly but we would be unable to achieve this great opportunity without all our stakeholders and partners. Thank you for your continued trust and support. Please read on to find out more about our performance in the last year.

Momentum is growing throughout our RIIO-T2 investment programme, which is crucial given the scale of growth at pace that is required of our business. We forecast to spend £2.5bn, from 2021-2026, in our Transmission network as part of a demanding investment programme which will deliver on our RIIO-T2 commitments – building major infrastructure to pave the way for a low carbon future, connecting our customers, and replacing or upgrading assets to safeguard the long-term performance of our network. As an operator of Critical National Infrastructure, our priority is to keep the power flowing to our 3.5million customers across our Distribution and

Transmission license areas, in turn keeping them connected to family, friends, vital services and work. In 2024/2025, yet again, we achieved a reliability level of 99.99%. This not only ensures that daily life remains uninterrupted but also supports critical infrastructure within our Licence area and beyond, ensuring that electricity generators and consumers continue to benefit from the outstanding levels of reliability to which they are accustomed.

From an environmental perspective, good progress has been made with our Business Carbon Footprint (BCF). In 2024/25, our annual BCF (excluding losses) was 14,294 tCO₂e. This is 29% lower than in 2013/14 when we first started measuring our BCF, and 34% lower than our 2018/19 RIIO-T2 baseline. We continue to reduce fugitive emissions and electrify our operational fleet. Our efforts to manage SF₆ leakage have shown notable improvements, reinforcing our commitment to responsible asset management.

For the regulatory year 2024/25, revenue decreased by £85m to £487m compared to the prior year of £572m. Our operating profit was £268m, a decrease of £88m compared to prior year. Net profit was £119m, a decrease of £85m compared to prior year. The main driver of the decreases year on year related to lower allowed revenues due to prior year corrections.



Very like 2023/2024, in 2024/2025 we continued to see a significant increase in the number of applications being made to connect generation and demand projects to our network. With over 864GW of contracted capacity currently in the GB-wide transmission and distribution queues, there continues to be a pressing case for significant reforms to the existing connections process, at the earliest opportunity. We are fully engaged in the ESO and Ofgem-led Connections Reform work, which has a number of key milestones to achieve for the remainder of this year.

Despite the uncertainty caused by the connections reform exercise, we have continued to process a large volume of customer applications during this regulatory year. In this year alone, we processed 207 new connection offers. With 82GW of generation capacity currently seeking to connect to our network, approximately 50% of this generation capacity is for Battery Energy Storage Systems (BESS) projects.

We also continue to work closely with UK and devolved governments and regulators to address additional challenges that are ancillary but closely connected to this challenge, including planning and consenting challenges, together with supply chain availability and sustainability.

In light of the limitations that we see in the supply chain, we have reviewed our contracting and delivery strategy. We have now concluded an extensive tendering exercise to create a framework for our future overhead line and

substation works with an estimated value of £5.4bn. We now have 19 supply chain partners contracted and have allocated nearly £2bn of work across these partners to date. This framework will provide long-term commitments to the supply chain to cover RIIO-T2 and RIIO-T3 works, as well as Accelerating Strategic Transmission Infrastructure (ASTI), tCSNP and other emerging projects over the next 10 years. This long-term commitment is essential for the supply chain to have visibility and confidence in the pipeline of work to increase resourcing and invest in the equipment required to deliver these works. I am also delighted that 14 of the 19 partners are based in the UK and form part of our focus on Just Transition in our communities through the decarbonisation of energy journey.

As our investment plans increase, we are also increasing the number of staff in SP Transmission and the associated support functions. Over the course of the regulatory year we have opened a new operational office & logistics hub in Eurocentral, an office in Edinburgh and an office in High Blantyre, just South of Glasgow.

At the heart of everything we do are our customers. They have every right to expect an excellent experience when they interact with us, and it is essential for us to maintain an open and honest dialogue and continue to measure what is important to them. As part of our RIIO-T2 Business Plan we are committed to delivering on this and improving the quality of service across the full project lifecycle, measured through the Quality of Connections survey, more commonly known as the 'Moments that Matter'. I am delighted to report that we scored 8.9 in 2024/25 up from 8.27 the previous year and are proud to be the best performing TO for Customer Service in the UK.

Nicola Connelly
CEO, SP Energy Networks



Our Key Outputs at a glance

	Metric/Target		Actual (in Year 23/24)	Actual (in Year 24/25)	Status	Year on Year Trend	Comment
Moments that Matter	7.7	(Ofgem break even level)	8.27	8.89		↑	Our overall satisfaction score increased from 8.27 in 2023/24 to 8.89, reflecting the improvements and initiatives we implemented throughout the year. Participation in the survey increased to 51% from 42% in 2023/2024.
Timely connections	100%	(74 calendar days to submit final offer)	99.72%	99.52%		↘	206 were issued on time and 1 was issued late. For reference, 351 offers were issued in the corresponding period.
Network capacity	1,781MVA	(RIIO-T2 baseline cumulative 31%)	53MVA	600MVA		↑	Network capacity increase due to completion of connections. Connection Related Transformer Installation=480MVA (TORIs 263 & 300). Additionally, Tx replacement at Shrubhill – Modernisation (120MVA) & Kilmarnock Town GSP – TOCO 517 – Dual Wound LV (120MVA).
Connections to the network	544MW	(RIIO-T2 baseline forecast cumulative 31%)	129.5MW	150MW		↑	150MW from Neilston 132kV Statkraft BESS (TOCO 1548).
Network Asset Risk Methodology	100%	(T2 business plan target)	38%	67%		↑	This represents a 28.6% increase from the previous year.
Energy not supplied	130MWh		91.77MWh	27.92MWh		↑	Previous year was 91.77 MWh. External factors such as the weather had a much larger impact this year compared to previous years. The number of Transmission system incidents increased from 8 to 13.
Contractor safety	Total Recordable Injury Rate (TRIR)		0.59	0.47		↑	TRIR is a widely used indicator and expresses injury levels as a factor of hours worked (injuries per 100,000 hours). A continuous drive for zero harm is our aim.
Public safety	0		0	0		→	We can report again this year that there were zero injuries to the general public resulting from our assets or operations.
Carbon footprint – SF ₆ leakage	433.8kg		667.4kg	697.8kg		↘	This is an increase from last year due to decommissioning of assets and a leaking section of Gas Insulated busbar (GIB) at Kilmarnock South 275kV Substation.
Buildings energy use – Substation Electricity	No individual target. This is included within the Total BCF target.		1,653tCO ₂ e	1,878tCO ₂ e		↘	This is up from last year’s emissions of 1,653tCO ₂ e.
Buildings energy use – Office & Depot Electricity	0tCO ₂ e		0tCO ₂ e	0tCO ₂ e		→	This year, we recorded 0 tCO ₂ e for the footprint associated with office buildings and depots energy use due to a complete transition from standard tariffs to green tariffs.

Financial Performance

Our Expenditure

Our total expenditure for reporting year 2024/25 was £580.5m. This was £20.9m above our equivalent Totex allowance. The tables shown below use 2018/19 prices.

Totex comparison (2024/25 real £m)

Reporting Year	Allowance £m	Actual £m	Variance £m
Load Capex	321.75	353.07	-31.33
Non-load Capex	90.68	101.87	-11.19
Controllable Opex	21.22	17.47	3.75
Non-Op Capex	2.00	4.93	-2.93
Indirect Costs	87.76	91.75	-3.99
Other Costs	36.21	11.39	24.82
Net Totex	559.61	580.49	-20.88

Cumulative TOTEX

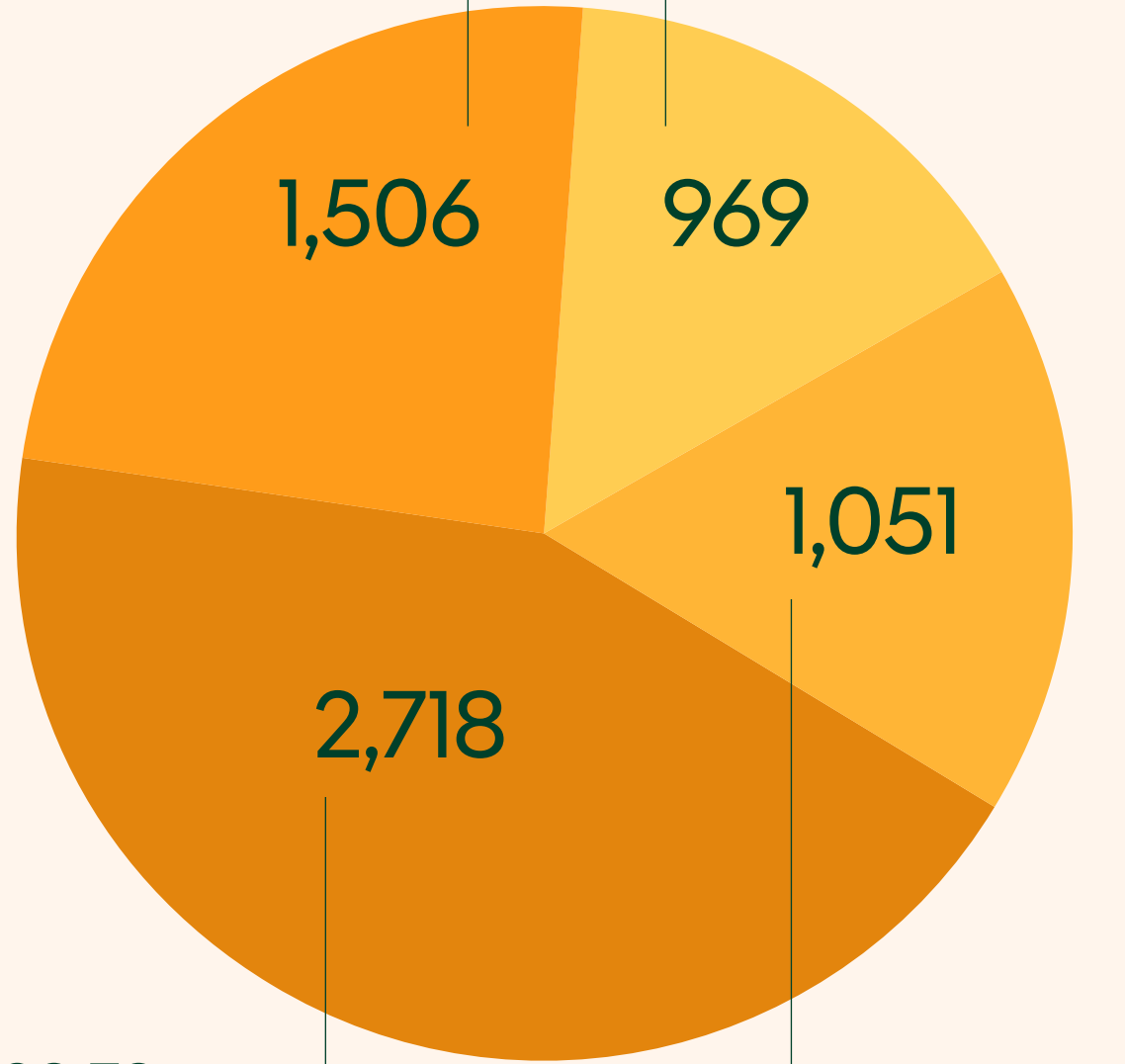
Load Capex	848.38	713.10	135.28
Non-load Capex	385.37	349.87	35.50
Controllable Opex	90.45	74.57	15.88
Non-Op Capex	8.39	11.23	-2.84
Indirect Costs	296.45	285.64	10.81
Other Costs	91.61	25.45	66.15
Net Totex	1,720.65	1,459.87	260.79

Our Revenues

In 2024/25 we recovered £444.3m. Our revenues are set through regulation by Ofgem. They comprise an element which is fixed, an element which is linked to specified variables (such as the amount of connected generation), and an element to capture incentives and other allowances along with adjustments from previous years.

Incentive awards earned in 2024/25 (£ thousands)

Quality of connections
satisfaction survey



SO-TO
Optimisation

Changes in actual or forecast performance under the various incentive schemes will affect revenue allowance in the next round of tariff setting, until final performance is known – a lag of up to two years.

Our Return on Regulated Equity (RoRE)

Investment into the electricity transmission network is a long-term project, the costs of which are spread out over the lives of assets.

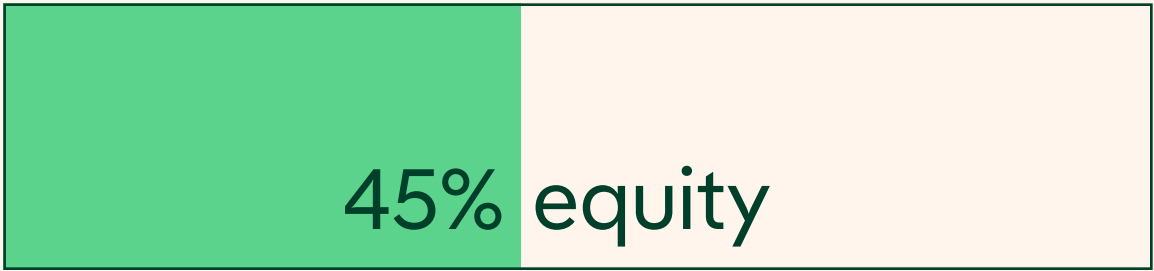
RAV (Regulatory Asset Value)

For every pound that we spend, we collect 15% of the costs in the same year and 85% of cost over life of the asset.

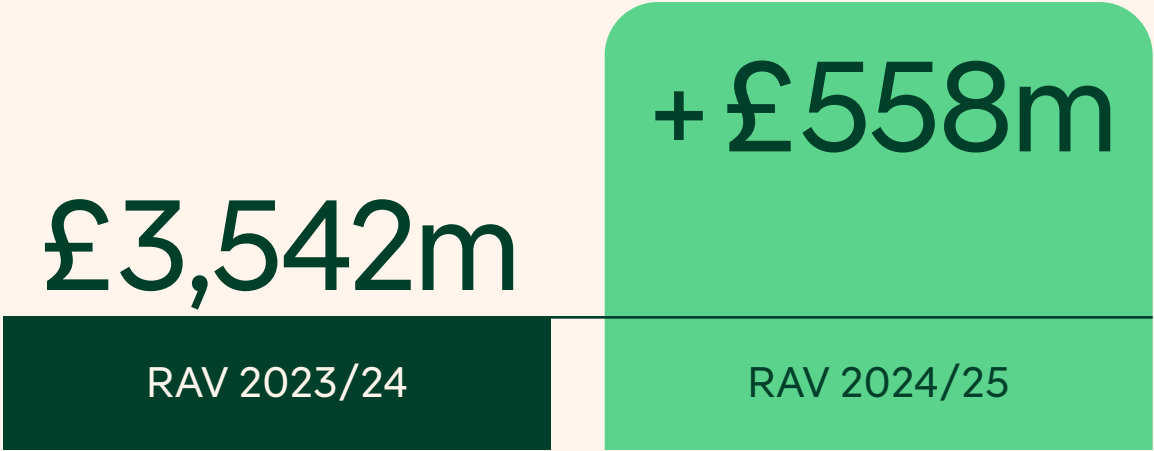


Ofgem assume that we fund this RAV by:

- 55% borrowing of which the allowance for interest payments is 2.11% in 2024/25
- 45% equity with return of 5.20% in 2024/25
- Weighted average cost is 3.50% in 2024/25



As at 31st March 2025 our RAV was £4,100m (2024/25 prices), up on the prior year at £3,542m (2023/24 prices) due to higher investment on the network going into the RII0-T2 price control period.



5-year average 2023/24 RoRE

4.78%	Base Return Set by Ofgem for the 5-year period, reflecting movements in market conditions
0.08%	Business Plan Incentive Agreed by Ofgem as part of the price control, and is the reward for the quality of our business plan submission
0.68%	Totex Efficiency Savings Any savings we make on our investment plan are shared with the consumer, at this early stage in the price control we are forecasting the cost of delivering our business plan commitments will match what we set out in our business plan submission.
0.09%	Reliability Incentive
0.10%	Emissions Incentive
0.00%	Timely Connections Incentive
0.08%	Quality of Connections Incentive
0.18%	SO-TO Optimisation Incentive
0.00%	Environmental Scorecard Incentive
0.00%	Network innovation

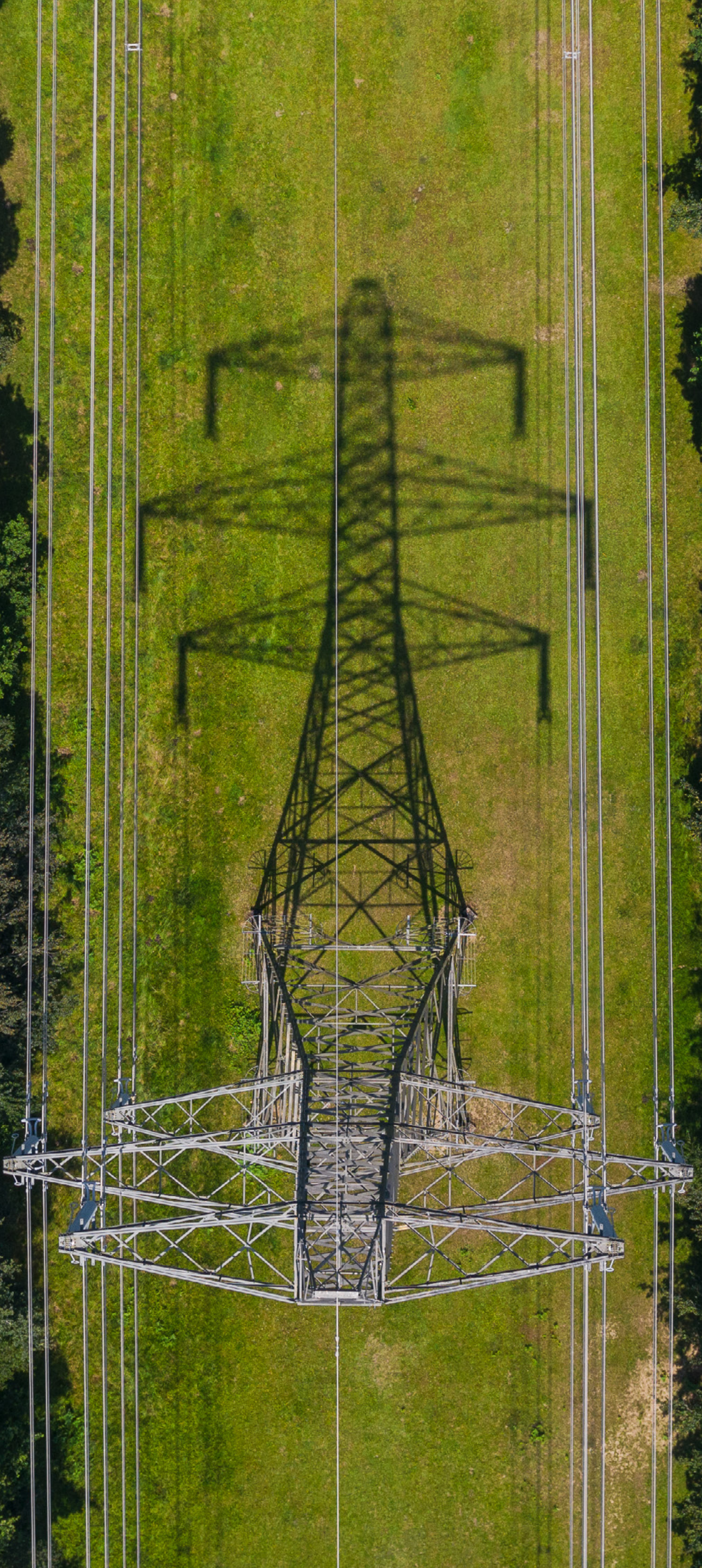
5.94%* **RoRE – Operational performance**

*Excluding Enduring Value Adjustments (EVA's)



Key Performance Areas

Transmission Connections	Pg 09
Customer Satisfaction	Pg 10
Stakeholder Engagement	Pg 11
Community Liaison	Pg 12
Innovation	Pg 13
Sustainability and Environment	Pg 16
Supporting and Securing our Network	Pg 19
A Safe Network	Pg 20
Net Zero Fund	Pg 21



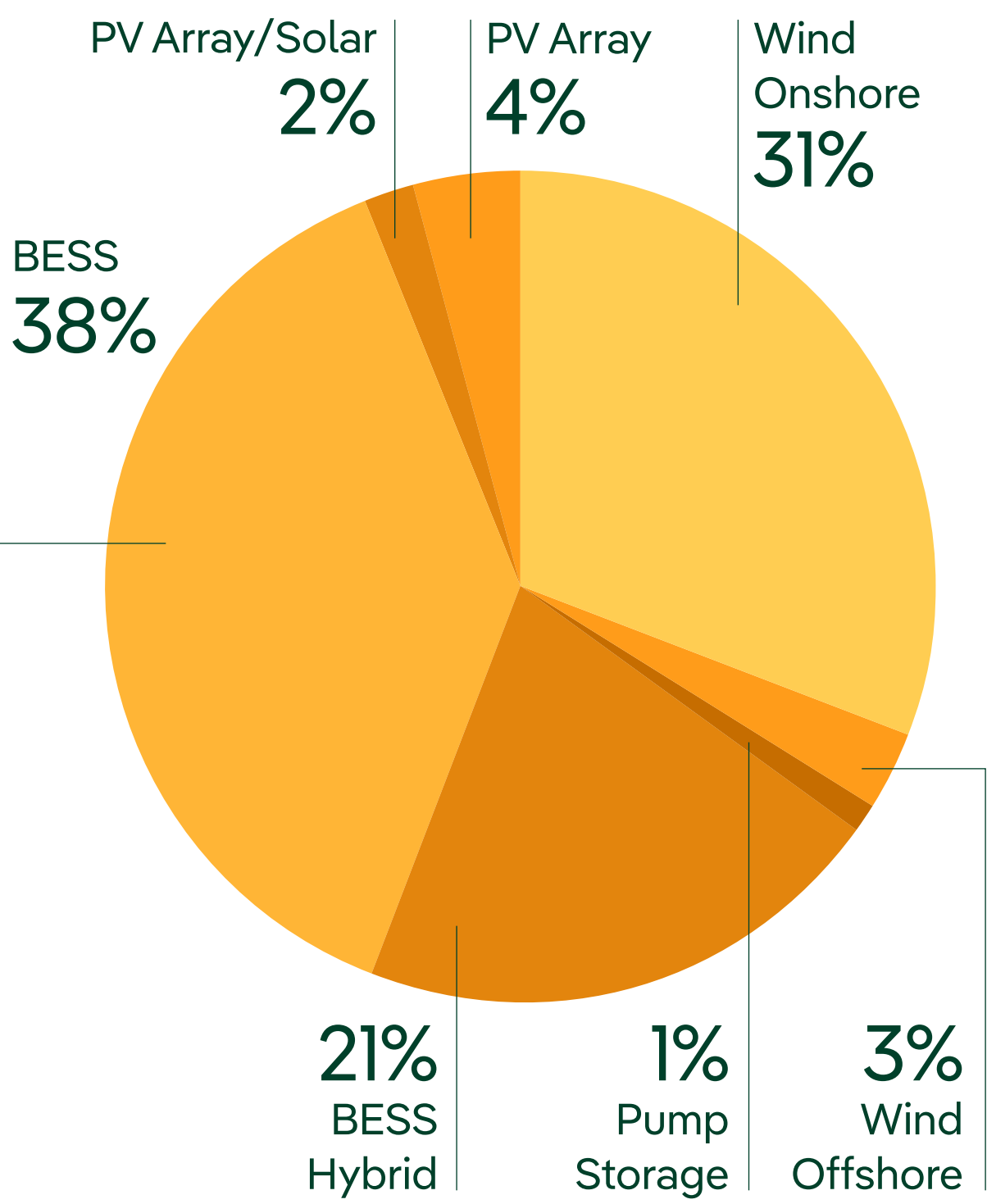
Transmission Connections

For this regulatory year, our team has continued to receive significant volumes of connection applications for access to our network for both direct connections to the transmission network as well as embedded connections, via the distribution network.

For the regulatory year 2024/25, we processed 686 applications, an increase of 6% from the previous year, 2023/24, but still significantly more than in previous years. The increase was decelerated due to Connections Reform, the Transitional Arrangements and the Pause Arrangements associated with allowing the NESO and network operators to prepare for the implementation of Connections Reform.

With a significant contracted background of over 82GW across our network and winter electricity peak demand in Scotland being 5GW, major network reinforcements are now required to meet the scale of this unprecedented demand for transmission connections. This highlights the current scale of over-capacity within the transmission connections process and why the Connections Reform exercise is required to successfully deliver the Government’s Clean Power 2030 and Net Zero ambitions.

Our current contracted background is made up of the following technologies:



Connections Reform

With over 864GW* of contracted capacity currently in the GB-wide transmission and distribution queues, we actively support the facilitation of significant reform to the existing GB-wide connections process. The changes to the connections process under NESO’s Connections Reform project were approved by Ofgem on the 15th April 2025, and are designed to prioritise projects which can demonstrate they are ready and needed to deliver the UK Government’s Clean Power 2030 ambitions and Net Zero targets. Despite the uncertainty around Connections Reform and a pause in applications introduced to allow industry stakeholders the opportunity to focus on the successful implementation of the reforms, we have still seen continued growth in the number and complexity of connection applications.

We continue to work closely with UK and devolved governments and regulators to address related challenges, specifically planning and consenting, supply chain availability and sustainability. As a result, we welcomed the UK Government’s Planning and Infrastructure Bill and Ofgem’s Advanced Procurement Mechanism, both of which seek to address some of the deliverability challenges which we are currently experiencing.

*ENA data as of May 2025

Customer Engagement

Our last Transmission Connections Summit was held in December 2024 and we plan to hold our next Summit following the completion of the Connections Reform exercise. This way we can provide an update on how Connections Reform has changed the future design of our network. In the meantime, we will be holding webinars and introducing new online content to support our customers during this period of industry change. We have also introduced our Customer Connections Quarterly Newsletter where we highlight important news and updates from across the industry.

We are continuing to work with our Innovation teams to identify new ways of supporting our customers in the future. We will soon be launching a new format to our pre-application calls, minimising wait times to speak with us. This will be introduced when the NESO announce the next application window for the new enduring connections model.

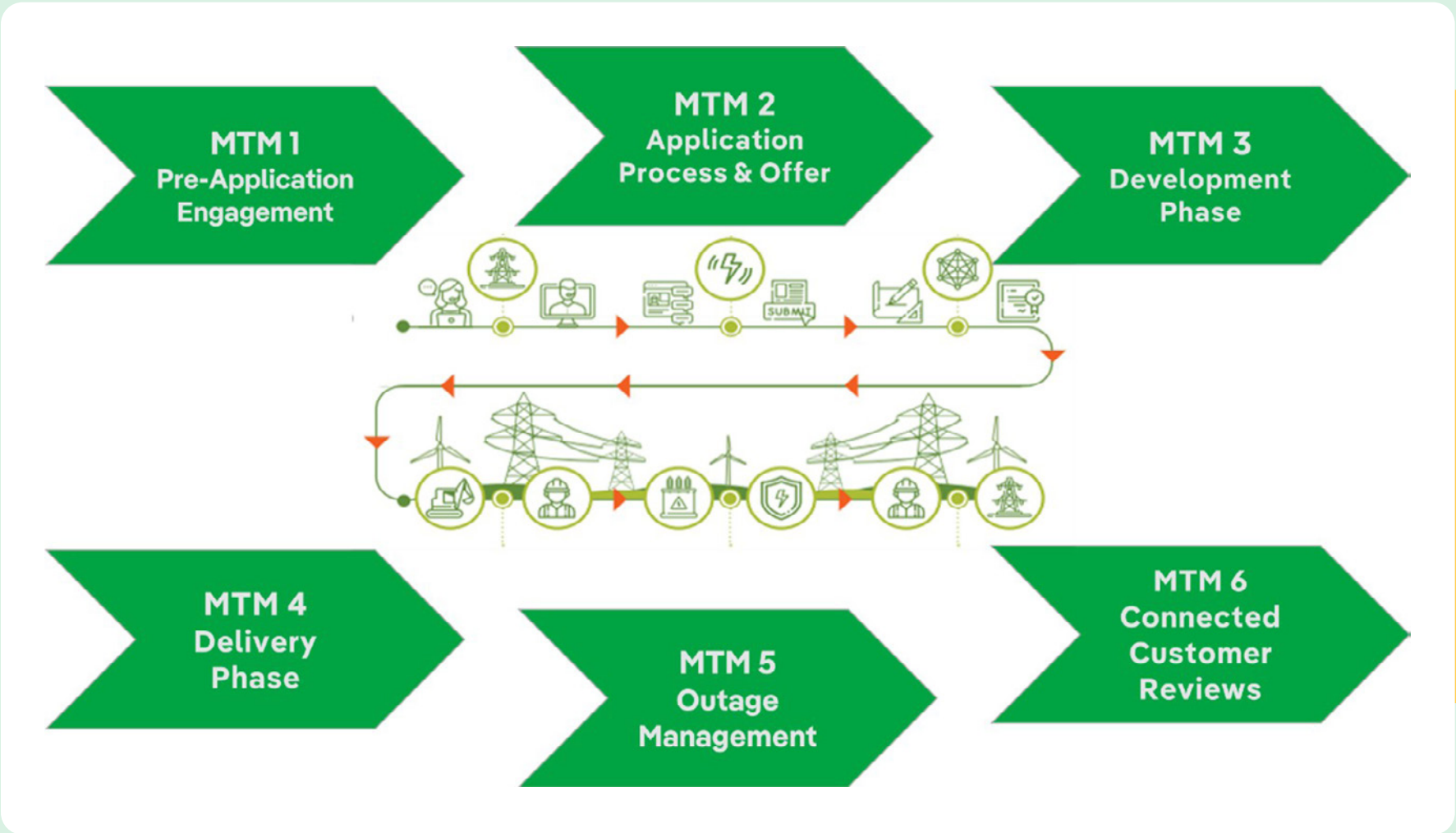
SPT’s contracted transmission pipeline (GW)	Currently connected capacity (GW)
c. 82	6.35

Customer Satisfaction

At the core of our approach is a steadfast commitment to serving our customers. They deserve a seamless, high-quality experience at every touchpoint, and we are committed to delivering just that. Through continuous feedback, data-driven insights, and open communication, we adapt our services to stay ahead of their evolving needs. This customer-first approach not only boosts satisfaction but also fuels innovation and sustainable growth across our business.

As part of our [RIIO-T2 Business Plan](#) – a regulatory framework focused on delivering value to consumers – we are dedicated to improving service quality. One key measure of this is the Quality of Connections survey, commonly known as ‘Moments That Matter’ (MTM). This initiative includes a performance-based incentive, where customers rate their satisfaction with our service on a scale of 1 to 10. These ratings can result in either a reward or a penalty, depending on our performance.

To gain meaningful insights, our Connections Customers are surveyed at six key milestones throughout the connections process:



MTM survey score 10/10

“We are very hard to please and the SPT team gave us fantastic and usable feedback – the whole team did a great job.”

Connections Customer 2024/2025

These surveys are conducted by Taylor McKenzie Research & Marketing Ltd, a specialist third-party research firm, ensuring impartial and reliable feedback.

Over the past year, we have been listening closely to our customers at every step of their journey with us. Through the six ‘Moments that Matter’ – from initial engagement to connected customer reviews – we have gathered valuable feedback to help us improve.

Customer satisfaction has risen significantly, with our overall customer satisfaction score increasing from 8.27 in 2023/24 to 8.9. Participation also grew from 42% to 51%, reflecting stronger engagement.

We have identified key areas for improvement across all MTMs and remain committed to acting on feedback and enhancing the customer experience.

MTM survey score 8/10

More interaction between different teams when requesting data. We are generally very happy with SPT and appreciate their flexibility in a fast-changing policy landscape.”

Connections Customer 2024/2025

These results underscore our commitment to delivering a consistently high-quality customer experience.

We are proud of the progress, but we recognise there is more to do. Every piece of feedback is a chance to do better – and we are committed to making every moment matter.

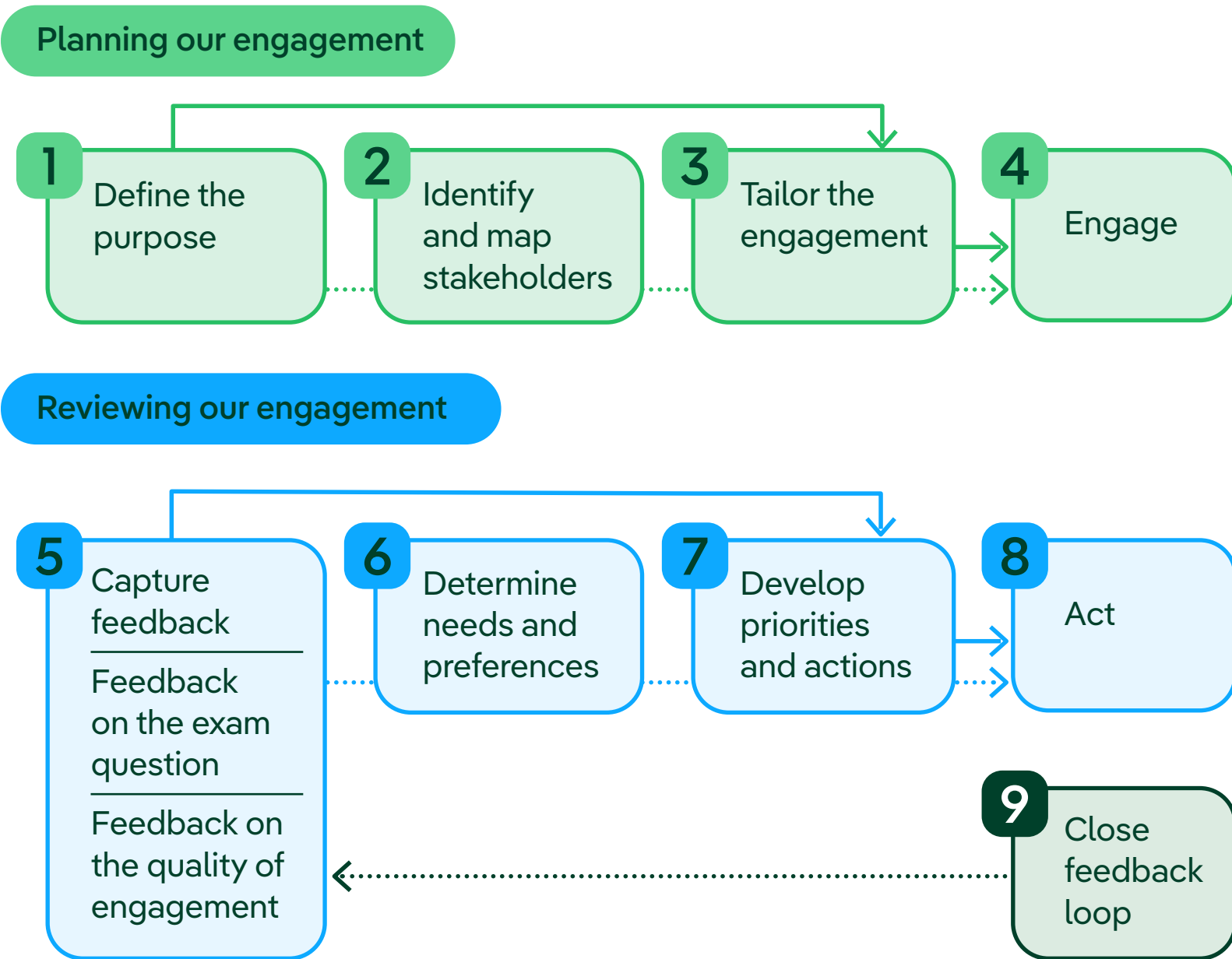
The six ‘Moments That Matter’ Survey results 2024/25	Submitted for Survey			
	Submitted for Survey	Customers Surveyed	Participation Rate	Score
MTM 1. Pre-application Engagement	106	72	68%	9.11
MTM 2. Application Process & Offer	101	26	26%	7.52
MTM 3. Development Phase	79	30	38%	8.97
MTM 4. Delivery Phase	22	15	68%	8.69
MTM 5. Outage Management	49	34	69%	8.85
MTM 6. Connected Customer Reviews	24	17	71%	9.82
Total	381	194	51%	8.90

Stakeholder Engagement

Our principles for engagement

Our Stakeholder Engagement Strategy sets out the five principles which drive our engagement efforts: that they are Inclusive, Authentic, Tailored, Innovative and Deliver Value for Money. These principles reflect both how we currently operate, as well as how we want to operate in the future, allowing us to be responsive to stakeholder needs and help us improve our approach.

The strategy also details the nine-step process for how we plan, review and close engagements, supported by tools and processes that allow us to meet different needs and engage with a wide range of stakeholder groups.



Meeting international standards for stakeholder engagement
For the eighth year running, we have enlisted AccountAbility, owners of the global AA1000 Stakeholder Engagement Standard, to conduct a thorough Healthcheck of our performance. The standard guides organisations in the development of stakeholder engagement processes that are “purpose-driven, robust, and deliver impactful outcomes.”

In 2025 we achieved a score of 93%, up from 91% in 2024. This score sits within AccountAbility’s ‘Advanced’ classification stage – the highest within its Maturity Ladder. The improved score reflects continued efforts to review and improve our engagement practices. With further recommendations from the 2025 AccountAbility Healthcheck, we are once again developing action plans that will work towards further enhancing our engagement processes and the outcomes they can deliver.

“SPEN continues to show commitment to the AA1000 Principles. By integrating learnings from the Healthcheck into the company’s stakeholder engagement approach across business operations, stakeholder engagement is embedded across policies.”

AccountAbility Scorecard 2025

AccountAbility AA1000 Stakeholder Engagement Standard:

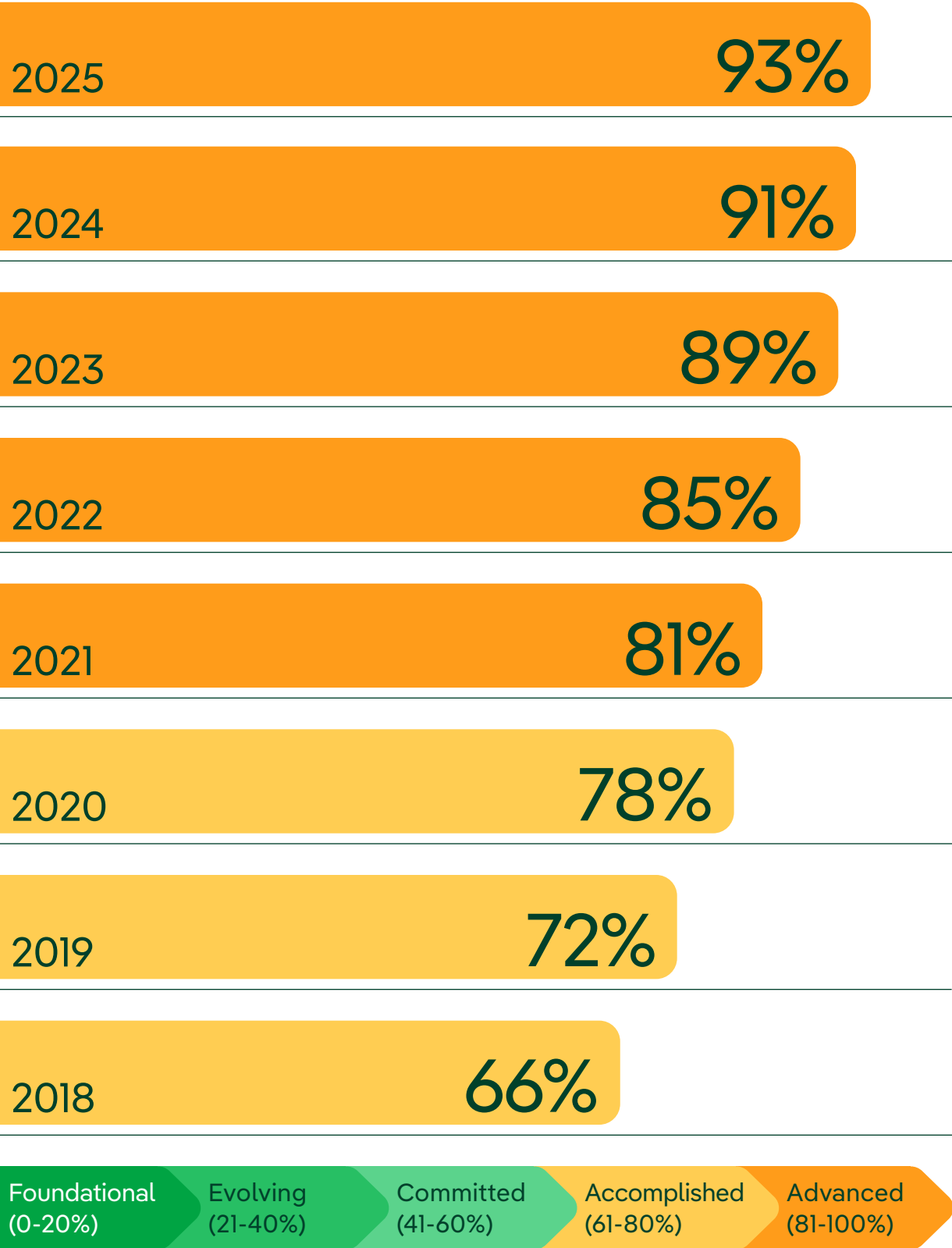
Advanced

SP ENERGY NETWORKS

AA1000 STAKEHOLDER ENGAGEMENT PERFORMANCE

ADVANCED 2025

AccountAbility Health check Progress



Empowering our communities through capacity building and upskilling opportunities
We engage with the community groups and projects supported by our Net Zero Fund to inspire action and build capacity through shared learnings and expert guidance.

In November 2024 we hosted a Connect & Learn community event in Glasgow, bringing together project organisations to receive advice from industry experts through a speed mentoring session, and share their own lessons learned through a panel discussion and networking lunch. We also delivered an interactive upskilling event in June 2025 where community representatives learned more about the theory and practice behind making community buildings more sustainable.

To learn more about the projects our Net Zero Fund supports, see page 21.



Community Liaison

The role of community liaison has never been more important in our business than it is today.

As we prepare for the most significant investment in our network since its inception, our relationship with the communities we serve is more critical than ever. The trust we’ve built through consistent engagement is being tested by growing opposition to infrastructure development, making it essential to strengthen existing relationships and forge new ones across central and southern Scotland.

Sharing our message

What we are doing is crucial for our economic wellbeing and energy security and we must be clear on the strategic objectives around what we are doing and why. This clarity must be cascaded in a way that is consistent and accessible to communities that will host the infrastructure.

Our engagement is underpinned by a clear commitment to be open, honest and transparent – engaged in genuine dialogue and willing to listen and respond positively if we are able.

Community Liaison is at the forefront of building beneficial relationships and being the very public face of the company, directly influencing how we are perceived in communities and by stakeholders.

From Carsphairn to Cockenzie and from Denny to Dumfries we continue to engage communities. Delivering the right message matters. How it is delivered is fundamental.

Early engagement is a priority

In a challenging climate, our approach is rooted in sharing information at the earliest point in a project’s lifecycle where stakeholders and communities can meaningfully influence proposals. Building personal relationships with community councils, councillors and local residents establishes trust and openness and we continue to invest time to explain what is planned or what is being delivered.

In key areas where we anticipate significant investment, establishing contact for one project seeds the ground for conversations around future development. One example being Kincardine, where an ongoing relationship with the Community Council has offered a platform to share wider information on our plans for that area – Kincardine North substation, Tealing – Kincardine or overhead line tower refurbishment on the Forth estuary.



Growing and Evolving

With the scale of investment increasing, our community engagement has grown in both volume and scope. We’ve focused on clearly communicating our work, celebrating milestones, and maintaining the personal touch that defines our approach with wider and more frequent engagement with our communities.

As demand for more engagement has grown, we have worked hard not to lose the essence of what we do well. Year on year, we are meeting more people in more communities, delivering increased volumes of information and consultation across our licence area and adopting new approaches to engaging. Accessibility is key to what we do, and we are committed to engaging with stakeholders at all levels, offering both virtual and face to face communication so all of our communities are represented.

The asks on community liaison and wider stakeholder and communication will only grow further and we will continue to evolve to meet this challenge.

Supporting our communities

Beyond infrastructure, we’re committed to working together and supporting communities.

In schools, bowling clubs, village halls across many communities, the difference we have made has been tangible. Offering our time and experience to educate and inform or signpost to careers and employment opportunities but also practical support through volunteering initiatives. Our goal is to be visible and active in communities to build a legacy and make a difference.

Our teams have planted trees, raised money, supported young people in sports clubs, donated to foodbanks and supported charities helping to ensure that people have food to eat or children a gift at Christmas.



How we measure up

We care about how we are thought of in communities and by stakeholders.

As well as continual inhouse assessment – a survey is carried out each year by an independent organisation seeking feedback from community stakeholders to assess our performance. In the most recent survey, we scored 8.7 out of 10 indicating that our engagement strategy is performing well.



Innovation

Our commitment to innovation remains central to our role in enabling a sustainable energy future. We continue to lead the way in developing cutting-edge technologies and solutions that support the transition to Net Zero.

Our efforts are focused on tangible impact: reducing energy losses across transmission substations, accelerating the deployment of SF₆- free alternatives, and enhancing the resilience and efficiency of the energy system. These initiatives are not only technical milestones but also critical enablers of a decarbonised grid.

Aligned with the UK’s Net Zero targets and the ambitions of Clean Power 2030, our innovation strategy during the RII0-T2 period takes a holistic approach – integrating technological advancement with sustainability. We are embedding innovation into the fabric of our operations, ensuring that new ideas are not only developed but also scaled and adopted into Business as Usual.

By fostering collaboration across industry, academia, and communities, we are ensuring that our innovation delivers real value to customers and stakeholders – supporting a just, inclusive, and forward-looking energy transition.



Strategy

Our RII0-T2 Innovation Strategy focusses on the key energy transition challenges we foresee as facing our transmission network and reiterates our commitment to our customers and stakeholders. In our strategy we have developed four Innovation Clusters, mapped against the Energy Networks Association (ENA) Innovation Themes, which are guiding our innovation delivery and ensuring we develop a balanced Network Innovation Allowance portfolio:

- Network Modernisation
- Network Flexibility
- System Security and Stability
- Digitalisation of Power Networks

In addition, we recently published our RII0-T3 innovation strategy as part of our Business Plan submission which sets out how we plan to build on our T2 innovations through scaling and deeper business as usual integration.

Flexible Railway Energy Hubs

Flexible Railway Energy Hubs has secured SIF Beta funding to demonstrate a transformative approach to accelerating the decarbonisation of the UK’s largest electricity consumer – Network Rail. The project’s core objective is to design, integrate, and commission a demonstrator Hub at Ayr Depot, enabling a live connection to the 25kV traction network. This will support trials of multiple services and use cases, and the development of a commercialisation plan for future rollouts.

The project will deploy a modular microgrid solution that integrates battery storage with the traction network to introduce system flexibility. By transforming the railway into a flexible electricity consumer, the initiative aims to deliver benefits to both the electricity system and end users – reducing wind curtailment costs through flexibility services and minimising engineering-related disruptions.

From project inception, the team has focused on defining the use cases and ownership models to guide evidence gathering throughout the trial. Development is underway on the simulation model, demonstrator design, and equipment specification. A draft commercial case has been produced to engage stakeholders and de-risk future investment.

This whole-system approach, spanning both demand-side and network-side considerations, is designed to mitigate engineering risks such as harmonics, while reducing both average and peak power demand – ultimately deferring or avoiding traditional network reinforcement.

Project partners include SP Energy Networks, Network Rail, Ricardo, the University of Leeds, and GE Verona, with support from NESO. Each partner contributes complementary expertise, representing key parts of the value chain and the route to market for this innovative technology.

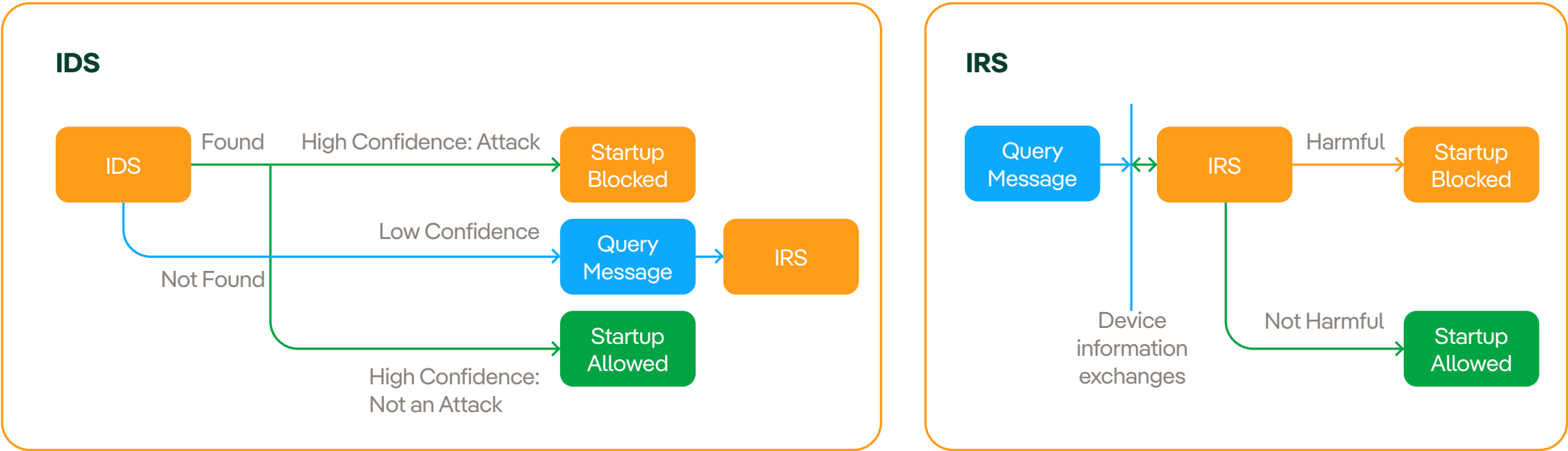


Cyber security for active and flexible energy networks (Cyber-SAFEN)

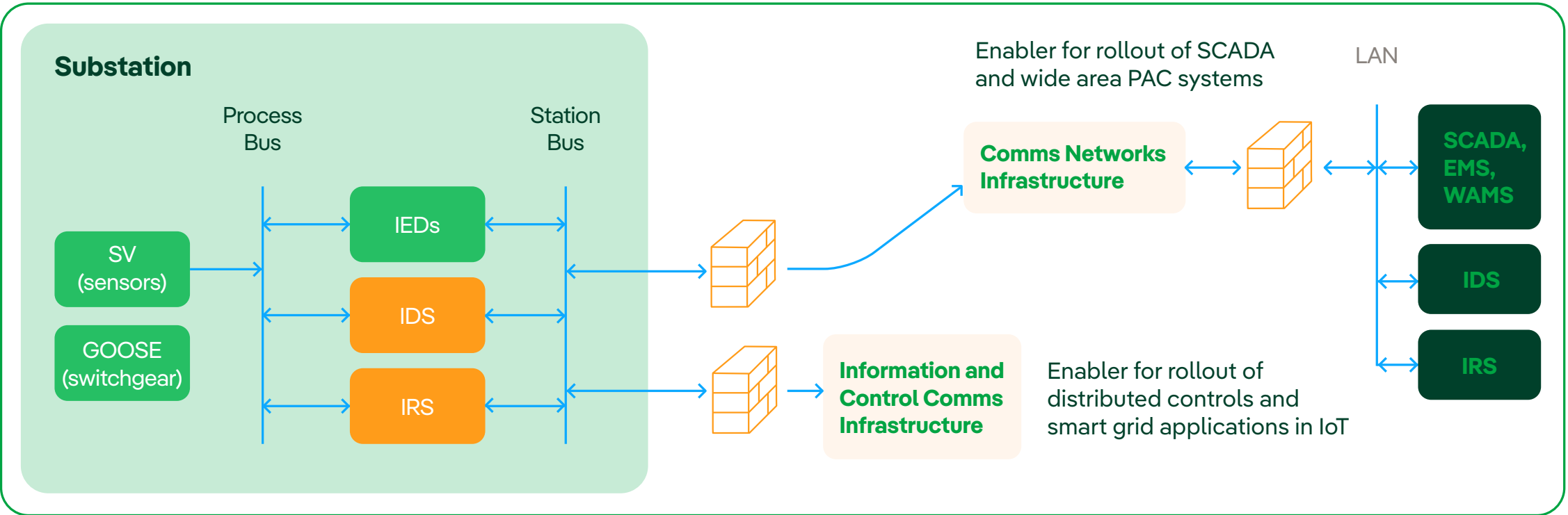
Overview

Cyber-SAFEN aims to build and demonstrate an integrated cyber defence (ICD) platform to provide a foundation on which to build essential cyber safe and resilient functions for electricity networks PAC, WAMS and SCADA systems against advanced cyber-attacks. Cyber-SAFEN uniquely focuses on a combined intrusion detection (IDS) and intrusion response system (IRS) powered by advanced AI and machine learning technologies to build a dual defence system against advanced cyber threats.

Detail of 2-stage classification system



Overall solution schematic



Benefits

The energy system needs to transform significantly to reach our climate change targets at the lowest cost. In line with the UK government, UK Energy networks and SPEN digitalisation strategies, cyber security is a key enabler in the energy system transition as we move to digitise our networks to enable Net Zero. Having a secure infrastructure reduces the likelihood of successful attack and the harm caused.

The key benefits realised by undertaking this project include:

- Reduced risk of outages and damage caused by cyber attacks
- Enable increased digitalisation and automation across the network
- Builds a secure and resilient platform on which to rollout further applications.

A reliable electricity supply is critical to the day-day society function. The 2015 Ukraine energy system cyber-attacks resulted in power outages for nearly 230,000 consumers in Western Ukraine, and Cyber-SAFEN looks to develop systems to avoid such situations as well as mitigating any losses they could cause.

Cyber-SAFEN uniquely focuses on a combined IDS and IRS, powered by advanced AI and machine learning technologies to build a dual defence system against advanced cyber threats.

Progress

The project aims to build an Integrated Cyber Defence (ICD) platform.

To accomplish this aim, the project organises its deliverables into four distinct stages:

- Stage 1 – Network and Data Modelling
- Stage 2 – Cyber Intrusion Detection System (IDS) design and specification
- Stage 3 – Intrusion Response/defence System specification and development
- Stage 4 – Performance evaluation and analysis of Cyber-SAFEN solutions.

In Stage 1, we developed a data-driven design and technical specification for the platform. This fed into Stage 2, where we developed an adaptive Intrusion Detection System which uses machine learning to detect and classify cyber threats.

To enhance the accuracy of the machine learning approach, we developed an Intrusion Response System (IRS) to verify the results. This acts as a safeguard and enhances the overall accuracy and reliability of the system’s decision-making ability by detecting false positives or false negatives.

The project has shown that pairing an Intrusion Detection System with an Intrusion Response System can successfully identify known and unseen cyber intrusion events with a very high confidence.

For more detail please see page 8 of our [NIA Annual Summary Report](#).

Intelligent Connections Explorer

The process for new connections relies on manual interventions for customer engagement, leading to delays and inefficiencies. Customers face wait times for preliminary phases, connection details, and programmes due to the lack of a system for indicative views of the network they are looking to connect to.

Intelligent Connections Explorer will integrate accurate estimation of substation capacity, new connections costs and timelines, and a route planner that identifies optimal solutions. Creating the ability for our business to have clearly identifiable guidance on the best solution at the earliest stage in the connections process. This enables a holistic view of our network area and assists transmission operators and developers to have a greater understanding of where would be most beneficial for all parties for a new connection.

Benefits

- Resource Efficiency: Using digital tools to reduce manual processes and allows our teams to spend more time supporting our customers.
- Improved Customer Experience: Readily available access to key information for customers, more informed decision making and faster selection of connection points/routes will enhance the connection experience for customers.

- Better understanding of new connection projects: Greater awareness of potential connection points, costs, programme timelines, and routing options, leading to more effective project planning.
- Greater ability to assess connection options: Increased likelihood of selecting the “optimal” option from the outset for the developer and manage expectations on the reality of one site in comparison to another. Allowing the developer to have an earlier ability to view the potential “best” location for their needs.
- Early environmental consideration: Addressing environmental impact earlier in the route planning process leads to better outcomes and may ultimately save time. Otherwise, issues may only become apparent after consultation with stakeholders.

Progress

At this stage of the project, we have developed an Alpha version of the web application designed to be an internal facing view. It contains an input section that mirrors the current Pre-Application form that customers complete to request a call. Our current network is mapped out, visualising the substations that currently exist on the network. Once the user has provided their project details and a location on the map, they can view a list of substations with available capacity and view additional information such as timelines and costs.



Innovative Monitoring of GIS Cable Terminations

In Gas Insulated Switchgear (GIS), it is important that the cable terminations are mechanically secured. There is a risk that during large and rapid load reductions, which can cause the cable to contract along its length, the conductor may pull back from the cable termination. This could result in:

- High resistance, generating heat and arcing across the loose connection.
- Deterioration of the termination insulation, leading to partial discharge activity.

There is no way of non-intrusively testing the terminations in situ to find out if they are secure. A monitoring system would detect the effects of cable contraction using sensors that can be applied to the outside of the cable, termination or GIS, linked to an alarm system to alert staff to the hazard of a termination that has suffered from cable contraction.

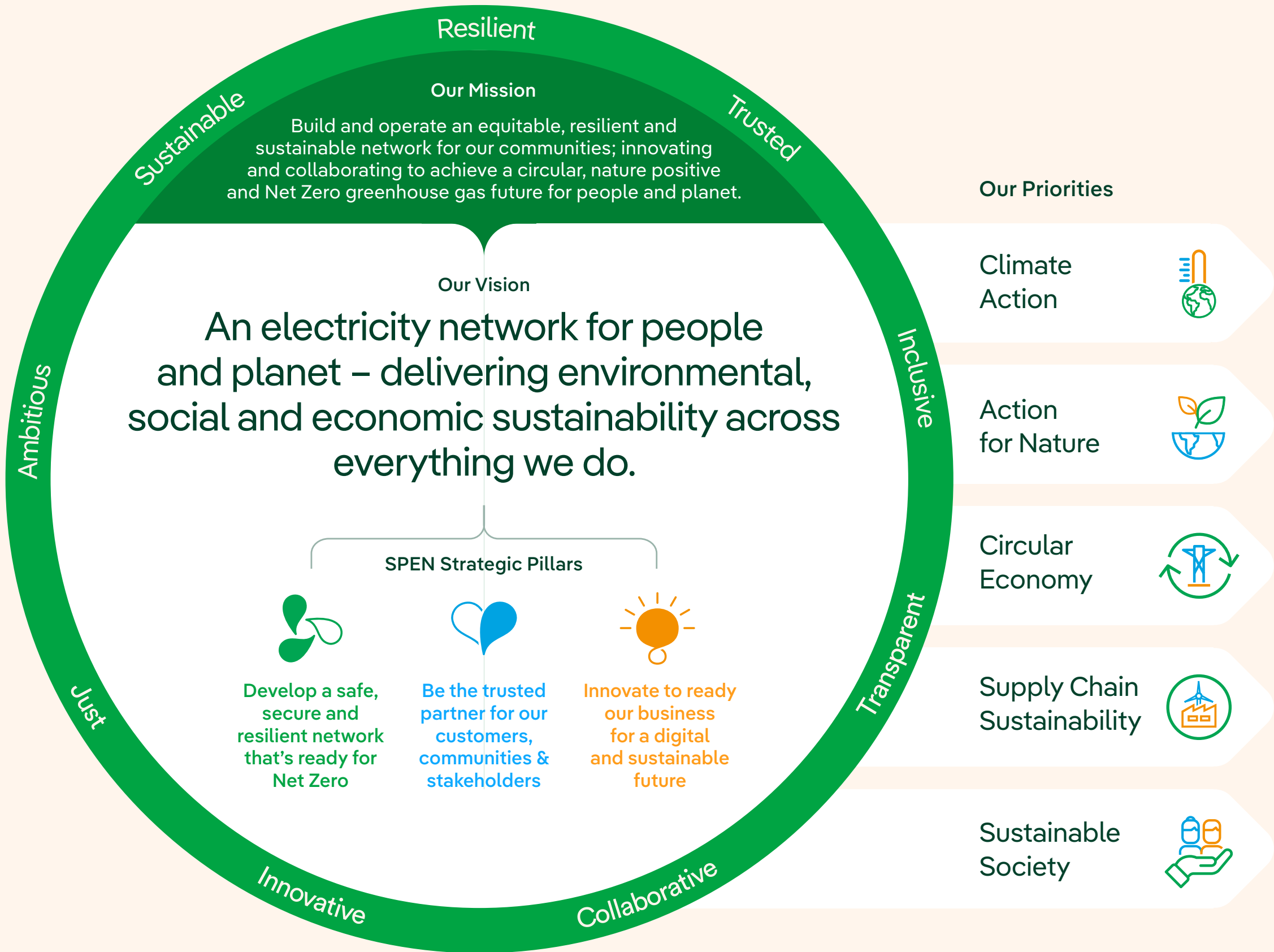
Benefits

- Early detection of faults before it causes unplanned outages and/or damages to assets.
- Improved grid reliability and stability.
- Improved safety: By identifying high-resistance connections and early signs of insulation degradation, the monitoring system helps prevent arcing and thermal damage that could lead to equipment fires or explosive failures, protecting nearby infrastructure and reducing the risk of hazardous conditions for operational staff during fault response or repair.
- Avoids Network Constraint Costs: Early detection of termination faults can help prevent unplanned outages and the need for emergency repairs, which often require costly network reconfigurations to maintain supply, helping to avoid significant constraint payments and operational disruptions.

Sustainability and Environmental

Our electricity network plays a critical role in enabling the transition to a Net Zero future by delivering renewable energy from generators to consumers. Sustainability is embedded in SP Energy Networks’ core purpose, supporting the UK’s Net Zero greenhouse gas ambitions. As we expand and operate our network, we are committed to ensuring our activities are environmentally responsible, socially equitable, and economically sustainable.

Our [Sustainable Business Strategy](#) was developed through years of close collaboration with our stakeholders and is regularly updated in response to internal and external policy developments. This ensures that our business can successfully manage the transition to a low carbon energy system over short, medium and long-term timelines.



Supply Chain Sustainability

Building strong partnerships within our supply chain is vital to achieving our sustainability goals. Our diverse network of suppliers supports every stage of the asset lifecycle, from design to disposal.

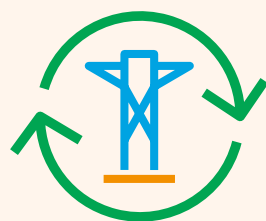
We continue to collaborate closely with our supply chain to enhance the sustainability of our projects and programmes, while also working towards consistent reporting across all partners.

During this regulatory year, we conducted a comprehensive review of our suppliers and contractors to identify those with the most significant impact. This led to the creation of our priority suppliers list, comprising 153 suppliers who collectively represent 90% of our total supplier value. This targeted approach enables us to focus our efforts on those with the greatest influence on our operations, while still supporting smaller contractors through initiatives such as the Supply Chain Sustainability School (SCSS) and the Scottish Business Climate Collaboration (SBCC).

The introduction of our priority suppliers list has sharpened our reporting focus. Currently, 78% of these suppliers meet our enhanced environmental requirements.

Our reporting now also tracks whether suppliers have publicly committed to, or achieved, validation of their greenhouse gas (GHG) reduction targets through the Science-Based Targets initiative (SBTi) or an equivalent external validation process. This serves as our benchmark for determining whether a supplier has established its own sustainability KPIs, in line with our T2 Commitment. As of the 2024/25 regulatory year, 59% of our supply chain has either committed to or achieved SBTi validation.

Circular Economy



As a sustainable networks business we are committed to incorporating circular economy principles into our policies, procedures and project delivery. We work collaboratively to improve the circularity of our resources, recognising the value of keeping them in use for as long as possible and retaining their value. In line with this, we have set challenging business targets to reuse or recycle 100% of our waste by 2030, excluding compliance waste.

Our landfill diversion rate remained similar to last year at 97.9%, still well above our target of 95%. This reflects our strong progress toward SP Energy Network’s overarching goal of 100% waste reuse or recycling by 2030.

As we transition to our new waste data reporting system, we anticipate that landfill diversion rates may appear to decline. This is due to improved visibility and accuracy in tracking the true fate of all waste. While this presents a new challenge, having reliable, comprehensive data is essential for influencing both our upstream and downstream supply chains to eliminate landfill waste entirely.

Our landfill diversion rate remained similar to last year at 97.9%, still well above our target of 95%.

Climate Action

Our Business Carbon Footprint

The development and maintenance of our infrastructure is a key enabler for energy security and achieving Net Zero Green House Gas (GHG) emissions. During this time of unprecedented network growth, we must also reduce the carbon footprint of our business operations, and make sure our network is resilient to the effects of climate change.

In 2024/25, our annual Business Carbon Footprint (BCF) (excluding losses) was 14,294 tCO₂e. This is 29% lower than in 2013/14 when we first started measuring our BCF, and 34% lower than our 2018/19 RIIO-T2 baseline.

Whilst our fugitive emissions were lower than the previous year, they were still higher than forecast. This was largely due to a leaking section of Gas Insulated Busbar at Kilmarnock which has now been repaired successfully. We continue to make good progress in fixing known leaking assets through our repair programme and robust fault processes. We anticipate that we will continue to decrease our BCF in line with our targets, pending any further exceptional SF₆ leakage events.

Operational transport

In September 2019, our parent company, Iberdrola, joined The Climate Group’s EV100 initiative, committing to electrify its cars and small vans – subject to local market conditions – by the end of 2030. Our SP Energy Networks target goes beyond these requirements, and we aim to fully decarbonise our fleet, including larger vans, within the same period. We continue to support this goal and remain dedicated to transitioning our operational vehicle fleet to electric by 2030.

We have replaced four internal combustion engine vehicles with electric alternatives, and a rollout plan has now been approved to expand this number to 11 by the end of RIIO-T2. We are on track to employ electric versions of all cars and small vans by the end of the RIIO-T2 period, which will account for 21% of our total fleet – A total of 15 vehicles, compared to our original target of 72. However, we will not meet our ambitious goal of fully electrifying medium and large vans, as well as 4x4 vehicles, within the same timeframe. This shortfall is primarily due to limited market availability and ongoing challenges with vehicle range and payload capacity.

To help overcome these barriers, we continue to collaborate with industry partners to support the development of suitable electric vehicles. We are currently trialling electric 4x4s and similar light commercial vehicles, with two model lines identified as promising candidates for use within our Transmission business.

Fugitive emissions

We continue to collaborate closely with industry partners and our supply chain to advance the adoption of SF₆-free technologies, aiming to integrate suitable alternatives across our network. Where feasible, we are prioritising procurement of equipment that does not contain SF₆. SF₆ is a colourless and odourless gas used for both insulation and arc interruption in switchgear applications. It has exceptional insulating properties which enable safe, compact and low-cost switchgear solutions. Although it causes no detectable impact on the local environment if released, it is a highly potent greenhouse gas with a global warming potential of 23,500 times that of CO₂.

Annual emissions are influenced by various factors, including equipment faults and asset age. For the 2024/2025 regulatory period, our Insulation and Interrupting Gas (IIG) leakage rate was recorded at 0.39% – a notable improvement following a disruptive failure in the previous year. Our operations team continuing to maintain rigorous monitoring of all SF₆ and other gas-filled assets enables early identification of issues, timely analysis and swift repairs to minimise delay.

We remain committed to planning and preparing for the integration of alternative IIG assets, ensuring our teams are equipped with the appropriate training and resources to manage all gas types and mixtures effectively.

Depot and Substation energy use

Since September 2019, we have sourced green electricity for our depots and offices through a 100% UK-based renewable energy tariff, supported by Power Purchase Agreements (PPAs). All energy procured under this tariff carries a zero-carbon emissions factor, significantly reducing the environmental impact of our operations.

We continue to advance our RIIO-T2 substation building refurbishment programme. Eight sites have already been completed, and we are actively progressing work across the forty remaining locations. We remain confident in our ability to meet our commitments in this area over the course of the RIIO-T2 period.

Our substation energy emissions have increased since last year. This is mainly due to a higher ‘residual fuel mix’ conversion factor from the electricity supplier. However, our actual electricity consumption at substations has decreased despite the slightly higher emissions attributed to this.

Network Losses

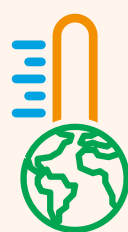
Energy losses are an unavoidable part of transporting electricity across the network, primarily caused by heat generated in transmission components. We are committed to minimising these losses and have set a target to reduce them by approximately 14,000MWh, around 3%, over the RIIO-T2 price control period. This proactive approach ensures that overall losses remain lower than they would be without intervention, contributing to greater network efficiency and reduced environmental impact.

We continue to replace aging infrastructure including transformers, shunt and series reactors, and overhead lines with modern, lower-loss equipment. To date, asset replacement has been completed on several transmission circuits, resulting in estimated savings of 5,370MWh across the lifetime of the assets.

Business Travel

Emissions associated with business travel include indirect emissions from the use of vehicles not owned by SP Energy Networks – such as employees’ personal vehicles, rental cars, public transport, and air travel. Since the start of RIIO-T2, we have seen a general increase in greenhouse gas emissions from business travel, reflecting the increase in travel mileage as our operations increase as well as the reduced travel at the beginning of the price control due to COVID. A key driver of this operational growth is the significant increase in TOTEX, rising from £263 million in 2022 to £624 million in 2025, which has necessitated greater travel to support project delivery and network activities.

However, whilst our overall emissions have increased due to higher travel mileage, the carbon intensity per mile has consistently decreased each year. This trend highlights changes in travel behaviour and a growing shift towards lower-emission transport options.



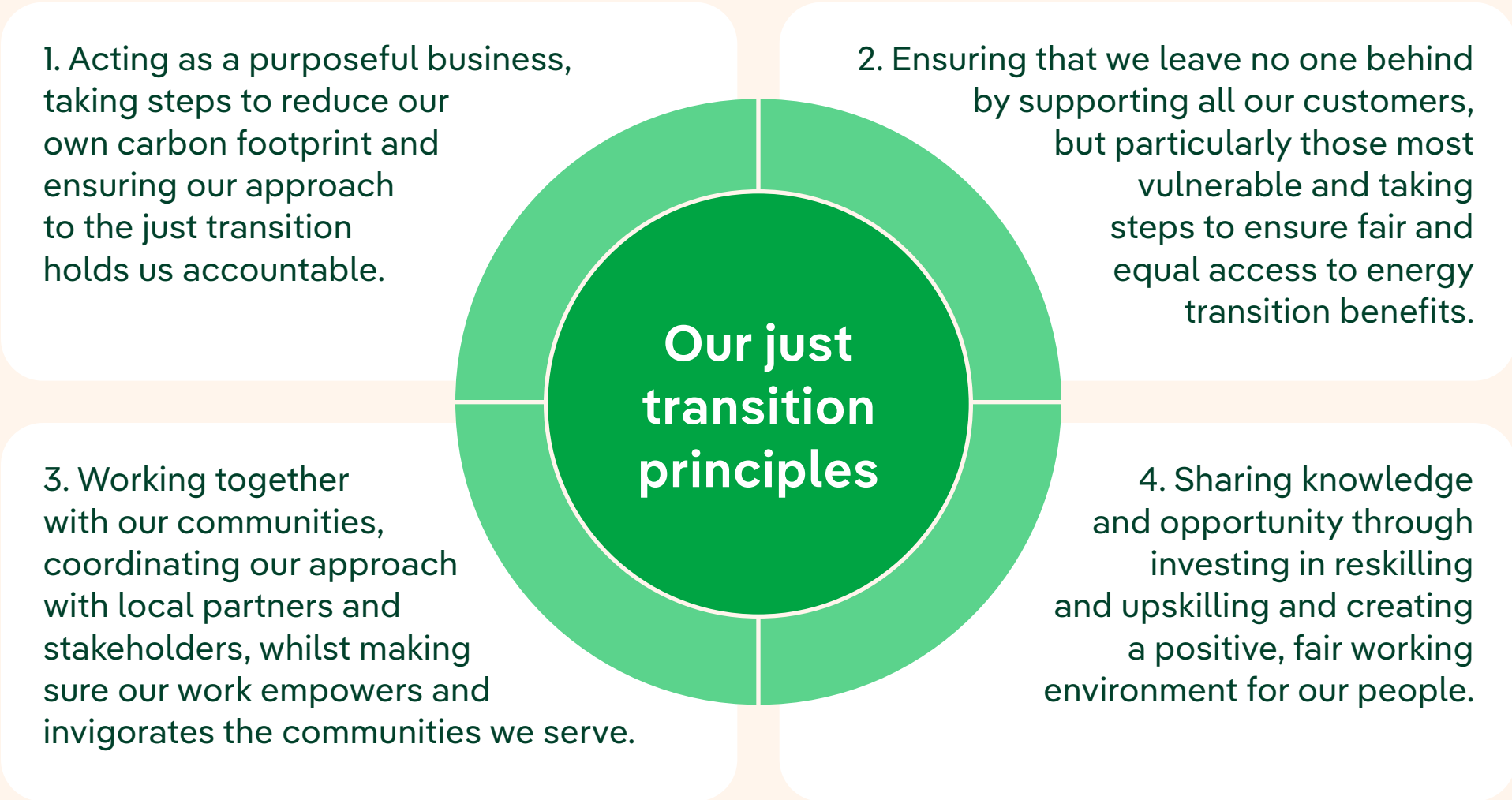
Sustainable Society



Achieving the sustainability step-change
Our sustainability initiatives are built on a robust foundation of environmental management and compliance. We are dedicated to adhering to environmental regulations and preventing pollution, with integrated processes to ensure these standards are met in all our business activities. Our long-standing certification to the ISO 14001 International Standard for environmental management, which we have maintained for over a decade, underscores our commitment to these principles.

In the 2024/25 regulatory year, SP Energy Networks successfully retained its ISO 14001 certification following an external surveillance audit of our Environmental Management System. SP Energy Networks are actively integrating the audit’s recommendations and identified opportunities into internal processes to drive continuous improvement.

Just Transition
In September 2024, SP Energy Networks published its first Just Transition Report which summarised the steps taken so far to embed the principles of a fair and equitable transition into everything the business does. It outlined the methods taken to embed new ways of working, along with showing case studies on how SP Energy Networks are supporting customers and enabling a transformational change to ensure a more sustainable future for all. This year, SP Energy Networks have also been developing Key Performance Indicators (KPIs) for each of our four Just Transition principles. These KPIs are being established to provide clear, measurable benchmarks that will help track progress, ensure accountability, and guide continuous improvement in delivering on commitments to a fair and inclusive transition.



Action for Nature

Across our business we work to protect and enhance the ecosystems our network operates within. We are committed to applying the principles of the mitigation hierarchy across our operations, avoiding and reducing the impacts of our construction works where possible, and restoring and compensating for any residual impacts to achieve ‘No Net Loss’ of biodiversity across the RIIO-T2 period.

Pollution Prevention
While we deliver the low carbon transition and reduce our own carbon impact, we must also continue to prevent pollution, protect and enhance biodiversity, use resources sustainably and encourage our supply chain to optimise their environmental impacts. Protection of the environment is a key component of how we operate our business, and an area that we work to continuously improve our performance.

During the reporting period, we reported two environmental incidents to the Environmental Regulator SEPA. The first involved an oil leak at the Killermont 132kV site, traced to a tank where oil had pooled in a clay joint bay. The area was excavated, the leak repaired, and contaminated soil removed. Due to the clayey ground, the oil remained contained. Continuous pumping managed rainfall, and environmental contractors conducted water sampling at nearby drains and the River Kelvin. Boreholes will be installed and monitored until the site is deemed remediated.

The second incident occurred at the Westfield 275kV substation, where excavation works revealed historical oil contamination. Most accessible oil has been removed, and the team is considering installing above-



ground oil separators to replace the underground drainage system, reducing future risk. Trial pits are complete, and borehole locations are being mapped for ongoing monitoring and oil removal.

Neither incident resulted in contamination of watercourses, and no enforcement actions or undertakings were issued by the regulator.

As part of our risk management, all major transmission projects now include a Pollution Prevention Plan. This ensures environmental risks – such as construction run-off – are effectively controlled in both normal and abnormal conditions. These plans identify risks, define controls, and allocate resources to manage them appropriately.

Land and Biodiversity improvement
We have continued to collaborate with other UK Transmission Network Operators (TOs) to refine our approach to natural capital and biodiversity assessment and enhancement. During regulatory year 2024/25 we launched our Action Plan for Nature which details our vision for delivering a sustainable and nature positive network.

NatureScot has commenced the development of a bespoke biodiversity metric tailored to Scotland’s planning system. Alongside other network operators, we are actively contributing to consultations to help ensure the metric and accompanying guidance support biodiversity and natural capital goals – aligned with our role in delivering a resilient, Net Zero network.

In 2024/25, we upheld our ‘no net loss’ commitment through the Use It or Lose It (UIOLI) fund and by delivering biodiversity enhancements required through planning. Given limited land availability within project boundaries, we are focusing on off-site habitat creation and improvement, working closely with local communities, stakeholders, and organisations including NatureScot and Fisheries Management Scotland.

During the 2024/25 period, seven of our projects received planning consent requiring us to deliver significant enhancement of biodiversity as part of the projects. Collectively, these projects have exceeded our T2 target of No Net Loss, achieving a 19% Biodiversity Net Gain with the funding of 320 hectares of biodiversity restoration including riparian planting, peatland restoration, woodland and hedgerow creation.



Supporting and Securing our Network

We have now completed year 4 of our RIIO-T2 regulatory year. During this period, we have seen some significant milestones achieved on the Operational Network. We have now removed the last of the 118 Oil Circuit Breakers dating back to 1953 from the Network. These assets were initially replaced with SF₆ Gas Circuit Breakers, however, embracing new technology has allowed us to implement SF₆ Free Gas Circuit Breakers when possible, allowing for a significant reduction in asset carbon footprint.

These changes will improve operational performance, minimise maintenance costs and remove the environmental risk of handling and recycling oil. This marks the end of a significant chapter in SP Energy Networks' history but also paves the way for a more sustainable and greener future.

We also reached a significant milestone for the HVDC Western Link, celebrating 5 years of successful operation, transferring a total of 28,248 GWh of energy through the Western Link with over 98% availability during this period. The HVDC team have also engaged in a new innovative method of monitoring the subsea cable, which is quicker, just as effective and significantly cheaper than the previous imaging system deployed to monitor any changes or movement of the cable on the seabed floor. The team continue to work with key partners in maintaining the performance of the Western Link.

Our Energy Not Supplied performance for this year has improved on last year's performance despite the challenges of severe weather events, maintaining our network reliability of over 99.99%. Each year the Electricity Network is challenged with severe weather events, this year we experienced impacts on the Network from both Storm Bert and Storm Eowyn. Due to the strong resilience of the network and the swift restoration of Circuits closely monitored by our Network Performance team, these events did not have any lasting impact on our customers.

The overall resilience and performance of our assets are credited to our Operations teams commitment to develop and deliver robust Maintenance and Inspection programmes. We continue to closely monitor the delivery of our network plans to ensure they meet our expectations and minimise the risk to network performance.

We continue to support the evolution of the network with greener energy solutions to drive forward our journey to Net Zero. New technologies and storage systems, bring new challenges that need to be overcome and require close monitoring to ensure we can maintain a stable electricity network. Our Network Performance team are invaluable in monitoring system disturbances and play a key part in the security of energy for our customers.

We continue to grow our teams to meet the challenges of an expanding infrastructure, providing careers to achieve a sustainable future.



A Safe Network

Communication and cooperation are key to ensure that our infrastructure is safe, and that all our operational activities safeguard the health, safety and wellbeing of every person who interacts with our assets or activities.

Our dedication to continual improvement was acknowledged through an independent external accredited verification body.

We continue to operate to ISO 45001: 2018, international standard and consider this a crucial factor, to ensure the future growth and success of the business. This year has seen us undergo a successful AENOR ISO 45001 Surveillance Audit.

Our Staff and Contractor Health and Safety

As a business, we continually monitor our “Total Recordable Injury Rate” (TRIR). This defines significant injury levels as a factor of hours worked (injuries per 100,000 hours).

We achieved a combined Staff and Contractor TRIR of 0.47 for 2024/25, which is considered an exemplary performance within our industry.

Based on the 2024/25 performance data, we have focussed on several proactive initiatives to enhance our Health, Safety and Wellbeing culture.

These include:

- The continuation of our New Year safe return to work initiative in 2024/25. Safe start is a phased and controlled return to work over the course of January, with an emphasis on health, safety, and wellbeing engagements.
- Successful deployment of PeopleSafe lone working app.
- Greater promotion of Employee wellbeing issues.
- The SP Energy Networks H&S SharePoint site has been successfully developed and launch. This is a one stop shop for all staff to access H&S, Wellbeing and Public Safety information.
- A Summer Safety Campaign was rolled out across the business from June through to August, with a view to reinforcing the additional risks associated with summer working.

Public Safety

We can again report that there have been zero public safety injuries as a result of interaction or from our operations. In addition to the physical measures, we take to protect the public from electricity, for example secure compounds, safety distances and signage, extensive inspection, and maintenance programmes, we also strive to raise electrical safety awareness with the public via several campaigns and initiatives including safety forums with the emergency services.

We attended several agricultural shows and have utilised social media channels as well as conventional media channels to reach different audience groups such as the agricultural industry, construction industry and general members of the public as well as promoting safety for children as part of our ongoing safety campaigns.



We supported, and continue to support, three safety centres where our key safety messages are presented to children through substation and overhead powerline interactive props and presentations, provided by ourselves, as well as providing them with annual funding.

Our PowerWise website has continually been promoted to schools and parents. This is a curriculum-linked teaching resource to inform young people about the dangers of electricity and provides free, interactive resources.

This summer has seen the launch of the PowerWise Safety Squad Roblox game ads, we have created an industry-first Roblox video – animated in the game’s blocky, stylised character aesthetic – featuring SP Energy Networks engineers.

We have also worked with the emergency services providing them with awareness presentations, as well as offering support to them when any incidents have occurred.

Various communication campaigns have been delivered throughout the year and significant work was done in conjunction with the ENA for the production and promotion of consistent energy and utility safety messages.

Safe Network

Our vision continues to be to deliver the highest standards of Health, Safety, and Wellbeing performance, where no injury, or ill health is realised, because of our activities.

Zero public safety injuries



Net Zero Fund

In 2022 our £5million Net Zero Fund was launched to help communities advance their Net Zero plans and projects with social, economic and environmental benefits, prioritising those at risk of being left behind on the country’s journey to Net Zero emissions.

Over £3.7million has been awarded to 27 community organisations and charities across Scotland, supporting the most vulnerable who will directly benefit from the delivery of these projects, that will deliver a positive Net Zero legacy in our Transmission communities.

The investment to date is predicted to save a combined 28,904 tCO2e – the equivalent to driving around the Earth over 7,000 times in an average car. We expect that for every pound spent on these projects, an overall Social Return on Investment (Net Benefit per £ spent) of £3.10 will be realised over the maximum benefit lifetime.

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Project Highlights

Gourock Scouts received £169,563 of funding, transforming the Coppermine Community Centre into a more financially sustainable, energy efficient and environmentally friendly space which supports over 400 people weekly. The energy efficiency improvements included an air source heat pump, installation and new windows and doors.

The UK’s only Accredited Museum dedicated to women’s history, Glasgow Women’s Library, has been awarded a grant of £220,000, marking a significant milestone in its aspiration to becoming Scotland’s first Net Zero museum. The funding will retrofit its historic Carnegie listed building in Bridgeton, using a fabric first approach to reduce gas consumption by 30% and lower running costs, with all savings reinvested back into core community services supporting thousands of women.

West Dunbartonshire Council has been awarded £355,600 towards the installation of Connected Response HeatSage controls into over 850 homes across 14 multi-storey blocks in Clydebank and Dumbarton. The upgraded controls work with existing storage heating system and introduce weather-compensated charging which can reduce charging times on milder days and shift water tank charging to off-peak energy windows, helping to reduce residents energy usage and costs.



Top: Jillian Violaris CampbellCommunity Funding and Partnerships Manager with Gourock Scouts. Above: Nicola Connelly CEO of SPEN with the representatives from Glasgow Women’s Library.

Capacity Building for our communities

The fund has also enabled communities to develop project ideas through the delivery of 16 tailored community workshops and 16 project feasibility studies, providing support to those who needed guidance in formalising plans to get projects ready for delivery.

Upskilling events have been delivered to demystify Net Zero and help our communities develop a better understanding of different decarbonisation routes, which has included a general Net Zero workshop (now available to watch on demand), Net Zero Day for local schools and an interactive upskilling event introducing community representatives to theory and practice behind making community buildings more sustainable.

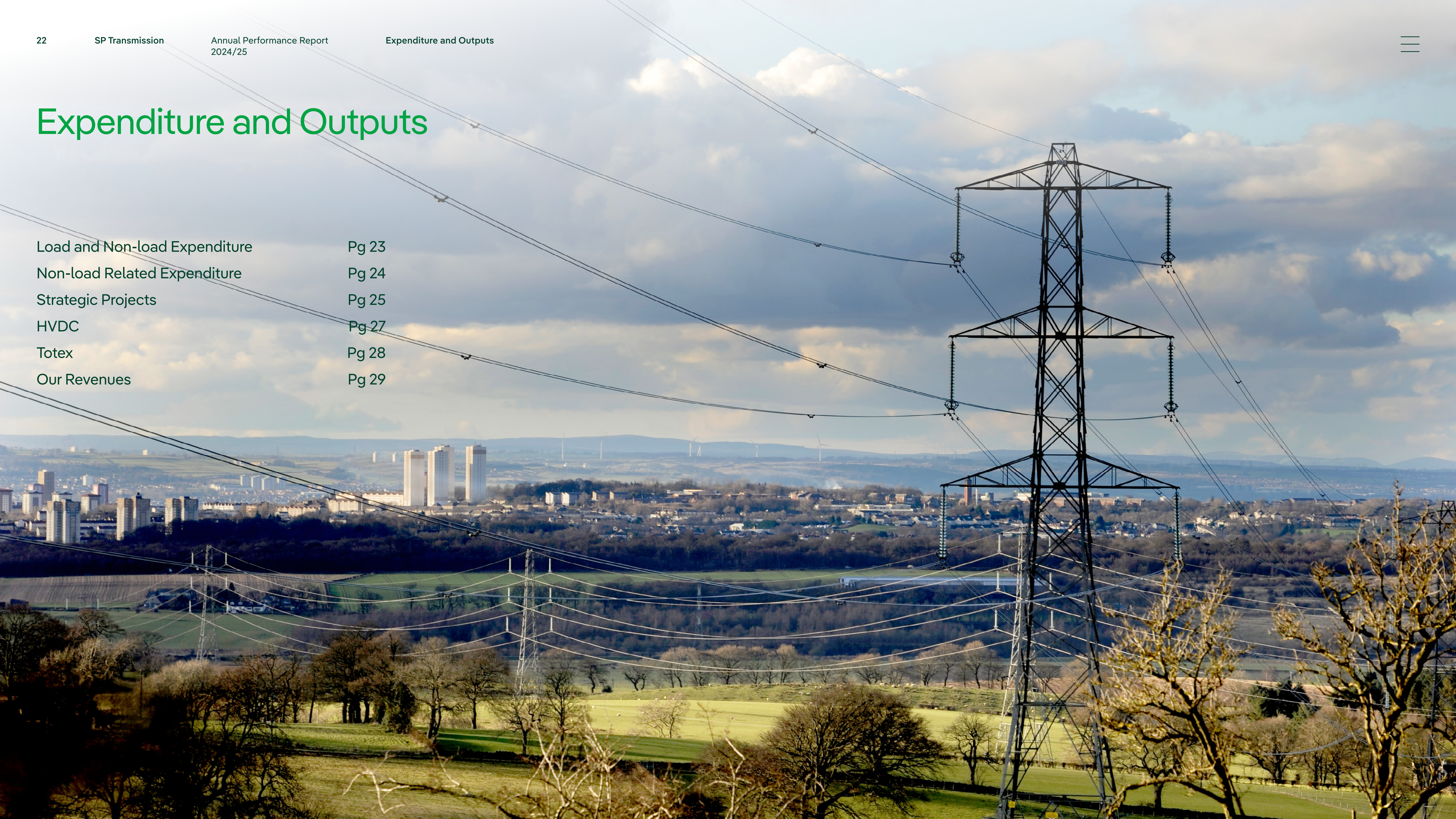
Find out more about this fund at:
www.spenergynetworks.co.uk/netzerofund





Expenditure and Outputs

Load and Non-load Expenditure	Pg 23
Non-load Related Expenditure	Pg 24
Strategic Projects	Pg 25
HVDC	Pg 27
Totex	Pg 28
Our Revenues	Pg 29



Load and Non-Load Expenditure

Our plans for the transmission network are dynamic to account for the changing landscape of electricity generation and demand. Despite the uncertainty caused by the connections reform exercise, we have continued to process a large volume of customer applications during this regulatory year. This requires additional points of connection onto the system and reinforcements to ensure the network has sufficient capacity to transmit the power to where it is being consumed. This is called Load related activity.

Our net capital investment in load related activity for the year was £353.07m. This was an increase in capital investment from last year and demonstrates a significant step forward in the delivery of our RIIO-T2 plan. We continue to see changes in the baseline schemes for T2, primarily due to customer connections being deferred and delays in obtaining planning consents.

For the baseline spend, a number of assumptions were made to inform the plan at the time of submission to Ofgem in December 2019. The energy and political landscape has changed significantly in that time including:

- Supply Chain Capacity: the number of new projects and developments in Scotland has increased dramatically over the course of the last two years, and that has created the need for more contractors, resources and prioritising works. Although we have worked on securing a Strategic Agreement in year four of RIIO-T2 period, there has been an impact on the delivery of projects.

- Permitting Process: the time required to obtain the necessary planning and land consents for overhead line developments has and is delaying some of our schemes.
- System Access: as we increase the number of connections, more reinforcements must be created and more outages are necessary. This creates restriction in the number, location and duration of outages, delaying both relevant works and connections.
- Connections: due to the number of new connection applications, the number of contracted developers has significantly increased. In some cases, there is an impact on existing projects in the design stage, where we need to modify the scope of works, or even create new collector substations; in other cases, developers ask for a change in their connection date because they also suffer issues similar to the aforementioned or related with their financing position.

Increasing demands for electricity transmission and main achievements

Long-term and Whole System planning are essential to build a resilient network fit for the requirements of future generations to ensure the network can meet the requirements of users. This past regulatory year has seen significant changes to the connections process under the NESO’s Connections Reform project, while we have seen continued growth in the number and complexity of connection applications. With over 864 GW of contracted generation and demand projects in the GB-wide transmission and distribution queues, we have been supportive of these reforms to prioritise those projects which can demonstrate they are ready and needed to deliver the UK Government’s to Clean Power 2030 ambitions and Net Zero targets.

We have been fully engaged in the development of these reforms, working closely with Ofgem, Government, NESO and other network operators and industry, ensuring we are fully represented on the key working groups which have considered and driven these key industry changes, including: the Connections Delivery Board, Connections Process Advisory Group, the ENA’s Strategic Connections Group, connections reform code working groups (CMP434, CMP435, CMP448) and NESO’s Connections Reform Hub.

For the regulatory year 2024/2025 we have processed 207 new connection offers. With 82GW of generation capacity currently seeking to connect to our network, approximately 50% of this generation capacity is for Battery Energy Storage Systems (BESS) projects.



Flexing our plan to the wider landscape

As the energy landscape evolves, various projects detailed in the business plan have seen the profiling of spend change. The main reason for this has been to align load related investment with customer connections and mirror the corresponding delay arising from changes in customer works to avoid unnecessary investment ahead of need in the event that the customer delays further.

The largest of these is the Kendoon to Tongland Reinforcement (KTR). This project which will facilitate more than 700MW of new generation through the construction of series of new Overhead Lines across Dumfries and Galloway. The first consultation of this Overhead Line dates of 2015, a second was undertaken in 2017, and a third in 2019. In September 2020, the relevant Section 37 was submitted. After a number of complexities in the process, while Scottish Ministers granted consent in February 2025, there has now been an application for Judicial review of that decision which has been granted for hearing later this year. We will continue revisiting the consenting process with relevant landowners and producing information to contract the works, while this review takes place.

The number of connection applications have significantly increased and there is a lot of work in order to reinforce our network and facilitate a viable connection to all contracted customers. We have increased our engagement with our customers and introduced periodic meetings to report progress in our projects to maintain transparency, foster dialogue and collectively manage the risks. With the introduction of the Strategic Agreement, we will secure most of the necessary supply chain, improve the tendering timescales and will build the necessary partnership with our contractors to deliver in a safe and timely manner.

Non-Load Related Expenditure

The assets on our network vary in age and condition. Our experience and expertise are essential for proper asset stewardship, allowing us to adapt our world-class, resilient network for a Net Zero future. The management of these assets through their refurbishment or replacement is known as non-load expenditure and outputs.

Non-load related expenditure in RIIO-T2

Forecasted spend
as part of our RIIO-T2
Business Plan

£508.4m

Total spend
to date

£361.8m

Delivering on our plans

Non-load related expenditure totalled £101.87m in the last 12-month period, £361.8m cumulatively to the end of year four of RIIO-T2 period. Over the full T2 price review, the total Non-load related expenditure is forecast to be £508.4m with an allowance of £509.3m.

The main reasons for this cumulative underspend are very similar to the ones described in the load related projects chapter. The increase in the number of customers we have contracted has been considerable over the course of the first years of the T2 period. This produces an impact in our programme delivery, as increasing our supply chain of contractors takes considerable time. Also, as we work spanning most of our geography at the same time, system access and outages grow in complexity and has a knock-on impact amongst projects.

In the last year, the programme of Over Head Line (OHL) Major Refurbishment was substantially progressed. BL Route, BU Route and AC Route were successfully completed. AY Route and BM Route have been completed soon after the end of year four of RIIO-T2 period. And we have completed works on one of the two circuits on AL Route.



We have progressed Gorgie-Telford Road 132 kV cable project, where all ducting has been installed, and we are now pulling cable along the 6.6 km double circuit route. The relevant works are coordinated to take the first outage in Q4 of 2025 and energise the first circuit to then finish the second one in Q1 of 2026.

The replacement of Shrubhill SGT1 275/33kV transformer has also been delivered and, switchgear replacements at Glenrothes 275 kV and Mossmorran 132 kV have also been successfully completed.



Adapting our outage requirements

To undertake asset refurbishment or replacement, most assets require to be switched out of service. With increasing constraint costs due to energy prices, as well as outages in other parts of the network, we proactively work with the ESO to coordinate our plans. This has led to some growth after projects being re-scheduled to fit in for outages across the T2 period. The interaction with Load related activity has also had a material impact on the delivery of the plan. In the last year, some overhead line projects were re-scheduled to minimise the network impact over the winter period and support the ESO in ensuring the resiliency of the transmission network.



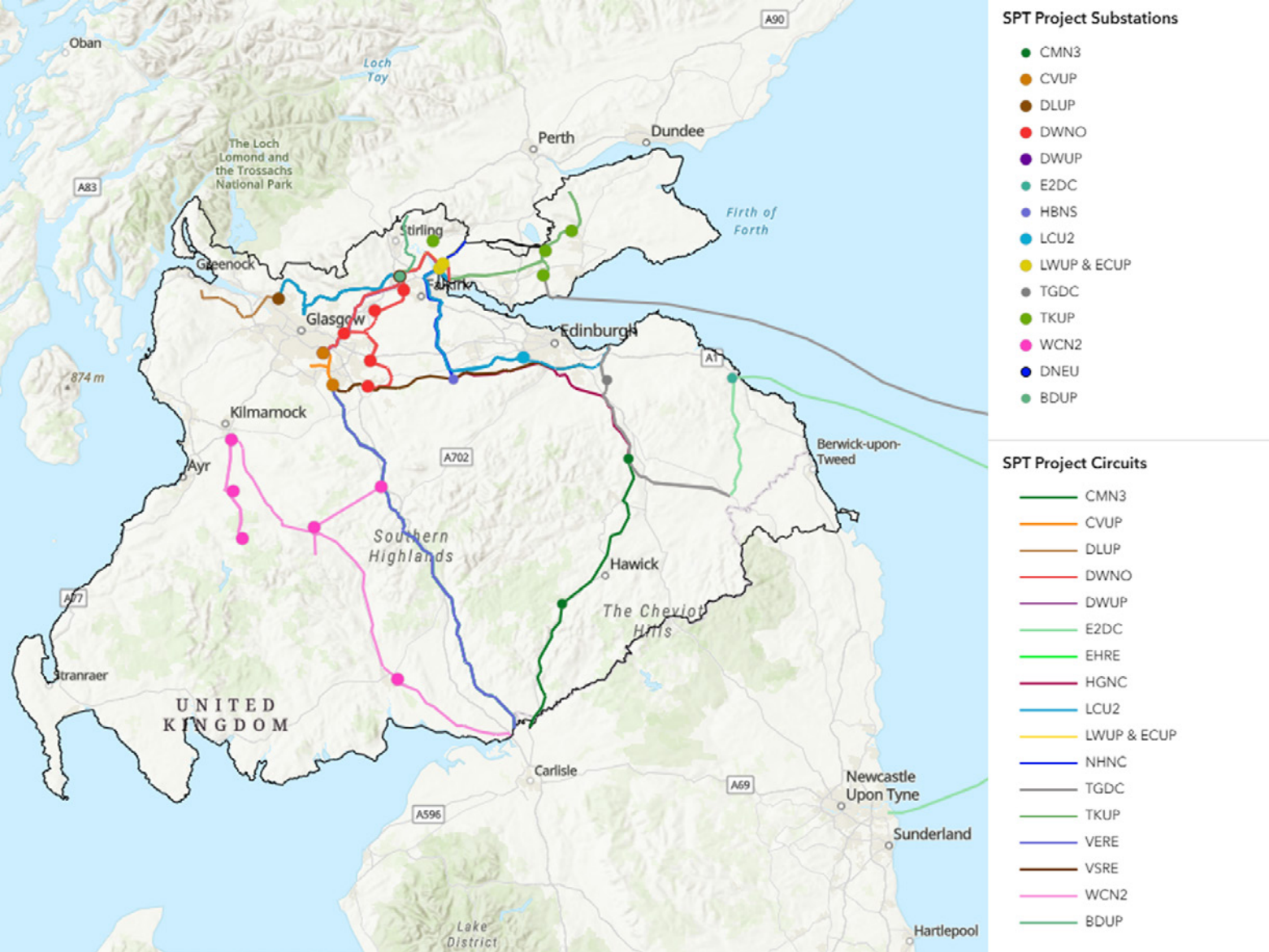
Strategic Projects

Delivering clean power in 2030 and beyond

The Strategic Portfolio was established in September 2023 to execute our major transmission reinforcement projects that are critical to delivering the UK’s Net Zero targets. The projects allocated to the portfolio are aligned with NESO’s Holistic Network Design (HND) to achieve Clean Power 2030 goals and the Transitional Centralised Strategic Network Plan (tCSNP2) Beyond 2030.

The Strategic Portfolio is structured into three programmes, Development, Delivery East and Delivery West. Projects transition from the Development phase into Delivery as optioneering, concept design, consents, and land acquisition activities are finalised and secured. As of July 2025, the portfolio is comprised of seventeen live projects, two funded under the ASTI framework and six under the proposed Load Related Re-opener (LRR). The remainder are tCSNP2 projects currently in development stages.

Figure 1: Strategic Projects GIS Map



	Programme	NESO Code	Project Name
tCSNP2	Development	LCU2	Kincardine North – Currie B5 Reinforcement
tCSNP2	Development	CMN3	New 400kV circuit between Gala North and Carlisle area.
tCSNP2	Development	WCN2	New 400kV circuit between Ayrshire and Carlisle area via new substation(s) within Dumfries and Galloway.
tCSNP2	Development	HGNC	New 400kV circuit between Harburn and Gala North.
tCSNP2	Development	NHNC	New 400kV circuit between New Deer and Harburn.
tCSNP2	Development	HBNS	Establish a new substation at Harburn.
tCSNP2	Development	TBC	Berryknowe 400/132kV Substation.
tCSNP2	Development	CVUP	Clydesmill to Strathaven 400kV Reinforcement.
HND (ASTI)	Development	DWNO	A new 400kV OHL from Bonnybridge to an existing OHL north of Glenmavis, together with associated substation works, conductor W replacement and voltage uprating on existing OHL routes.
HND (ASTI)	Delivery East	TKUP	New 400kV substations at Mossmorran, Westfield and Glenrothes to establish a 400kV double circuit corridor, on existing overhead line routes, between Kincardine North and the SSEN’s Tealing.
HND (LRR)	Delivery East	LWUP	Establish new 400kV substation north of Kincardine and connect to Denny North at 400kV.
HND (LRR)	Delivery East	ECUP	East Coast Incremental 400kV Reinforcement.
HND (LRR)	Delivery East	DWUP	Establish a 400kV single circuit corridor south from Kincardine North, on existing OHL routes, to Clyde’s Mill substation.
HND (LRR)	Delivery West	DLUP	Establish a new 400kV substation at Windyhill and a 400kV single circuit corridor, on existing OHL routes between Windyhill, Lambhill and Denny North.
HND (LRR)	Delivery West	VSRE	Replace existing OHL conductor on the strategic east-west Strathaven – Smeaton (XH/XJ Route) corridor with HTLS conductor.
HND (LRR)	Delivery West	VERE	Replace existing OHL conductor on the northern (Strathaven – Elvanfoot) section of the strategic north-south Strathaven – Harker (ZV Route) corridor with HTLS conductor.
HND (LRR)	Delivery West	EHRE	Replace existing OHL conductor on the southern (Elvanfoot – Harker) section of the strategic north-south Strathaven – Harker (ZV Route) corridor with HTLS conductor.

Holistic Network Design (HND)

NESO’s Holistic Network Design (HND) identified significant onshore and offshore networks required to achieve the UK Government’s target of 50GW of offshore wind by 2030. By considering future offshore generation out to 2030, infrastructure can be planned to bring power to the grid cohesively, ensuring maximum benefit for consumers, local communities and the environment.



tCSNP2 – Beyond 2030

NESO’s Beyond 2030 report builds on top of the Holistic Network Design and details recommendations for reinforcements throughout the 2030s. The report recommends a set of offshore and onshore network upgrades which total £58 billion of direct investment in our electricity networks. It facilitates the connection of an extra 21GW of offshore wind as well as a breadth of other low carbon generation across Britain.

Investing in our growing team

As of July 2025, the Strategic Projects team comprises over 50 permanent staff – representing year-on-year growth of more than 100%. With project delivery activity accelerating and preparations underway for RII0-T3, the Strategic Portfolio headcount is forecast to continue growing at a similar pace, reaching over 100 staff by the end of Q4 2025.

This growth will build capacity and strengthen capabilities across key functions – including engineering, project management, PMO, and commercial – to meet the increasing complexity and scale of the portfolio.

Securing our Supply Chain

To address supply chain constraints, we’ve established 10-year Strategic Agreements framework with 19 trusted Delivery Partners covering our pipeline of Overhead Line (OHL) and Substation works. In November 2024, together with our 19 Delivery Partners, we launched a joint Delivery Charter to formalises our collaborative working approach and sets out eight shared commitments, underpinned by a transparent performance measurement framework.

- In 2025, we secured our Delivery Partners for all seven Holistic Network Design projects and initiated early-stage design, long-lead item procurement, and ground investigations. Together, we are establishing shared workspaces to promote collaboration and cultivate trusted working relationships – ensuring readiness to meet the ambitious Clean Power 2030 timelines.

Figure 2: Delivery Charter



Community engagement

As we prepare for the largest grid upgrade in recent history, we recognise the importance of engaging early, openly, and transparently with local communities. Transmission infrastructure is increasingly viewed as part of ‘cumulative development’, raising concerns about the industrialisation of rural landscapes. To address this, we are proactively sharing our plans with stakeholders and communities, recognising early engagement as a key factor in securing project consent. We’ve already engaged extensively in Fife, North Lanarkshire, Falkirk, and the Scottish Borders. Our approach includes listening to feedback, enhancing digital visualisations of project impacts, and developing accessible content to explain our design methodology. As investment expands, sustained engagement will be essential to managing opposition, securing timely consents, and building the understanding needed to enable the clean energy transition.



HVDC

The two East coast HVDC projects in our portfolio; Eastern Green Link 1 (E2DC) and Eastern Green Link 4 (TGDC), have been joined by a third HVDC project: Western Link 2 (AC5 and AC6). This project will provide a second major boundary reinforcement between Scotland and England and Wales on the West coast of the UK.

These three HVDC links are all being developed and delivered in conjunction with National Grid Electricity Transmission (NGET). Western Link 2 remains subject to confirmation from Ofgem that the TOs will be the chosen delivery bodies.

The development and delivery programmes continue to face the same planning consent and supply chain challenges as other large infrastructure projects. For HVDC projects these supply chain constraints and specialist resource limits are felt particularly acutely due to the very restricted number of global suppliers.

All primary consents for Eastern Green Link 1, including marine licences have been secured and the EPC contracts commenced from January 2024. All contractor led invasive and non-invasive surveys at the converter stations and on the marine corridor have now been completed. These have informed the development of detailed designs for the purposes of refining the delivery plan and discharging planning consents for the main works. Enabling works for the permanent construction phase continue and manufacture of key items such as HVDC cable and converter valves has now commenced. The link is planned to be fully constructed and available to the system operator in 2029.

Eastern Green Link 4 has now entered formal Joint Venture arrangements with NGET and the team is being transitioned to delivery structure.

Procurement of the main EPC contracts for converters and cables has progressed at pace. RfP was issued to the market in May 2024. A preferred bidder has been selected for converters, with cables supplier under final evaluation.

Non-statutory consultation has commenced based on the preferred sites for the northern converter station at Westfield, Fife and cable landfall at Kinghorn, Fife.

Western Link 2 is planned to be an innovative 3 ended HVDC link providing boundary transfer capacity between Scotland and Wales as well as a connection for a significant offshore wind farm off the Islay coast. Western Link 2 is in early development, we have started marine surveys and are preparing to start procurement.



Totex

The UK energy sector continues to undergo significant transformation, driven by the national commitment to achieving **Net Zero**. This shift has led to a marked increase in demand for connections from **low-carbon generation and energy storage**. In response, we have developed a flexible delivery plan and expanded our team over the past year to enhance our capability in developing and delivering a growing pipeline of strategic projects.

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In the 2024–25 regulatory year, **Net Capital Investment (Totex)** – including **Uncertainty Mechanisms** and **T1 Carry Over** – totalled **£580 million**, representing a **£158 million (27%) increase** compared to the previous year’s total of £422 million. This growth reflects the continued acceleration of activity to deliver our **RIIO-T2 commitments**, progress Uncertainty Mechanism projects, and prepare for a strong start to RIIO-T3.

Spend within the **Price Control Baseline** was **£255 million**, exceeding the annual allowance by **£31 million**. This overspend reflects our strategic effort to recover from the underspend observed during the first three years of the RIIO-T2 period.

- Cumulative Totex Position
- **Cumulative Net Capital Investment (Totex):** £1,460 million
 - **Cumulative Allowance:** £1,721 million
 - **Cumulative Baseline Spend:** £887 million
 - **Cumulative Baseline Allowance:** £1,118 million
 - **Cumulative Underspend:** £220 million

We anticipate continued improvement in our position against the allowance in the final year of RIIO-T2, as we maintain momentum in recovering from the slower start to the period.

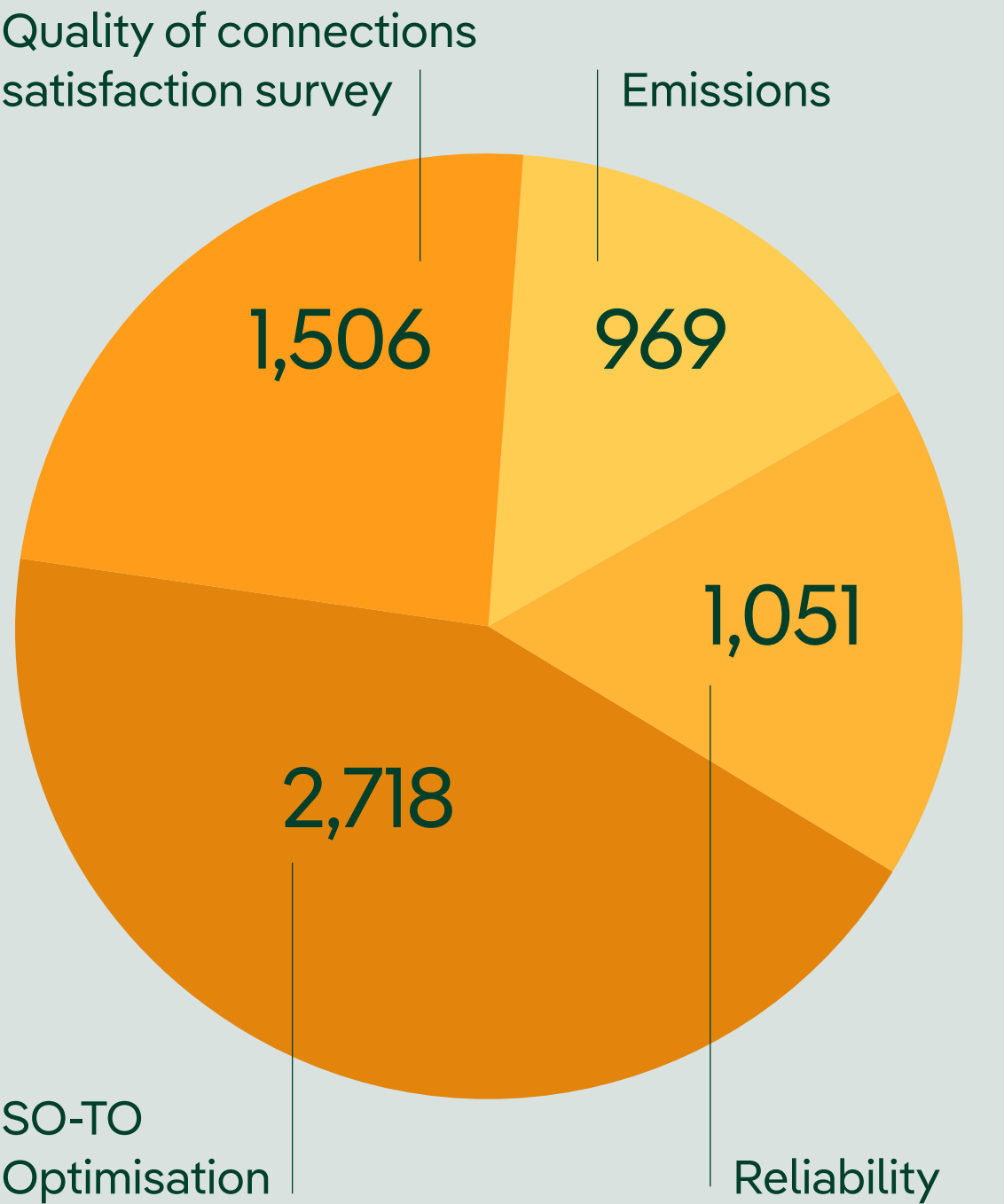
We are forecasting a full RIIO-T2 Totex position for Baseline projects of **£1,175 million**, against a total Baseline allowance of **£1,308 million** – delivering **91%** of the Baseline allocation. This outcome demonstrates our commitment to delivering on our RIIO-T2 objectives and outputs, despite the challenges encountered throughout the price control period.

Totex comparison		Allowance (2024/25 real £m)	Actual (2024/25 real £m)	Variance (2024/25 real £m)
Capex	Wider Works	181.01	209.48	-28.47
	Other LR Capex	140.73	143.59	-2.86
	Sub-Total Load Related Capex	321.75	353.07	-31.33
	Asset Replacement Capex	82.68	94.26	-11.58
	Other Capex	8.00	7.61	0.39
	Sub-Total Non-load Related Capex	90.68	101.87	-11.19
	Non-Operational Capex	2.00	4.93	-2.93
	Total Capex	414.42	459.87	-45.45
Opex	Faults	3.98	3.11	0.87
	Inspections	1.06	1.04	0.02
	Repairs & Maintenance	6.47	6.27	0.21
	Vegetation Management	0.41	0.15	0.26
	Legal & Safety	6.67	4.35	2.33
	Operational IT	2.63	2.56	0.07
	T1 Carry over	0.00	0.00	0.00
	Total Controllable Opex	21.22	17.47	3.75
Indirects and Other costs	Indirects	87.76	91.75	-3.99
	Other	36.21	11.39	24.82
	Total	123.97	103.14	20.83
Total		559.61	580.49	-20.88

Our Revenues

Our Revenues
In 2024/25 we recovered £444.3m. Our revenues are set through regulation by Ofgem. They comprise an element which is fixed, an element which is linked to specified variables (such as the amount of connected generation), and an element to capture incentives and other allowances along with adjustments from previous years.

Incentive awards earned in 2024/25 (£ thousands)



Changes in actual or forecast performance under the various incentive schemes will affect revenue allowance in the next round of tariff setting, until final performance is known – a lag of up to two years.

Our Return on Regulated Equity (RoRE)
Investment into the electricity transmission network is a long-term project, the costs of which are spread out over the lives of assets.

Consistent with the RIIO price control framework Ofgem attached a financial reward/penalty to a number of the incentives. This has the effect of changing our Return on Regulated Equity (RoRE) below.

RoRE is calculated based on values in 18/19 prices and therefore represents an average real equity return over the 5-year price control.

We have followed the Operational RoRE methodology used by Ofgem in their Regulatory Financial Performance Reporting (RFPR) to ensure consistency.

For detailed information about our financial performance, please see the [SP Transmission Regulatory Accounts](#) which are published annually, and our [Regulatory Financial Performance Report](#).

5-year average 2023/24 RoRE	
4.78%	Base Return Set by Ofgem for the 5-year period, reflecting movements in market conditions
0.08%	Business Plan Incentive Agreed by Ofgem as part of the price control, and is the reward for the quality of our business plan submission
0.68%	Totex Efficiency Savings Any savings we make on our investment plan are shared with the consumer, at this early stage in the price control we are forecasting the cost of delivering our business plan commitments will match what we set out in our business plan submission.
0.09%	Reliability Incentive
0.10%	Emissions Incentive
0.00%	Timely Connections Incentive
0.08%	Quality of Connections Incentive
0.18%	SO-TO Optimisation Incentive
0.00%	Environmental Scorecard Incentive
0.00%	Network innovation
5.94%*	RoRE – Operational performance

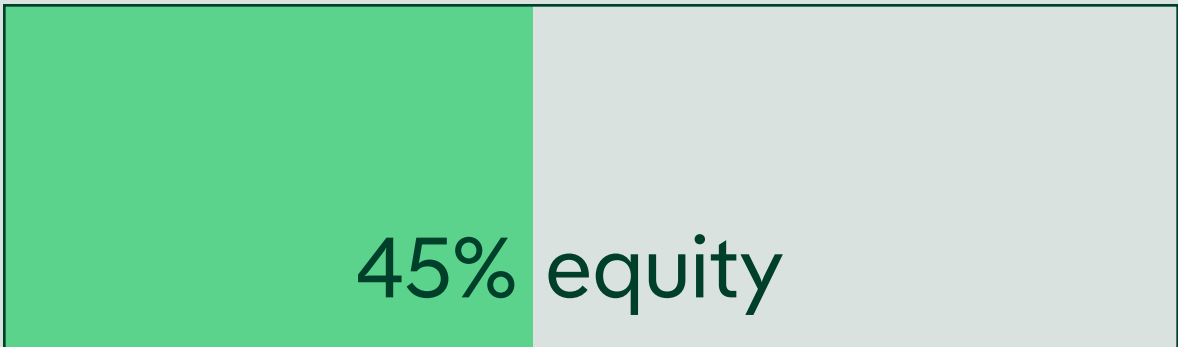
*Excluding Enduring Value Adjustments (EVA's)

RAV (Regulatory Asset Value)
For every pound that we spend, 15% of the costs in the same year and 85% of cost over life of the asset.

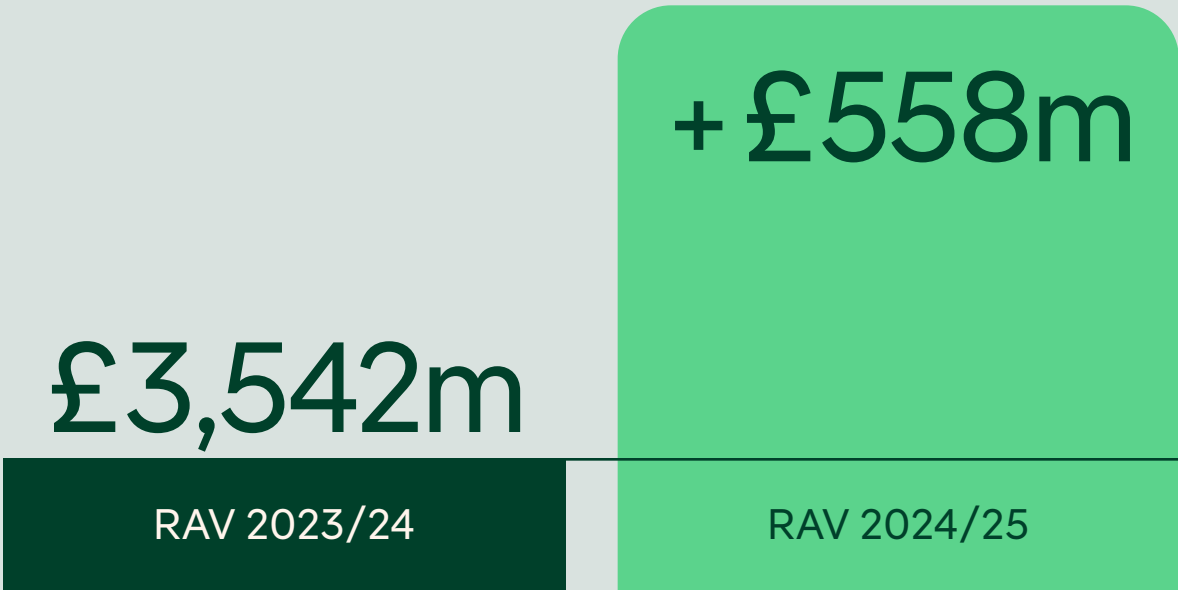


Ofgem assume that we fund this RAV by:

- 55% borrowing of which the allowance for interest payments is 2.11% in 2024/25
- 45% equity with return of 5.20% in 2024/25
- Weighted average cost is 3.50% in 2024/25



As at 31st March 2025 our RAV was £4,100m (2024/25 prices), up on the prior year at £3,542m (2023/24 prices) due to higher investment on the network going into the RIIO-T2 price control period.





Looking Forward

Looking Forward – RIIO-T3

The Scottish and UK Governments have set ambitious decarbonisation targets for Net Zero by 2045 and 2050 respectively and the next decade will be crucial in preparing the grid for the increase in electricity demand resulting from decarbonisation of society and the economy. Our network will be crucial to the solutions needed to meet these targets and prevent runaway climate change.

In December 2024, our RIIO-T3 Business Plan was submitted to Ofgem and published online. This plan sets out our proposed investment in the transmission network and other initiatives that will be key enablers to achieving governments’ Net Zero and Clean Power 2030 ambitions. It will increase the security of supplies of energy, help to protect consumers from the dangers of climate change and will help generate growth, green jobs, investment and community benefits.

This is a hugely significant milestone for the business, and an unparalleled opportunity for growth as we outline investment plans of up to £12bn in our Transmission Network from 2026 to 2031, key to us becoming a Net Zero Business by 2035.

Following the submission of our plan to Ofgem, in early 2025 T3 team were involved in a robust and intense supplementary question (SQ) process with Ofgem. This involved answering formal questions and providing information to Ofgem to support them in evaluating our plan. Following this process, on 1 July 2025 we received Ofgem’s Draft Determination on our business plan. A stakeholder consultation was then open from 1 July to 26 August, at which point we **submitted our full response to Ofgem**. This process allowed for extensive engagement and review ahead of their Final Determinations expected in Winter 2025.

Commenting on the Draft Determination in July 2025, SP Energy Networks CEO, Nicola Connelly said:

“Our plans to invest up to £12bn into the major rewiring of Britain will unlock capacity and economic growth, as well as reducing electricity bills and network constraints. This is exactly what is needed to electrify the country, support households and businesses, and deliver the Government’s Clean Power 2030 ambitions.

In the Draft Determination, we welcome that Ofgem recognises this historic investment is critical to ensuring energy security. We will now take time to analyse their initial position in more detail. Between now and December [2025] we will engage to ensure a balanced regulatory framework that incentivises this critical investment is delivered.”



Key Milestones

Business Plan Development and Stakeholder Engagement	Ongoing
Ofgem Sector Specific Methodology Consultation (SSMC)	December 2023 – March 2024
Ofgem Sector Specific Methodology Decision (SSMD)	18 July 2024
RIIO-T3 Business Plan submitted to Ofgem	11 December 2024
Ofgem ‘Call for Evidence’ consultation period	18 December 2024 – 10 February 2025
Ofgem Draft Determination (DD)	1 July 2025
Ofgem Final Determination (FD)	Expected Q4 2025
RIIO-T3 Business Plan delivery period begins	1 April 2026

Stakeholder engagement

Throughout the development of our RIIO-T3 Business Plan, we engaged extensively to ensure the plan we produced fully recognised the requirements of our stakeholders and commands their support. As part of the RIIO-3 Enhanced Engagement Framework, networks must have an Independent Stakeholder Group (ISG) in place to provide scrutiny in development of the RIIO-T3 Business Plan. Our Independent Net Zero Advisory Council (INZAC) acted as our ISG and played a vital role in the development of our RIIO-T3 Business Plan, scrutinising both the technical plans as well as ensuring any emerging customer issues were fully considered.

Join us on the journey of developing our RIIO-T3 Business Plan

- Visit our [RIIO-T3 web page](#)
- See our [RIIO-T3 blogs and videos](#)
- [Register as a Stakeholder](#)

INZAC chair Angela Love said:

“SPEN have been fully co-operative and transparent, throughout the process, sharing all information requested by the members.

They have taken on board our feedback and responded to the challenges put forward.

The INZAC believe SPEN have produced an ambitious and robust business plan that has been developed in response to not only the INZAC challenges but their broader stakeholder engagement.”

