

SP TRANSMISSION

Annual Performance Report 2025/26





Our business

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

At SP Energy Networks (SPEN), we keep electricity flowing for 3.52 million customers, 24 hours a day, 365 days a year.

We do this through our four regulated electricity networks businesses in the UK:

- SP Transmission plc (SPT)
- SP Distribution plc (SPD)
- SP Manweb plc (SPM)
- SP Electricity North West (SP ENW)

SPT is the licensed Transmission Owner (TO) responsible for the transmission of electricity in central and southern Scotland. We are part of the Iberdrola Group – a global leader in clean energy, grids and storage.

Our transmission 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.

Sitting between SSEN Transmission’s licence area in the north, and National Grid Electricity Transmission’s licence area in the south, we have a unique role in connecting renewable generation and bulk transfer of renewable energy between Scotland and England & Wales, benefiting stakeholders well beyond our own licence area.



£5.0 billion

Regulatory Asset Value was £5.0bn (2025/26 prices), up on the prior year at £4.1bn (2024/25 prices) due to higher investment on the network.



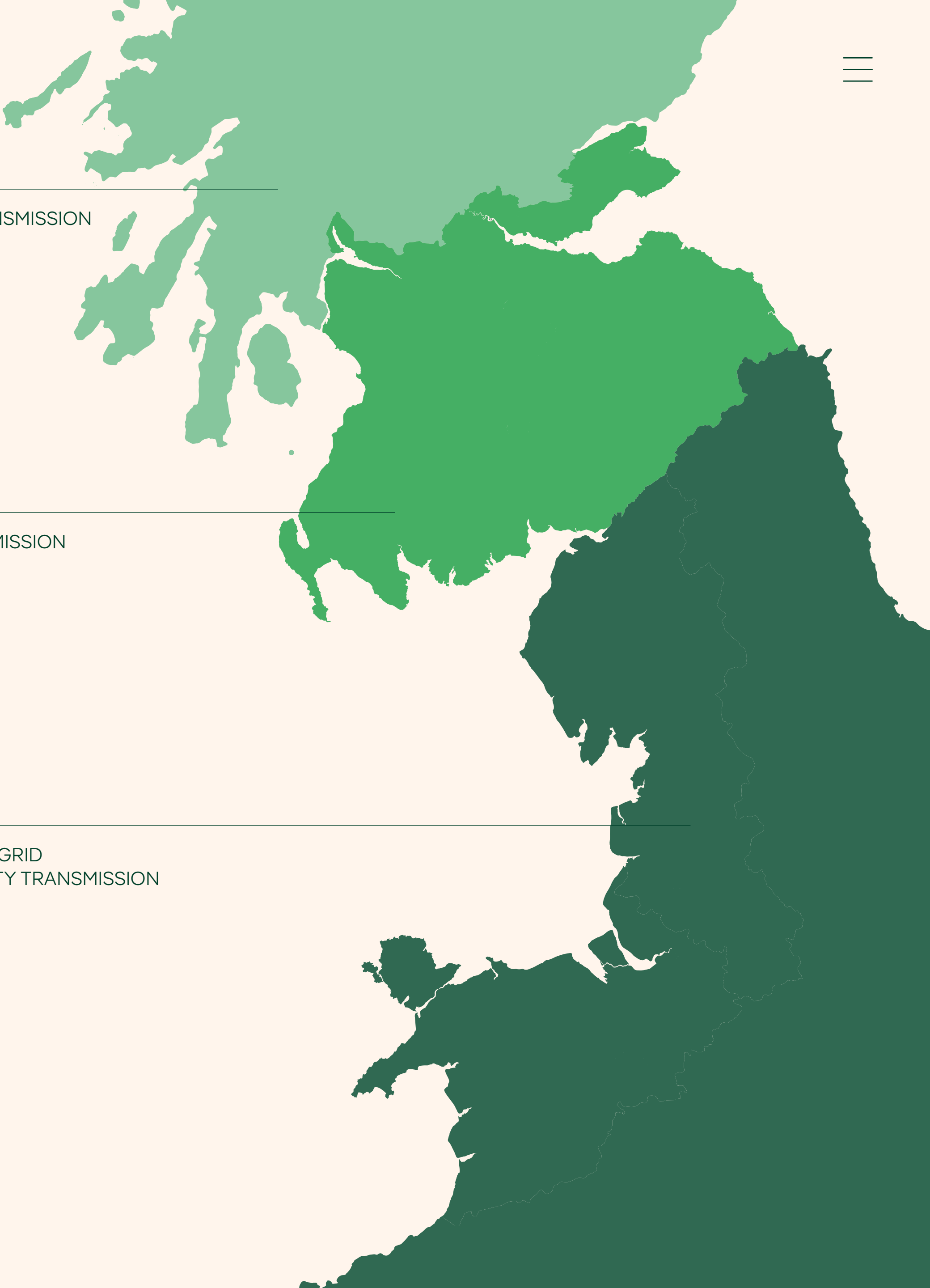
4,500km

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

SSEN TRANSMISSION

SP TRANSMISSION

NATIONAL GRID
ELECTRICITY TRANSMISSION





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Welcome

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Our role at SP Energy Networks has never been more critical in the drive towards decarbonisation and Net Zero. We are pivotal in meeting the growing demand for clean, green energy by enabling high volumes of low carbon connections to our network whilst also ensuring security of supply to millions of our customers through our operation of an ever-expanding portfolio of assets.

As we conclude the final year of the RIIO-T2 price control, I reflect with great pride on what SP Transmission has achieved during a time of unprecedented change for both our business and the wider energy sector across the five years of RIIO-T2. From a disrupted start, where the impact of COVID-19 and Brexit impacted our supply chain and led to slower than planned delivery of projects in the early years of RIIO-T2, SP Transmission has ended the price control with our highest level of investment to date. This reflects the continued importance of the transmission network and the role of SP Transmission in enabling Scotland and the UK to deliver their Net Zero ambitions and secure a cleaner, more resilient energy future.

In 2025/26, we delivered net expenditure of £765.5 million (18/19 prices), a 32% increase on the previous year, demonstrating our commitment to accelerating investment in the electricity network through 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. Revenue increased by £98m to £585m compared to the prior year of £487m. Our operating profit was £317m, an increase of £52m compared to prior year. Net profit was £163.2m, an increase of £38m compared to prior year. The main driver of the decreases year on year related to lower allowed revenues due to prior year corrections.

With a growing portfolio of assets considered as Critical National Infrastructure, our key priority remains in ensuring these assets operate as planned to keep electricity flowing to our 3.52 million customers across our Distribution and Transmission licences, recognising the growing demand for electricity in society and the increasingly important role it plays in all of our lives. For 2025/26, as in all previous years of RIIO-T2, we achieved network reliability of 99.9% – providing continued assurance to our customers and electricity generators that they can rely on SP Transmission to deliver the level of service they need.

Our continued customer-centric approach has been reflected in our Quality of Connections survey, more commonly known as “Moments that Matter”. I am incredibly proud to see our survey score rise from 8.9 last year to 9.2 for 2025/26, reflecting the effectiveness of recent service improvements and process enhancements. This sees us remain as the best performing Transmission Operator for Customer Service in the UK and is reflective of the value we place on listening to and delivering for our customers.

We also continue to ensure that our work supports a clean, green Net Zero future. Our Business Carbon Footprint, excluding losses, was 17,014 tCO₂e in 2025/26 – our footprint being 38% below

the business plan forecast. This was supported by lower SF₆ emissions and strong carbon management. Supply chain sustainability also improved, with 84% of priority suppliers by value meeting enhanced environmental standards in 2025/26. This exceeded the RIIO-T2 target of 80%.

We have also supported our communities in transitioning to a more sustainable future through the Net Zero Fund. £5m worth of funding was delivered to communities at risk of being left behind in the transition to Net Zero over the RIIO-T2 period. Through a combination of funding, advice and technical support, the Fund helped communities develop and deliver local energy projects, including renewable energy installations, building retrofits, smart heating technologies and electric vehicles. Funded projects are forecast to deliver 25,516 tCO₂e of carbon savings over their lifetime, while creating wider social and environmental benefits for local communities.

Over the course of 2025/26, the connections landscape has undergone fundamental transformation through the implementation of NESO’s Connections Reform programme. SP Transmission is fully supportive of these reforms to deliver the UK Government’s Clean Power 2030 ambition and wider Net Zero targets. SP Transmission has supported and influenced the development and implementation of the reformed connections framework through sustained engagement with Ofgem, UK Government, NESO, network operators and wider industry stakeholders. Notwithstanding the uncertainty and transition associated with reform, during 2025/26 123 new applications were assessed by SP Transmission, reflecting the persisting strong interest in low carbon technologies.

At the same time, we have fundamentally reshaped our approach to supply chain management. Through the implementation of £5.4 billion of long-term strategic agreements with 19 delivery partners, we have created the foundations for sustainable growth and improved supply chain resilience at a time when global demand for transmission infrastructure has driven significant increases in both equipment lead times and costs.

As we now kick off our RIIO-T3 price control, what is clear is that the scale of our challenge today is materially different from that of RIIO-T2. We expect to invest more than £12 billion across T3 – more than five times our RIIO-T2 investment. This step-change has required decisive action to prepare our business for the future. During 2025/26 we implemented a major organisational transformation designed to support the delivery of Clean Power 2030 and our RIIO-T3 commitments. We have strengthened our capabilities, grown our workforce significantly, enhanced our skills and development programmes, and established new operating structures focused on delivering an expanded and increasingly complex portfolio of projects.

The coming years will require us to build more infrastructure, at a faster pace, than ever before and our purpose remains clear: To deliver the transmission network that enables Clean Power 2030, supports economic growth, strengthens energy security, and helps realise a sustainable Net Zero future for generations to come.



Nicola Connelly
CEO, SP Energy Networks



Our Key Outputs at a glance

	Metric/Target		Actual (in Year 24/25)	Actual (in Year 25/26)	Status	Year on Year Trend	Comment
Moments that Matter	7.7	(Ofgem break even level)	8.89	9.24		↑	Our overall satisfaction score increased from 8.89 in 2024/25 to 9.24.
Timely connections	100%	(74 calendar days to submit final offer)	99.52%	100%		↑	100% of relevant (in area) transmission connection offers were issued on time during 2025/26.
Network capacity	1,590MVA		600MVA	600MVA		→	Main impact was due to a mod-app for the ‘Elvanfoot Connections’. This consists of two projects (TOCO 2124 and TORI 226), each of which were adding both MW and MVA so impacted both sets of actuals.
Connections to the network	1,070MW		150MW	748MW		↑	The other big impact on the actuals being below the target was Windyhill (TOCO 2107) which had to be re-forecast due to contractor resources being diverted to the Kilmarnock South and Enoch Hill projects.
Network Asset Risk Methodology	100%	(T2 business plan target)	67%	80%		↑	This represents a 13.36% increase from the previous year.
Energy not supplied	130MWh		27.92MWh	7.62MWh		↑	Performance for 2025/2026 has improved on last year’s performance from 27.92MWh lost in 2024/2025 to 7.62MWh lost in the period 2025/2026.
Contractor safety	Total Recordable Injury Rate (TRIR)		0.47	0.28		↑	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		697.8kg	603.57kg		↘	Whilst our SF ₆ emissions increased from 497.8 kg in 2024/25 to 603.6kg in 2025/26, over a third of this volume was as a result of the decommissioning of assets and the recovery of SF ₆ from assets being retro filled with a new IIG.
Buildings energy use – Substation Electricity	No individual target. This is included within the Total BCF target.		1,878tCO ₂ e	1,758tCO ₂ e		↑	This is down from last year’s emissions of 1,878tCO 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 2025/26 was £765.48m. This was £44m below our equivalent Totex allowance. The tables shown below use 2018/19 prices.

Totex comparison (2025/26 £m)

Reporting Year	Allowance £m	Actual £m	Variance £m
Load Capex	564.46	525.18	-39.28
Non-load Capex	74.28	67.15	-7.12
Controllable Opex	19.60	26.56	6.96
Non-Op Capex	1.63	6.21	4.58
Indirect Costs	111.25	123.48	12.23
Other Costs	38.33	16.88	-21.45
Net Totex	809.56	765.48	-44.08

Cumulative TOTEX

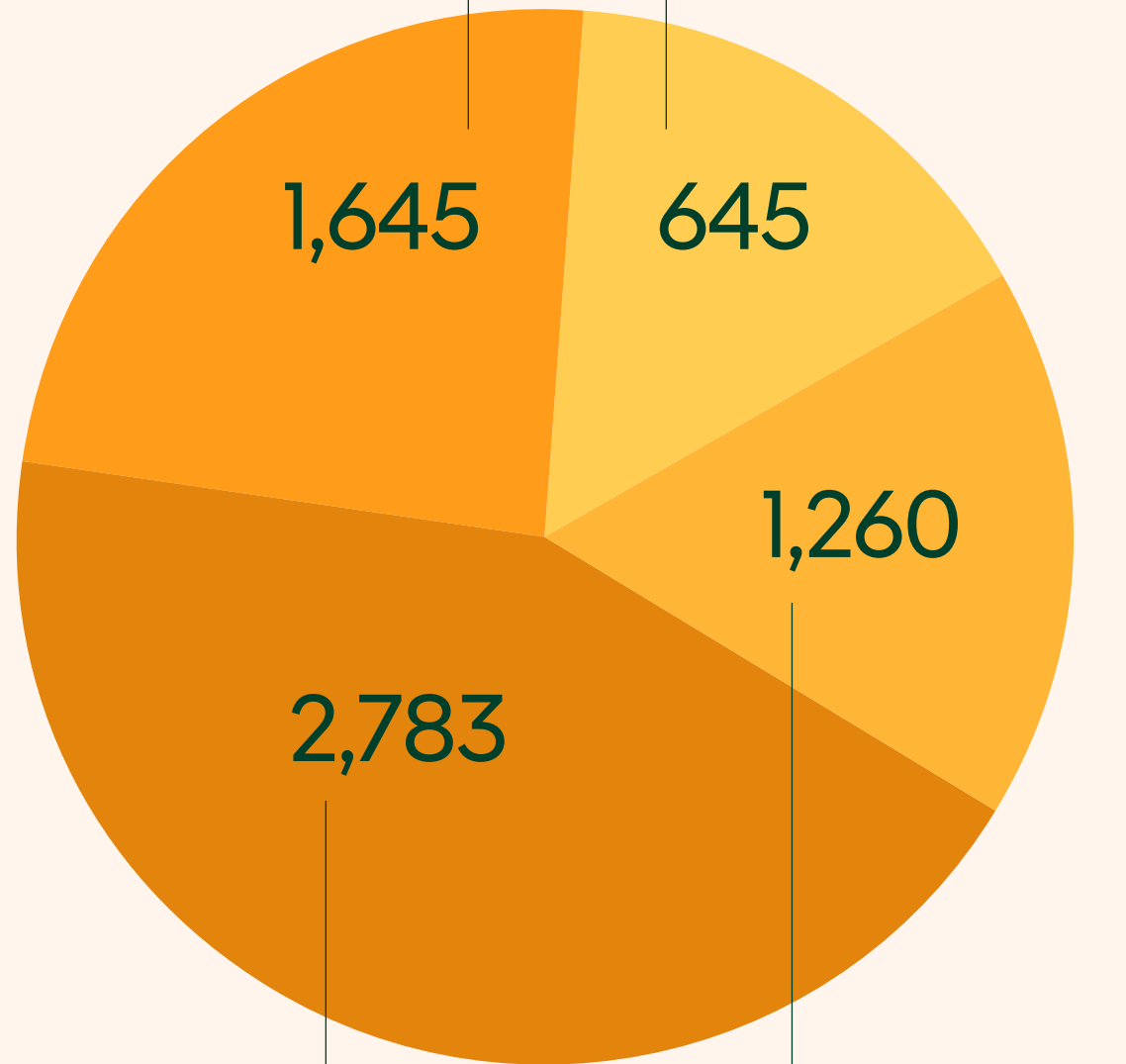
Load Capex	1,488.61	1,228.86	-259.75
Non-load Capex	465.87	425.76	-40.11
Controllable Opex	110.06	100.57	-9.49
Non-Op Capex	10.02	17.44	7.42
Indirect Costs	389.47	409.13	19.65
Other Costs	136.07	42.38	-93.69
Net Totex	2,600.10	2,224.13	-375.97

Our Revenues

In 2025/26 we recovered £541.4m. 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 2025/26 (£ 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.

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.
2.52%	Totex Efficiency Savings Any savings we make on our investment plan are shared with the consumer.
0.08%	Reliability Incentive
0.09%	Emissions Incentive
0.00%	Timely Connections Incentive
0.08%	Quality of Connections Incentive
0.22%	SO-TO Optimisation Incentive
0.00%	Environmental Scorecard Incentive
-0.05%	Network innovation

7.81%* **RoRE – Operational performance**

*Excluding Enduring Value Adjustments (EVA's)

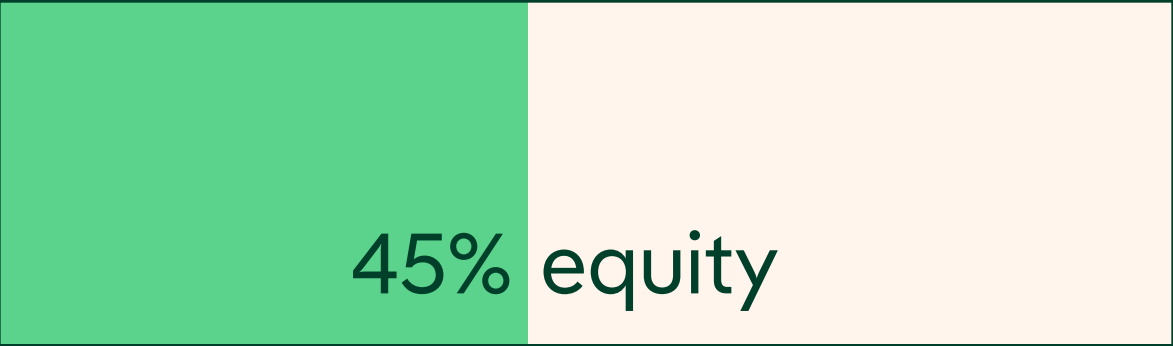
RAV (Regulatory Asset Value)

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 2.26% in 2025/26
- 45% equity with return of 5.09% in 2025/26
- Weighted average cost is 3.54% in 2025/26



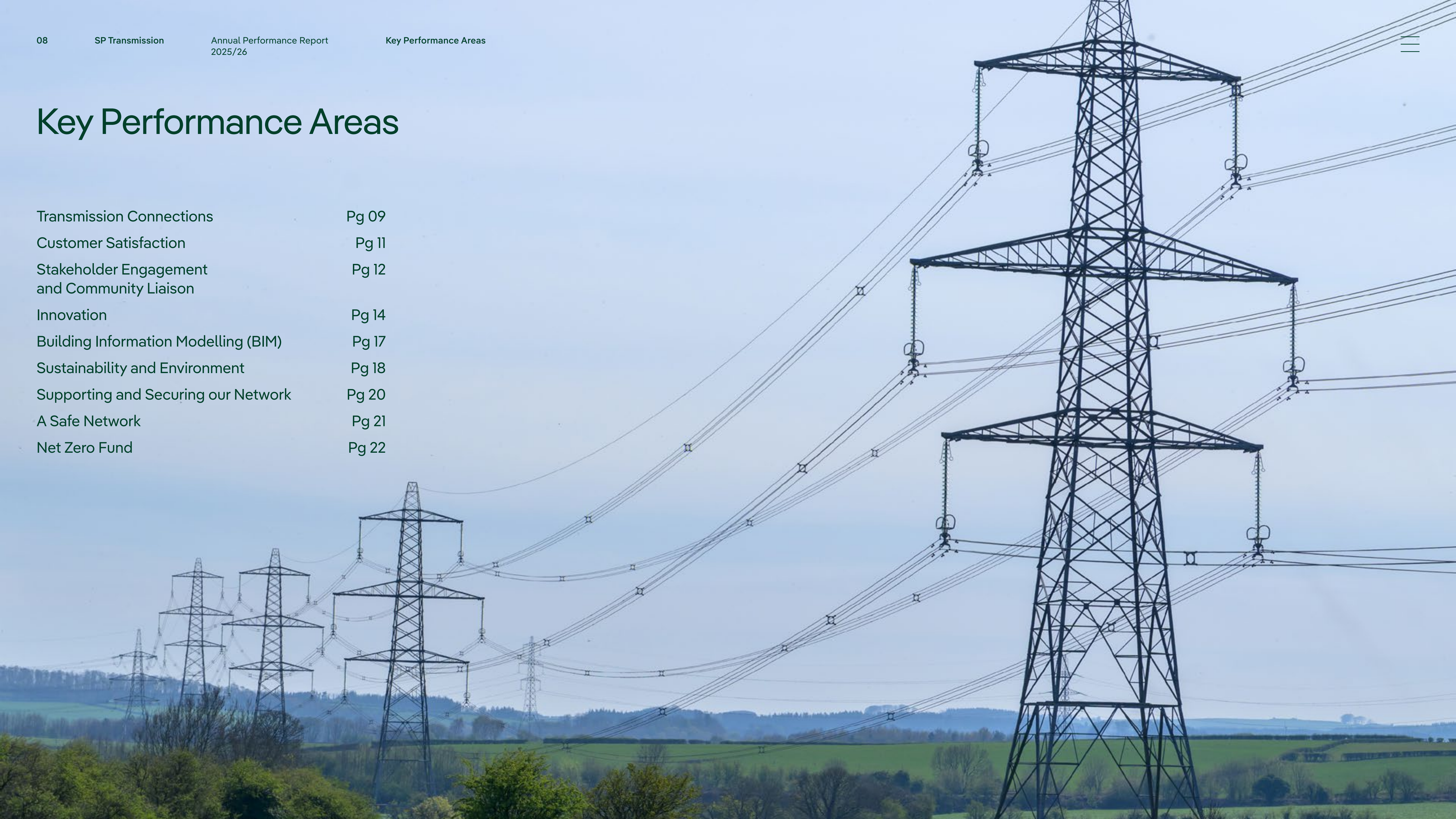
As at 31st March 2026 our RAV was £5.0bn (2025/26 prices), up on the prior year at £4.1bn (2024/25 prices) due to higher investment on the network going into the RIIO-T2 price control period.





Key Performance Areas

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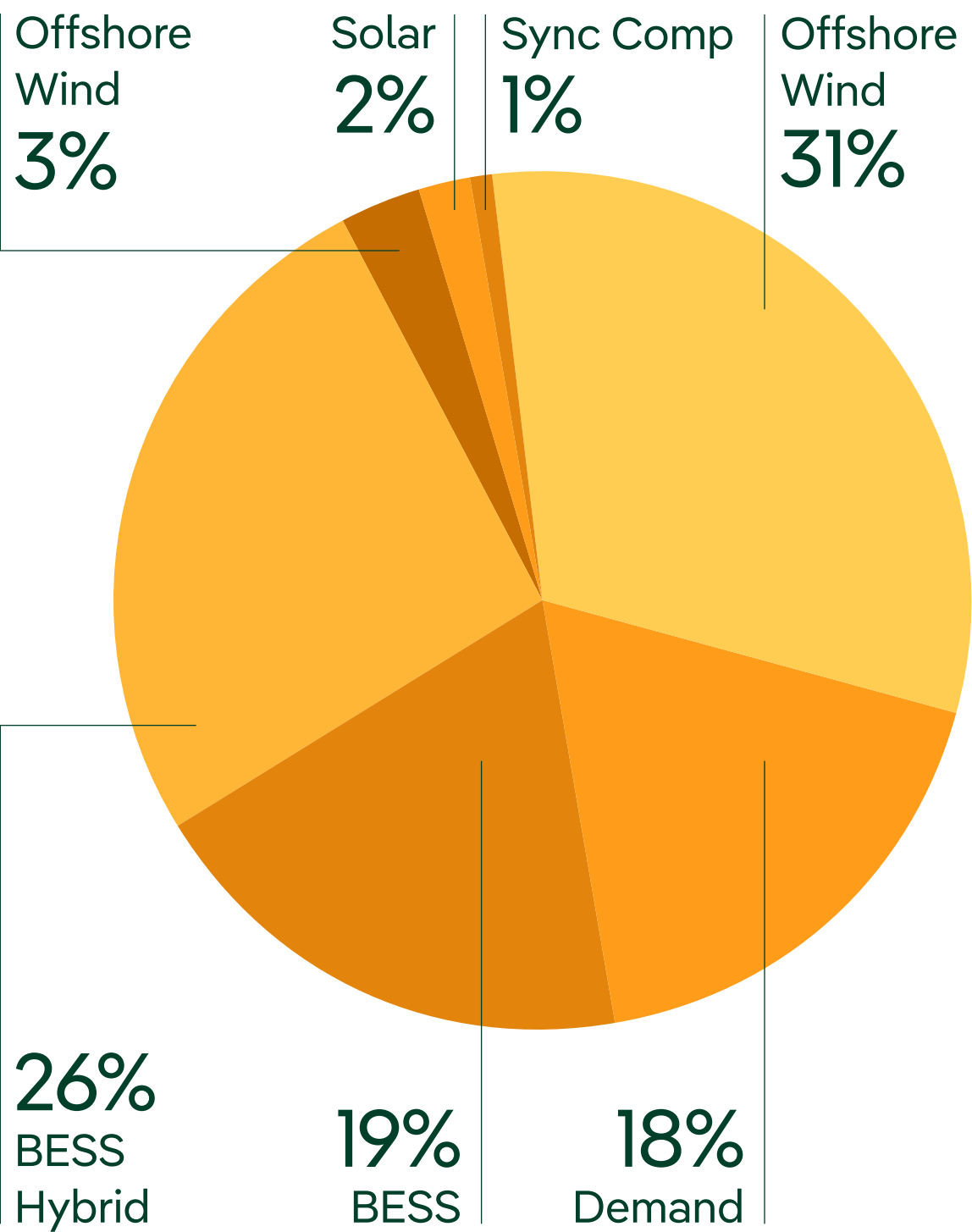
Transmission Connections

In this regulatory year, the connections landscape has undergone fundamental transformation through the implementation of NESO’s Connections Reform programme. This represents a shift from the ‘first-come, first-served’ to the ‘first ready, first needed, first connected’ approach. SPT has fully supported these reforms, recognising their critical importance in enabling delivery of the UK Government’s Clean Power 2030 ambition and wider Net Zero targets.

Despite the uncertainty associated with the transition to the reformed framework and the continuation of application restrictions under “The Pause”, customer demand for transmission connections remained strong. SPT has continued to deliver core connections activities throughout this period, maintaining focus on processing applications and progressing existing projects. During the period, 123 new business as usual applications were assessed, reflecting continued investor confidence in the GB energy market and sustained interest in connecting low-carbon technologies. SPT also began issuing offers in relation to Connections Reform with 117 issued by the end of March 2026.

Battery Energy Storage Systems (BESS) accounted for a significant proportion of applications received and remain an increasingly important technology in supporting system flexibility and security. However, this has also highlighted the growing challenge of BESS over subscription across the transmission network. In response, SPT has actively participated in industry workshops and collaborative forums with Ofgem, DESNZ and other stakeholders to identify and develop potential solutions.

For this period, we had the following applications made for each technology type:



With a substantial contracted pipeline across the transmission network and connection demand continuing to exceed available network capacity, Connections Reform remains a critical enabler of the energy transition. The reforms approved by Ofgem in April 2025 are designed to prioritise projects that are both ready and needed, ensuring that grid capacity is directed towards those schemes most likely to be delivered and which make a meaningful contribution to decarbonisation and security of supply. We continue to deliver the Joint Industry Plan (JIP) with key milestones remaining on track for the upcoming Phase 1 offers as well as influencing the next application window.

Looking ahead to implementation, SPT remains committed to supporting the effective implementation of the reformed framework and helping customers navigate the transition. Our approach will continue to prioritise transparency, consistency and efficiency in the connections process while supporting the timely delivery of strategic network investment. Through our continued engagement with government, regulators, NESO and industry stakeholders, we are helping to ensure the transmission network can meet the requirements of Clean Power 2030 and the UK’s wider Net Zero ambitions.

Customer Engagement
Our last Transmission Connections Summit was held in December 2025 where we focused on the impact of demand onto the network and the increase of data centre interest. This was to help new customers understand the connections process and upcoming changes to policy that could impact their offers.

We continue to develop and produce our Connections Quarterly Newsletter, supporting our customers in understanding key project updates and policy changes. We have also been updating our website, to produce new video content to support all audiences in understanding the end-to-end connections journey.

Digitalisation remains a key enabler of improved customer experience. During the year, SPT developed and launched IConn, an innovative pre-application assessment tool designed to provide customers with earlier visibility of potential connection opportunities. This capability supports greater transparency, improves customer decision making and reduces barriers to engaging with the connections process. Future enhancements will further support self-service access to network information and improve the efficiency of customer interactions.

Transmission Connections *continued*

Industry Leadership and Strategic Readiness

During this regulatory period SPT has continued to play a proactive and influential role in shaping both the development and implementation of the reformed connections framework through sustained engagement with UK Government, Ofgem, NESO, network operators and wider industry stakeholders. We have maintained strong representation across key industry forums and governance groups responsible for progressing reform design and delivery, including the Ofgem-chaired Connections Delivery Board, NESO-led Connections Reform workstreams and industry code working groups. SPT continued to align our activities with the evolving strategic energy planning framework including the Strategic Spatial Energy Plan and Centralised Strategic Network Plan. As well as preparing for the RIIO-ET3 price control.

Strategic Demand Connections Reform has been a key area of policy development across Ofgem's pillars of 'Curate, Plan and Connect'. Through active participation in industry governance forums, policy development groups and stakeholder engagement activities, SPT has helped shape industry reforms ensuring network considerations are represented in national decision-making. We are also supporting strategic projects across designated AI growth zones and projects within the Connection Accelerator Service, which is an industry mechanism created by the Department for Energy Security and Net Zero (DESNZ) alongside Ofgem and the National Energy System Operator (NESO) which identifies and accelerates grid connections for strategically important demand projects.

Looking ahead, SPT will continue to adapt its policies, processes and customer engagement approach to accommodate future changes in strategic planning, connections reform and transmission investment requirements, ensuring readiness for the next phase of the energy transition. This includes consideration of queue management enhancements, technical standards evolution, network access reform and alternative approaches to managing increasingly scarce network capacity. By engaging early in industry discussions, SPT is well positioned to adapt processes and practices efficiently as future reforms are introduced.

The pace of change across the energy sector continues to accelerate, driven by decarbonisation objectives, evolving customer requirements and fundamental reform of planning and connections arrangements. Through proactive policy engagement, strong industry collaboration and ongoing innovation, SPT is positioning itself to support a more strategic, efficient and customer-focused transmission network. These activities will remain critical as we transition towards a Net Zero electricity system and support delivery of Clean Power 2030 and longer-term energy ambitions.



Customer Satisfaction

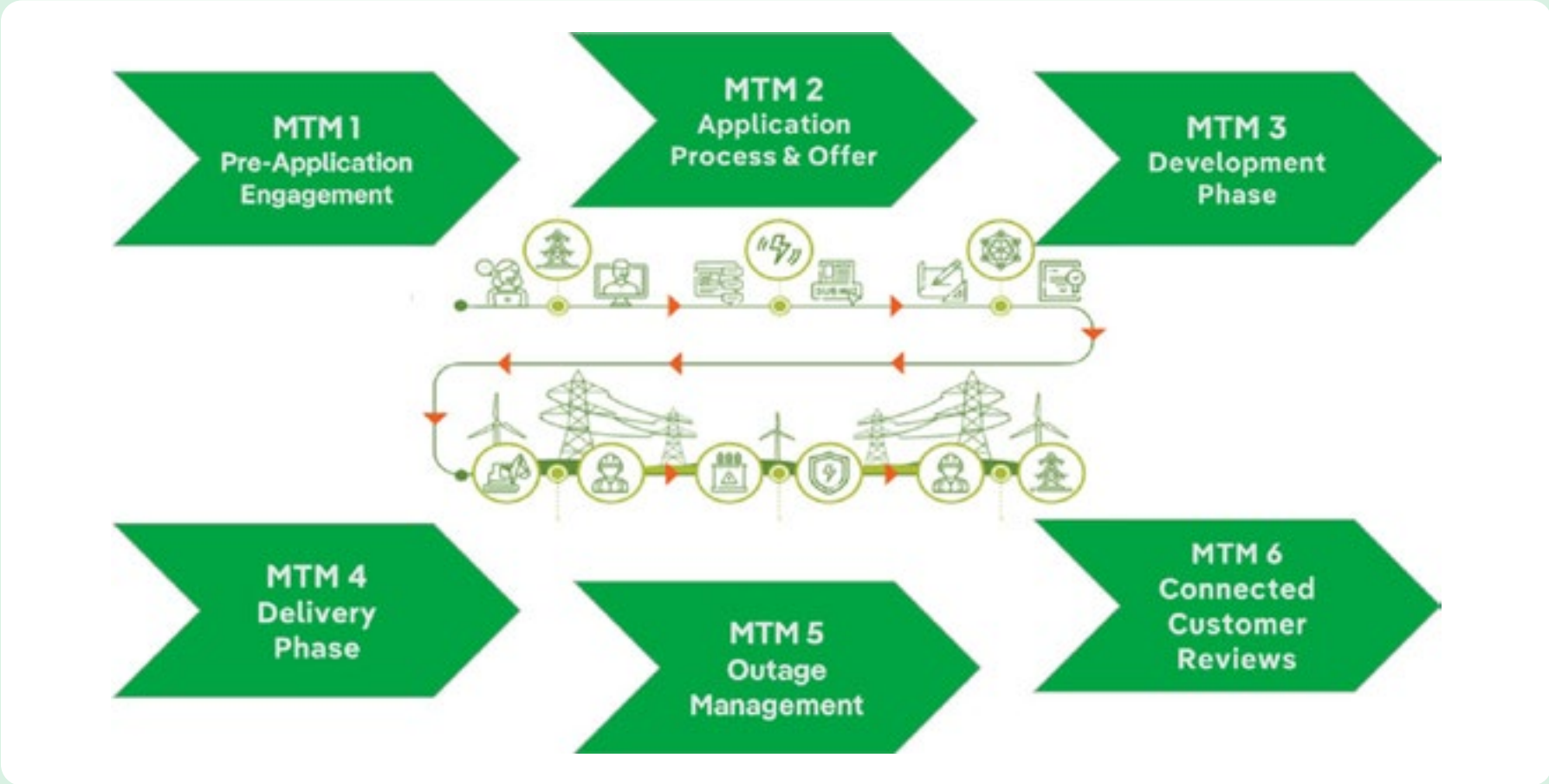
At the heart of our business is an unwavering commitment to our customers. Every interaction, every service, and every decision is shaped by our ambition to deliver an outstanding customer experience.

By actively listening to feedback, using data-driven insights, and maintaining open dialogue with our stakeholders, we continually evolve our services to meet the changing needs of our customers. This customer-first approach not only strengthens satisfaction and trust but also drives innovation, improves performance, and creates long-term value for the customers and communities we serve.

As part of our [RIIO-T2 Business Plan](#), a regulatory framework designed to deliver value for consumers, we remain focused on providing a high-quality connections experience.

A key measure of our success is the Quality of Connections survey, known as Moments That Matter (MTM). This performance-based incentive captures customer views at critical stages of their journey, with satisfaction scores directly influencing financial rewards or penalties. As such, MTM provides an important benchmark of both customer experience and service excellence.

To ensure we understand customer experiences from start to finish, feedback is gathered at six key milestones throughout the connections process:



The surveys are independently administered by Taylor McKenzie Research & Marketing Ltd, ensuring customer feedback is gathered impartially and providing a trusted measure of performance.

The results demonstrate that our efforts to improve customer experience are making a tangible difference. During the reporting period, the overall satisfaction score across all Moments That Matter surveys increased to 9.2 out of ten, up from 8.9 in 2024/25. This improvement reflects the positive impact of service enhancements, process improvements, and the continued dedication of our teams to meeting customer expectations.

Customer satisfaction remained strong throughout the connections journey, with particularly positive results at key stages. Pre-application Engagement (MTM 1) achieved a perfect satisfaction score of 10.0, highlighting the effectiveness of our early engagement and support. This result demonstrates that customers value the guidance, expertise, and clarity they receive from the outset of their journey.

While all stages achieved impressive performance, the Delivery Phase (MTM 4) recorded the lowest score at 8.5, compared with 8.8 in 2024/25. Although customer satisfaction remains high, we recognise that this area presents an opportunity to further enhance the customer experience. We are committed to understanding the factors behind this result and implementing targeted improvements to deliver even better outcomes.

Despite lower survey volumes driven by Connections Reform and a pause in applications, customer engagement remained strong, with 39% of customers participating in the survey. This response rate demonstrates customers willingness to share their experiences and provides a solid foundation for identifying opportunities to improve.

Encouragingly, Connected Customer Reviews (MTM 6) achieved a satisfaction score of 9.9, improving on the 9.8 recorded in 2024/25. This near-perfect result reinforces the positive experience customers have once connected to our network and reflects the commitment of our teams to delivering a successful end-to-end journey.



Customer feedback continues to be one of our most valuable sources of insight. Through detailed analysis of survey responses, we have identified a number of opportunities to further strengthen our service. These insights are informing targeted improvement initiatives designed to enhance customer experiences, reduce pain points, and ensure we continue to deliver the high standards our customers expect.

Although the Quality of Connections survey is not included within the RIIO-T3 output measures, our commitment to understanding and responding to customer feedback remains unchanged. The voice of the customer will continue to play a vital role in shaping our services, driving continuous improvement, and helping us deliver the best possible outcomes for customers throughout the connections journey.

MTM survey score 10/10

“Always a pleasure to work with SP Transmission. The level of communication and information provided is far greater than any other company we work with on these systems.”

Connections Customer 2025/2026

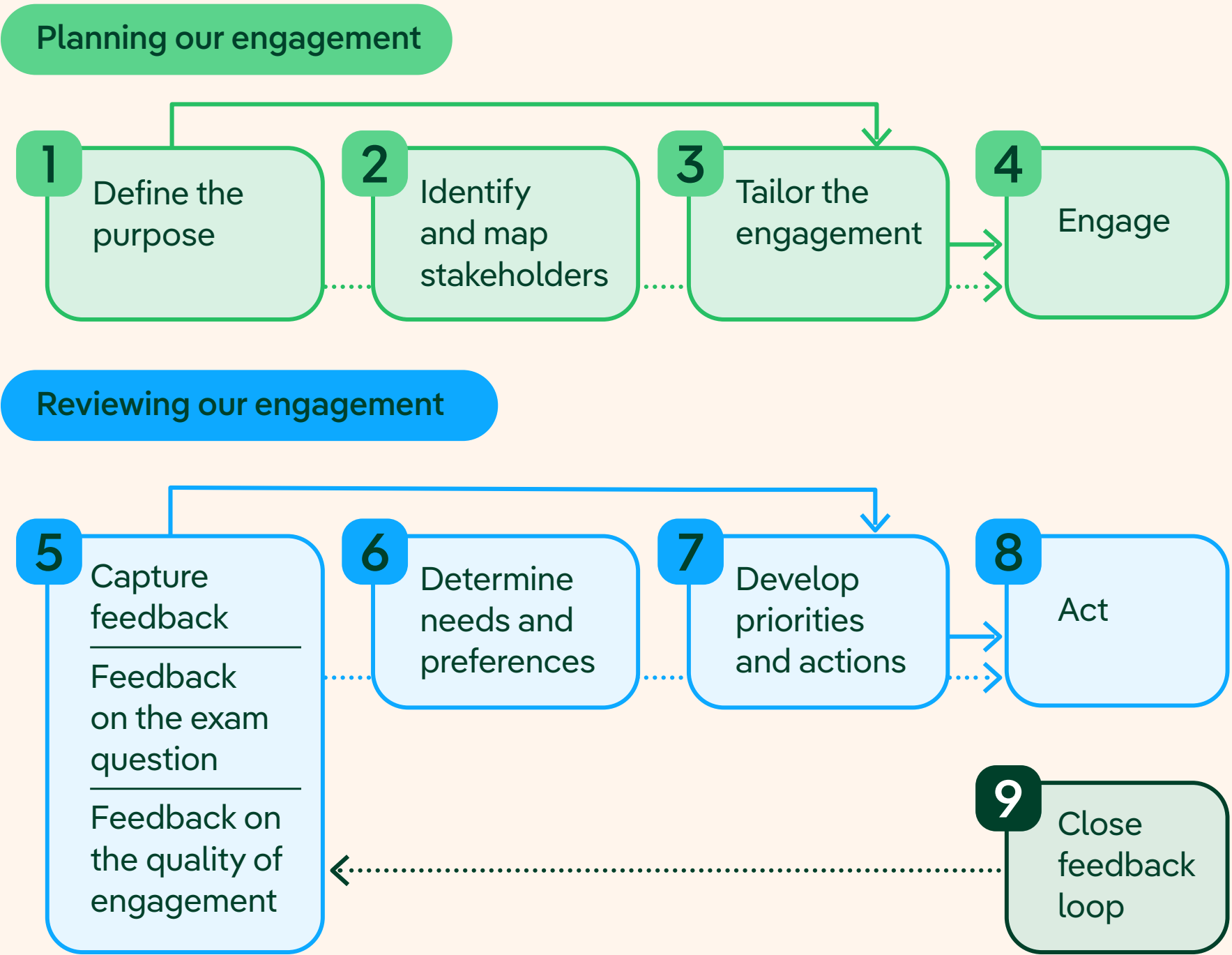
Stakeholder Engagement and Community Liaison

Our principles for engagement

As we work to deliver the largest rewiring of the electricity grid since its inception, SP Energy Networks is conscious of the need to engage openly and transparently with communities.

The demands on the transmission grid have changed significantly and consequently it needs to evolve – to build capacity and to connect the increasingly diffused pattern of generation and storage projects seeking connection to the grid.

Sharing our plans widely with communities and key stakeholders at the earliest opportunity is fundamental to raising awareness of, and building consent for, projects.



Consulting with local communities

We have already engaged extensively with communities across our license area in Fife, North Lanarkshire, Falkirk, the Ayrshires and across the South of Scotland in both Dumfries & Galloway and the Scottish Borders – giving local people the chance to share their views at a point that can help shape and define projects.

The pre-application consultation across North Lanarkshire and Falkirk, which spanned three rounds of consultation, culminated in the submission of a Section 37 consenting application to the Scottish Government Energy Consents Unit for the Denny-Wishaw upgrade project – known as DWNO.

With investment planned across the length and breadth of our license area, our engagement with stakeholders and communities will continue to grow and evolve.

Empowering our communities through capacity building and upskilling opportunities

Our task is to build understanding and support for our strategic and core project portfolio and develop effective relationships locally that will support and enable our clean power transition.

At a project level, we have been developing consultation tools to allow better accessibility and understanding of project information, including use of 3D modelling, virtual flythroughs of proposed routes and sites and use of Story Maps to explain route and site assessments to key audiences. The more communities understand about project development and delivery, the better placed they are to share their views and help shape our plans and proposals.

In addition to promoting awareness of, and participation in, the pre-application consultation (PAC) process that supports our consenting strategies for projects, we are seeking opportunities for early engagement in communities, to build forums and platforms to enable constructive dialogue with stakeholders and other interested parties.

Early engagement in communities will help us identify key influencers and opportunities to shape and target engagement, build brand awareness and create more favourable conditions for constructive consultation.



Stakeholder Engagement and Community Liaison *continued*

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

Moving our stakeholder engagement and community liaison to a more practical and sustainable regional approach will offer consistency and continuity around our communication with local stakeholders and communities. It enables us to build knowledge and awareness around our requirements and approach – while creating and maintaining beneficial relationships which we can leverage throughout the full project lifecycle and for subsequent projects.

Our place in the new Community Engagement & Sustainability Directorate will also allow for better coordination with colleagues across community benefits and sustainability in turn enable stakeholders to work with us throughout projects to maximise the benefits to be gained from funding accessible through hosting transmission infrastructure and opportunities to enhance communities through delivery of our sustainability commitments.

We are on the cusp of a generational opportunity to build, not only an economic, but a social legacy that will sustain beyond the project life-cycle. Working with our contractor framework to localise supply chains and resourcing, and building skills and training pathways will help create social value and let communities genuinely feel part of our energy transformation.

With more projects coming forward for consent and increasing numbers of boots on the ground supporting delivery, there will be more stories to tell and more opportunities to demonstrate what we do, how we do it and why this matters to local people, communities and stakeholders right across the country.

Defining and delivering a more robust and proactive approach to communicating all aspects of our projects will help us to engage, educate and inform stakeholders and communities about our work at every stage of the project life cycle. Personalising the approach and being more embedded in communities, enables a familiarity and continuity that will strengthen relationships, build trust and enhance our reputation at a time where the challenges we face continue to grow.

How we measure up

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

As well as continual in-house 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 9.24 out of 10 indicating that our engagement strategy is performing well.

RIO-T2 Stakeholder Engagement

New Infrastructure Stakeholder Engagement Survey 2025-26

Stakeholder Satisfaction

8.4





[SPEN New Infrastructure Stakeholder Engagement Report 2025-26](#)



Innovation

Innovation remains central to our role in delivering a resilient, efficient, and sustainable energy system. As we enter RIIO-T3, our focus is increasingly on turning innovation into operational benefits through greater deployment and integration into business as usual.

Building on the foundations established during RIIO-T2, we are accelerating the adoption of innovative solutions that improve network performance, enhance system resilience, reduce environmental impact, and support the transition to Net Zero. Alongside technological innovation, we are harnessing advanced analytics, digital tools, and artificial intelligence to drive smarter decision-making and optimise asset performance.

Our approach is focused not only on developing new technologies and ideas, but on scaling proven solutions to deliver measurable benefits for customers and the wider energy system. Through collaboration with industry, academia, suppliers, and communities, we continue to deploy innovations that support Clean Power 2030 ambitions and the UK’s Net Zero targets.



Strategy

Our innovation activities during 2025/26 were delivered in line with our RIIO-T2 Innovation Strategy, which addressed the key energy transition challenges facing our transmission network and reinforced our commitment to delivering value for network users and stakeholders. Innovation delivery during the year was structured around four innovation clusters: Network Modernisation, Network Flexibility, System Security and Stability, and Digitalisation of Power Networks.

In addition, with the commencement of RIIO-T3 on 1 April 2026, we are building on our RIIO-T2 achievements through greater deployment and business-as-usual integration. Through extensive stakeholder engagement, we have derived four outcome-orientated Areas of Focus that will guide our innovation delivery throughout RIIO-T3:

- **Ready** – accelerating the transition to a low-carbon energy system through innovative technologies, smarter network planning and faster connections.
- **Resilient** – enhancing network security, asset resilience and cyber preparedness in an increasingly complex energy system.
- **Reliable** – improving customer and network outcomes through enhanced operational performance, monitoring and system readiness.
- **Responsible** – driving efficiency, affordability and whole-system value through innovation, digitalisation and data-driven decision-making.

These Areas of Focus align with Ofgem’s RIIO-T3 outcomes and will ensure our innovation portfolio continues to deliver value for network users, customers and stakeholders while supporting a secure, resilient and affordable transition to Net Zero.

An overview of a selection of Innovation projects that support the delivery of our strategy is provided opposite.

Vibration Monitoring of Wind Turbine Effects on OHL Conductors

Overview

This project is investigating the impact of wind turbine wake effects on nearby overhead line conductors through a 12-month monitoring programme on the transmission network. Vibration sensors have been installed on line spans located both close to and distant from a wind farm, with a local weather station at each structure, allowing direct comparison of conductor behaviour under different operating conditions. The learning generated will improve understanding of vibration-related asset risks and support future network planning, asset management and renewable generation integration.

Benefits

As onshore wind generation continues to increase, understanding the interaction between wind turbine wake effects and nearby overhead line conductors is becoming increasingly important. This project will provide valuable evidence on how turbine-induced vibrations influence conductor movement and asset performance, enabling SP Transmission to develop effective mitigation measures that support both network reliability and the continued integration of renewable generation. The learning generated will help inform future network planning, asset management and industry standards.

Other benefits could include:

- Improved understanding of wind turbine wake effects on overhead line conductor behaviour and asset health.
- Reduced risk of conductor clashing, faults and unplanned outages through the development of informed mitigation measures.
- Improved asset lifespan for overhead line conductors and fittings by minimising vibration-related deterioration.
- Supports the growth of onshore renewable generation while maintaining network reliability and security of supply.

Progress

- **Successful deployment of monitoring equipment:** AEOLUS sensors and weather stations were installed on the overhead lines in Scotland, in October 2025, with monitoring active on both near-turbine and reference locations.
- **Continuous monitoring underway:** Data has been collected since late 2025, with regular analysis reports produced to assess conductor behaviour and vibration activity across the monitored spans.
- **Early findings emerging:** Initial analysis has identified higher levels of conductor movement on spans located close to wind turbines, providing indications that turbine wake effects can influence conductor behaviour.



Project Conan (T2)

Overview

Project Conan (T2) focused on the development and validation of an advanced conductor assessment device capable of non-destructively assessing the condition of overhead line conductors. By combining electromagnetic sensing techniques with visual inspection technologies, the project improves understanding of conductor health reducing network downtime, supporting more efficient maintenance and asset replacement decisions.

Benefits

Project Conan improves the assessment of overhead line conductor condition by providing a more detailed and reliable understanding of asset health. The enhanced condition information supports targeted maintenance and replacement decisions, helping to optimise investment, reduce asset risk and improve network reliability. By enabling inspections to be undertaken on energised assets, the solution also minimises disruption to network users and local communities.

Other benefits include:

- Greater visibility and understanding of conductor condition.
- Reduced network downtime and associated operational costs.
- More efficient condition surveying with less disruption to local communities.
- Improved asset management through safer life extension and reduced risk of conductor failure.

Enhanced condition information supports targeted maintenance and replacement decisions.

Progress

Project Conan (T2) has performed strongly against its original aims, objectives and success criteria and is now approaching completion. Stages 1–5 have been successfully completed, with Stage 6 in its final phase.

Stage 1 – Technology Review and Concept Selection: A functional AAAC detector head was developed and validated, with the final Conan concept selected in line with the Functional Design Specification (FDS). A Design Failure Mode and Effects Analysis (DFMEA) was also completed.

Stage 2 – Detailed Design: Detailed electrical and mechanical designs for the Conan system and AAAC detector head were completed, including manufacturing drawings and documentation to support future UKCA and CE marking.

Stage 3 – Prototype Fabrication and Functionality Testing: Working prototypes were successfully developed and demonstrated the ability to assess conductor condition, including cross-sectional loss and surface pitting, with testing completed in a controlled laboratory environment.

Stage 4 – Performance and Practical Testing: Laboratory and workshop testing confirmed that the device met the required performance criteria, with minor enhancements incorporated following practical testing.

Stage 5 – Network Trials: Real-world network trials were substantially completed, with performance meeting most requirements.

Stage 6 – Preparation for Commercialisation: A comprehensive technical report, maintenance procedures and training documentation have been completed. Progress towards UKCA and CE marking is well advanced, with final EMC testing planned prior to project closure.

Predict4Resilience

Overview

Predict4Resilience (P4R) is an advanced forecasting and decision support platform designed to improve electricity network resilience during severe weather events. By combining weather forecasts, historic fault data and predictive analytics, the platform can forecast likely network faults up to five days in advance, enabling a shift from reactive storm response to proactive operational planning. The project was developed following lessons learned from major storm events such as Storm Arwen and aims to improve network preparedness, customer outcomes, and operational efficiency.

Benefits

P4R is expected to deliver significant operational, customer and environmental benefits by enabling earlier and more informed responses to severe weather events. The key benefit is the proactive deployment of engineers, welfare teams, mobile generation and other resources into areas most likely to be impacted, reducing travel times and supporting faster restoration of supply. This is expected to reduce customer disruption, improve network performance, and enhance support for vulnerable customers during outages.

Early trial findings have also identified wider benefits, including reduced emergency contractor call-outs, improved welfare planning, earlier customer communications, and more accurate restoration estimates. The platform supports better operational planning by providing greater confidence in resource allocation decisions and reducing the need for reactive storm responses. In addition, improved restoration performance has the potential to reduce diesel generator use, lower associated carbon emissions, and improve staff wellbeing by reducing the pressures associated with emergency response activities.

Progress

During Year 2 of the Beta phase, the project transitioned from platform development into operational validation through live business trials. Successful winter and summer trials were completed across SPEN, providing valuable evidence of how the platform performs in both normal operations and adverse weather conditions. User adoption increased significantly, with SPEN teams trained to support trial activity. P4R has provided teams with earlier visibility of potential network disruption, helping improve preparedness and decision-making.

The platform has continued to mature feedback-led enhancements that have introduced improved weather visualisation, expanded alerting capabilities, license-area forecasting, and a replay facility for reviewing previous events. The forecasting models have also been strengthened through the addition of new fault types, including snow, ice and lightning-related events, alongside improvements to spatial and temporal forecasting and extreme weather modelling.

Overall, the project has demonstrated strong progress towards business-as-usual adoption, with increasing confidence from operational users and a clear route towards deployment within network operations to strengthen resilience and improve customer outcomes during severe weather events.

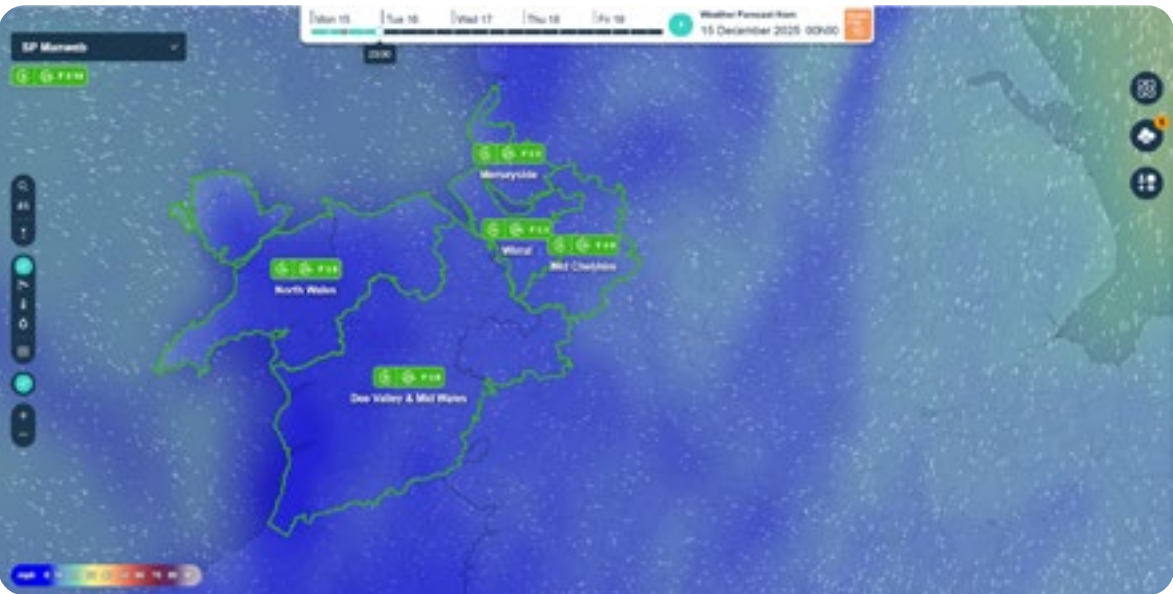


Figure 1: P4R forecasting dashboard, supporting proactive network operations through advanced weather visualisation and fault prediction capabilities.

Modelling, Simulation and Analysis Innovation Centre (MOSAIC)

Overview

As the electricity system transitions towards Net Zero, network operation and planning are becoming increasingly complex due to the growth of inverter-based renewable generation, changing demand patterns and reduced system inertia. MOSAIC has been established to strengthen Energy Networks’ modelling, simulation and analysis capabilities, ensuring the business can better understand and manage the challenges of the future power system.

The project will create a dedicated innovation centre that brings together expertise from industry, academia and technology providers to develop and validate advanced modelling tools and analytical techniques. By bridging the gap between research and operational practice, MOSAIC will ensure new approaches can be effectively integrated into day-to-day network planning and operation.



Benefits

A key objective of MOSAIC is to improve the identification and management of emerging system stability challenges. Enhanced modelling and simulation capabilities will support earlier detection of network instabilities, improve operational decision-making and enable more efficient planning of future network investment in an increasingly power-electronics-dominated system.

The centre is expected to deliver significant long-term benefits through reduced constraint costs, improved system resilience and a lower risk of major network disturbances. In addition, MOSAIC will help develop a future-ready workforce and strengthen the UK’s leadership in power system innovation, supporting a secure, reliable and low-carbon electricity network.

Progress

Good progress has been made in establishing the MOSAIC delivery structure, with four contracts now signed and key work packages underway. This includes the commencement of business model development activities, which will help define how the centre operates and delivers value across the business.

Preparations are also underway for an in-person consortium meeting to align stakeholders, review progress and support collaboration across project partners. Overall, the project remains on track against its objectives, with several important early milestones achieved and strong foundations established for future delivery and business-as-usual adoption.

MOSAIC has been established to ensure the business can better understand and manage the challenges of the future power system.

Standardisation

Standardisation of substation design is helping SPT convert innovation into practical delivery improvement by creating repeatable, robust and scalable design solutions that can be adopted across the expanding transmission programme.

Standardisation of substation design is a key innovation theme for SPT because it directly supports the scale, pace and consistency of delivery required as the transmission network expands to enable Net Zero and Clean Power 2030. By developing repeatable substation design solutions, standard layouts, standard technical specifications, and aligned civil, main plant and protection & control deliverables, SPT is moving away from bespoke project-by-project design where appropriate, towards a more efficient and controlled model of delivery. This approach supports faster optioneering, clearer scope definition, improved tender quality and more consistent technical outcomes across the project portfolio.

The benefits of standardisation are particularly important in the context of increasing connection volumes and a larger delivery pipeline. Consistent substation designs help reduce design rework, improve constructibility, and provide contractors with clearer, more familiar requirements at tender stage. This should support more aligned bids, fewer contractor queries, faster evaluations and earlier awards, while also helping project teams start from a common technical baseline. Also, the familiarisation of the solutions with contractors will help reduce construction timescales by bulk buy materials and looking on new ways to deliver the same repetitive designs.

This year good progress has already been made through the initial pilot schemes. The first pilot project is a 132kV Remote User Connection substation. On this project standardised layouts and General Specification Notes are now starting to be adopted into projects, with “for information” drawings created and available for use in substation tender packs. Standardised bay arrangement calculations have also been developed, and wider project teams are supporting layout variants, including alternative overhead line entry, access and line entry positions. Lessons learned are also beginning to transfer into other projects, with designers reflecting standardisation outputs in other designs and starting to introduce standardised installation details as the default.

The second pilot project in development is a 132/33kV Remote User Connection. This project has agreed layouts and elevations to allow detailed design to progress and confirmed reuse of several 132kV designs developed under the first pilot. This demonstrates that the Standardisation project is not only creating standard design outputs but is also actively reusing and extending them across subsequent connection types.

Implementation is now moving from development into broader business adoption, with planned outputs across 132kV metering customer substations, 132/33kV customer substations and 400kV metering customer substations. The 2026 implementation plan shows SPT finalising the standardised detailed design packages, first releases of standardised SCAs, cross-discipline procedures for faster scope approvals, and a lessons-learned cycle to support 2027 scale-up.

Overall, the Standardisation project is already using pilot learning to strengthen design quality, improve consistency and support wider business-as-usual adoption.

Building Information Modelling (BIM)

BIM is helping transform the way we develop, design and deliver transmission infrastructure. As our investment programme continues to grow in scale and complexity, BIM is improving collaboration, information management and digital delivery across the asset lifecycle.

Building on successes from our RIIO-T2 BIM pilot projects, we have established a five-year BIM Transformation Framework to support delivery of our RIIO-T3 objectives and the continued expansion of digital engineering across the business.

BIM is now being adopted across our Core, Strategic and HVDC portfolios. Within our Core portfolio, BIM is supporting design standardisation activities and helping establish consistent approaches to information management across substation, cable and overhead line projects. Across the Strategic portfolio, BIM is improving collaboration with delivery partners and supporting more efficient project delivery through enhanced coordination and reduced Requests for Information (RFIs). Within the HVDC portfolio, BIM requirements have been embedded within joint venture delivery arrangements, supporting the delivery of some of the largest and most complex infrastructure projects in our investment programme.

A key milestone has been the adoption of Autodesk Construction Cloud as the Transmission Common Data Environment (CDE), providing a single platform for project information, model coordination and digital workflows. BIM requirements have also been integrated into project planning, procurement and delivery activities, ensuring digital delivery is considered from the earliest stages of project development. We have also commenced development of a standardised digital object library, providing engineering and drawing office teams with access to reusable digital asset models that support more consistent and efficient project delivery.

During the remainder of 2026, we will continue developing the digital capabilities needed to support future asset management and network delivery. This includes enhanced integration with enterprise systems and GIS platforms, the development of standardised asset information requirements and the continued expansion of digital engineering capabilities across the organisation. We also strengthened collaboration across the wider Iberdrola Group through knowledge-sharing activities with Avangrid in the United States, helping accelerate the adoption of best practice in digital project delivery and information management.

Beyond current programme delivery, BIM is also helping establish the foundations for a future digital twin capability across the transmission network. Through the creation of consistent, structured and connected asset information across design, construction and operation, we are progressively developing a digital shadow of our physical network. Over time, this will provide greater visibility of asset information and performance, support more informed decision-making, enhance planning and maintenance activities, and create the foundation for advanced analytics, simulation and predictive asset management capabilities. While this remains a long-term ambition, the BIM Transformation Framework is delivering the information standards, digital processes and integrated data environment required to support this future vision.

Looking ahead, BIM will play an increasingly important role in supporting the efficient delivery of our RIIO-T3 investment programme. Through enhanced information management, digital design and digital asset modelling, we are creating the foundations for a more connected and data-driven approach to planning, delivering and managing Scotland's transmission network.

BIM will play an increasingly important role in supporting the efficient delivery of our RIIO-T3 investment programme.



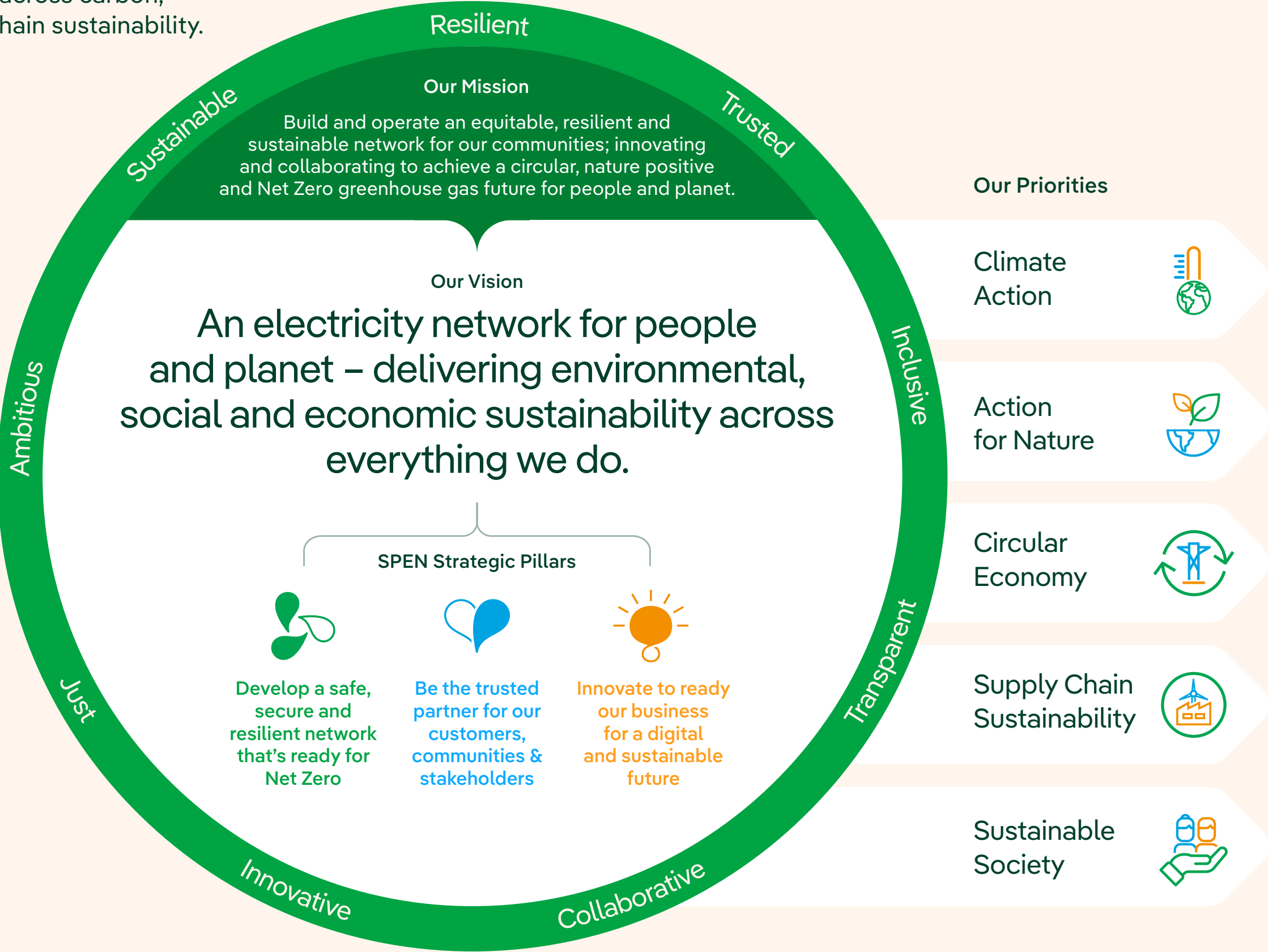
Sustainability and Environmental

SP Transmission is helping deliver a sustainable, more resilient energy system. Our network connects low carbon generation to homes, businesses and communities, while we also work to reduce our own impact, protect nature and support a just transition to Net Zero.

In 2025/26, we connected 911MW of new low carbon generation, increasing the low carbon share of generation connected to our network to 91.9%. We maintained ISO 14001 certification and strengthened performance across carbon, biodiversity, waste and supply chain sustainability.

Our priorities are clear: Climate Action, Supply Chain Sustainability, Action for Nature, Circular Economy and Sustainable Society.

Together, they guide how we deliver a network for people, places and the planet.



Climate Action

Our Business Carbon Footprint

Our network is essential to achieving energy security and Net Zero ambitions. As we grow, we must cut emissions, improve resilience and embed carbon reduction into everyday decisions.

In 2025/26, our Business Carbon Footprint excluding losses for RIIO-T2 was 17,014 tCO₂e, 30% below our RIIO-T2 forecast. Including losses, our footprint was 126,502 tCO₂e.

Our Net Zero Transition Plan, PAS 2080-aligned carbon management processes and project carbon plans are helping turn ambition into action across operations, construction and the supply chain.

Operational transport

We have continued to make positive progress in reducing emissions from our operational fleet. We replaced 11 internal combustion engine vehicles with electric alternatives in 2025/26, including seven light commercial vehicles and four cars.

We also installed 69 EV charging points at substations, creating a stronger base for further fleet decarbonisation in RIIO-T3.

Fugitive emissions

In 2025/26, SF₆ emissions were 14,419 tCO₂e, 39% below forecast. Our insulation and interrupting gas leakage rate was 0.47%.

Our operations teams will continue monitoring SF₆ and other gas-filled assets closely to support early identification of issues and repair leaks where possible. We will also continue to work with key suppliers to increase the availability of SF₆-free alternatives and equipment.

Depot and Substation energy use

We source 100% of our electricity for depots and offices from UK-based renewable electricity generation sources, significantly reducing operational emissions.

We refurbished and modernised 22 substations during RIIO-T2, delivering an estimated 532 MWh of electricity savings and creating a strong platform for further improvements and emissions reductions.

Network Losses

Annual network losses reduced from the 2018/2019 baseline of 0.720 TWh to 0.619 TWh in 2025/26, a reduction of approximately 14%.

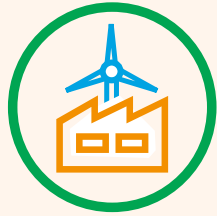
Emissions from losses have reduced from 202,371 tCO₂e in 2018/19 to 109,488 tCO₂e in 2025/2026, a reduction of approximately 46%. This reflects a cleaner electricity system and positive progress in reducing losses.

Business Travel

Overall, business travel increased as activity levels grew during RIIO-T2, following unusually low travel levels during the COVID period. However, carbon intensity per mile has reduced year on year, showing that each mile travelled is becoming lower carbon, reflecting changes in travel behaviour and a shift towards lower-emission transport choices.



Supply Chain Sustainability



Our suppliers are critical to delivering a sustainable network. We work with them closely to reduce environmental impacts, improve data and embed stronger sustainability standards.

During RIIO-T2, we identified 220 priority suppliers representing 89% of supplier value, allowing us to focus engagement where it matters most.

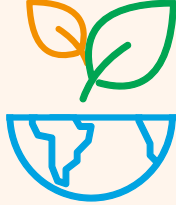
By 2025/26, 84% of suppliers by value met our enhanced environmental standards, exceeding our 80% RIIO-T2 target.

In addition, 62% of suppliers by value had their own sustainability metrics or KPIs, supporting better transparency across the supply chain.

Quarterly engagement with 19 strategic partners is helping maintain momentum as investment in the transmission network accelerates.



Action for Nature



We protect and enhance nature by applying the mitigation hierarchy and delivering biodiversity improvements alongside network development. In 2025/26, we met our internal 10% Biodiversity Net Gain requirement for relevant projects, subject to planning consent.

Pollution Prevention

SP Transmission reported two environmental incidents to SEPA in 2025/26. Both were investigated and managed through appropriate controls. No watercourse contamination was identified, and no enforcement action was taken.

Pollution Prevention Plans are now embedded across major transmission projects, helping teams identify, manage and monitor environmental risks.

Across our substation estate, drainage information, Pollution Prevention Plans and emergency spill response equipment are now more accessible to operational teams.

We also progressed PCB removal, oil mitigation, bund upgrades and legacy land contamination assessment during RIIO-T2.

Land and Biodiversity improvement

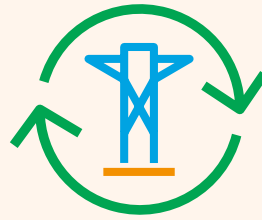
During RIIO-T2, SPT achieved 16% Biodiversity Net Gain, supported by enhancement projects that delivered 780 Biodiversity Units across 408 hectares of land.

In 2025/26, six partner organisations helped deliver off-site enhancements, including peatland restoration and riparian corridor creation, generating 421 Biodiversity Units.

By working with NatureScot, Scottish Government, planning authorities, landowners and environmental partners, we are building a stronger pipeline of nature recovery projects for RIIO-T3.

We also established our first natural capital baseline across land we own or lease, giving us better insight into the environmental value of our estate.

Circular Economy



We are embedding circular economy principles across project delivery: designing out waste, keeping materials in use and improving resource efficiency.

In 2025, total waste generated fell to 253,520 tonnes, down 28,202 tonnes on the previous year. In 2025, our reuse and recycling rate increased to 84.4% keeping us on track towards SPEN's overarching goal of reusing or recycling 100% of waste by 2030, excluding compliance waste. In addition to this, we also achieved a 98.3% landfill diversion rate in 2025.

2025/26 was our first full year using Qflow improved waste data quality, visibility and traceability across project sites. This has given us a clearer understanding of waste pathways and areas where we could improve waste management behaviours.

Updated contractor requirements will help to improve reporting on key materials such as concrete, steel and aggregate, supporting stronger circular economy delivery in RIIO-T3.

In 2025 our total waste generated fell to 253,520 tonnes, down 28,202 tonnes on the previous year.

Sustainable Society



Achieving the sustainability step-change

In 2025/26, SP Energy Networks retained ISO 14001 certification, demonstrating the strength of our Environmental Management System and our commitment to continuous improvement.

We continue to build sustainability capability through allocation of staff training across the business and engagement with the Supply Chain Sustainability School.

Net Zero Fund and community benefit

Our £5 million Net Zero Fund supported delivery of 32 workshops and 22 feasibility studies equipping communities with the knowledge, confidence needed to take part in the transition to Net Zero and formalise their own project ideas. Through the Net Zero fund, more than £3.1 million has been invested in 26 low carbon and energy efficiency projects. These projects are forecast to save 25,516 tCO₂e and generate £2.85 of Social Return on Investment for every £1 invested.



Supporting and Securing our Network

As we completed the final year of the RIIO-T2 period, our focus remained on supporting and securing a reliable, resilient and future-ready transmission network. During 2025/26, the network continued to deliver excellent operational performance, with Energy Not Supplied significantly below the incentive target and cumulative performance across the T2 period remaining well within target levels. This was achieved against a backdrop of increasing network complexity, continued growth in the connections pipeline, and the need to prepare our operational capability for the scale of investment and asset growth expected through RIIO-T3.

Our network reliability remained consistently high throughout the year. While severe weather and system events continue to test the resilience of the transmission network, our operational response processes, standby arrangements and asset monitoring capability ensured that issues were managed effectively and disruption was minimised.

Our Operations teams continued to deliver robust inspection and maintenance programmes across our substations, overhead lines, protection systems, operational telecommunications and HVDC assets. These programmes remain central to maintaining asset health, identifying emerging risks and supporting informed investment decisions. While annual maintenance plans remain dynamic and subject to outage availability, we continued to closely monitor delivery to ensure that planned work remained on track and that operational risk was managed appropriately.

The move into our new strategic store last year marked an important step in strengthening the resilience and security of the transmission network. By improving how critical spares and operational materials are identified, held and managed, the store provides greater confidence that the right equipment is available when needed to support planned maintenance, fault response, investment programmes and emergency restoration. This capability is particularly important as the network grows in scale and complexity, helping us reduce operational risk, minimise disruption, and maintain a secure and reliable supply for customers.

The Western Link remains a critical asset for the transfer of renewable energy between Scotland and England and Wales. During 2025/26, the HVDC Operations team continued to manage the link through a long-term maintenance model, supporting strong operational performance while also addressing asset defects at Hunterston Converter Station. The team has also continued to develop future operating arrangements for an expanding HVDC portfolio, recognising the increasing importance of specialist HVDC, marine, contracts and commissioning capability as Eastern Green Link projects and Western Link 2 progress.

We also continued to modernise the systems that support network performance and resilience. System monitoring modernisation progressed through the replacement and deployment of fault recorders and fault locators, supporting faster identification of fault location and fault type. We continued to progress RTU and SCADA modernisation, online condition monitoring, partial discharge monitoring and other operational technology that provides improved visibility of our assets and supports more proactive intervention before defects develop into disruptive failures.

As an operator of Critical National Infrastructure, securing our network extends beyond physical asset performance. During the year, SP Energy Networks continued to enhance its cyber security capability, including improvements in risk management, asset visibility, security monitoring, role-based training and preparation for enhanced Cyber Assessment Framework requirements. These activities support a more

resilient operational environment and help ensure that our transmission network remains secure as it becomes more digital, more interconnected and increasingly relied upon by customers and society.

Our people remain central to the performance and resilience of the transmission network. During 2025/26, we enhanced our operational capability across Transmission Network Operations to improve alignment, clarify accountabilities and better support the scale, complexity and pace of delivery expected through RIIO-T3. We also continued to develop the skills, experience and leadership capacity needed to operate a larger, more complex and increasingly digital network. This included building specialist knowledge in areas such as HVDC operations, operational technology, asset condition monitoring, outage planning, operational risk management and emergency response. By investing in our people and creating clearer routes for knowledge sharing, training and succession, we are ensuring that our teams remain equipped to support safe operations today while preparing for the scale and complexity of RIIO-T3.

Looking ahead, our operational focus will continue to evolve as the network grows. The scale of RIIO-T3 investment, the expansion of HVDC assets, increasing connection volumes and the changing risk profile associated with severe weather, cyber threats and system complexity all reinforce the importance of strong asset stewardship. We will continue to grow our teams, strengthen our processes and use data, technology and assurance to keep the network safe, secure and reliable for customers today and for the low carbon energy system of the 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 200,000 hours).

We achieved a combined Staff and Contractor TRIR of 0.28 for 2025/26, which is considered an exemplary performance within our industry.

Based on the 2025/26 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 2025/26. Safe start is a phased and controlled return to work over the course of January, with an emphasis on health, safety, and wellbeing engagements.
- Obtained ISO 45003 certification, the international standard that sets out guidelines for the management of psychological health and safety in the workplace, following an external assessment carried out by LRQA, one of the leading international certification, inspection and assurance bodies.
- Greater promotion of Employee wellbeing issues.

Public Safety

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.

Throughout the year, we have engaged with key audiences across our network area, including the agricultural and construction sectors, emergency services, schools, and the wider public. We have utilised a combination of social media, digital communications, conventional media channels and direct stakeholder engagement to deliver targeted safety messages and encourage safer behaviours around electrical infrastructure.

Our annual summer safety campaign returned in 2026, building on the success of previous years with a more targeted, insight-led approach. The campaign focuses on three key audience groups where risks are highest: customer communities, including children, families and households; construction and specialist trades working near our assets; and agricultural communities operating large machinery close to overhead power lines.

Tailored safety advice has been delivered through digital and social content, influencer partnerships, trade and regional media, and stakeholder networks to ensure the right messages reach the right audiences at the right time.

As part of the campaign, we introduced targeted media buying for the first time, enabling us to deliver safety messages through digital audio platforms such as Spotify and Apple Music, as

well as video content on YouTube. This approach has significantly increased the reach and effectiveness of our safety communications, particularly among younger audiences and during key seasonal periods when risk is elevated.

We continue to support three educational safety centres where key electrical safety messages are delivered to children through interactive substation and overhead line exhibits, presentations and learning activities. We also maintain our annual financial support for these centres. In addition, our PowerWise website continues to be actively promoted to schools, teachers and parents. As a curriculum-linked educational resource, PowerWise provides free, engaging and interactive materials to help young people understand the dangers associated with electricity and how to stay safe.



Building on our commitment to engaging younger audiences, we launched a new children’s electrical safety storybook, Walter and Skye Danger Detectives, written and illustrated by award-winning author Emily MacKenzie. The story follows two puppy siblings on a summer camping adventure that turns into a safety mission, helping children learn important electrical safety messages through an engaging and accessible format. Published in both English and Welsh, free copies of the book have been distributed to families during the summer holidays and at agricultural shows across our network area, helping to reinforce safety messages in communities.

We have also continued our close collaboration with emergency services, providing electrical safety awareness presentations, technical guidance and operational support when incidents occur. Alongside this, a range of communication campaigns have been delivered throughout the year in partnership with the Energy Networks Association (ENA) and other industry stakeholders to promote consistent energy and utility safety messaging across the UK.



Net Zero Fund

SP Energy Networks’ £5 million Net Zero Fund has helped communities, particularly those most at risk of being left behind, with the knowledge, confidence and resources needed to take part in the transition to Net Zero.

More than £3.1 million has been invested in 26 energy efficiency and low carbon projects, including renewable energy installations, building retrofits, smart heating technologies and electric vehicles. These projects are now accelerating decarbonisation and creating measurable social and environmental impact.

Funded projects are forecast to deliver carbon savings of 25,516 tCO₂e, equivalent to circumnavigating the earth approximately 3,882 times in a typical car. On average, £274 has been invested per tonne of CO₂e saved, in line with the UK Government benchmark of £274 per tCO₂e for economic and efficient investment.

More than £3.1 million has been invested in 26 energy efficiency and low carbon projects.

Project Highlights

Fort, Seafield and Wallacetown Community Association received £216,425 of funding towards the installation of community-owned solar panels on Wallacetown Early Years Centre, St John’s Primary and Newton Primary.

The project is estimated to reduce CO₂e annually by 1,329 tonnes, making a significant contribution to local decarbonisation and Net Zero goals. Income from the electricity generated will be reinvested directly into the community, with an estimated £1 million expected over the next 25 years to support local projects and services.

Twechar Community Action received a £55,960 grant from SP Energy Networks’ Transmission Net Zero Fund, to replace an ageing diesel bus with a cleaner and greener electric bus. The community transport service supports vulnerable groups, ensuring affordable access to essential services and recreational opportunities.

By switching to electric, the charity will cut running costs and reduce carbon emissions by almost 20 tonnes over 10 years, making the service more financially sustainable while supporting Scotland’s drive to Net Zero.

The Hub has recently moved into community ownership through a Community Asset Transfer with Falkirk Council and is now shining brighter than ever thanks to a £138,000 grant which part-funded LED floodlights, solar panels and an air source pump, that is estimated to reduce CO₂ by 29 tonnes annually and will significantly cut running costs, helping future-proof the Hub for years.

The much-loved community space has been transformed into a warmer, greener space to support the local community. Alongside popular parent-and-toddler groups, sports clubs, digital-literacy programmes and education classes, the Hub is also home to ROOTS – a volunteer-run foodbank and community-support group.



Capacity Building for our communities

In 2025, eight capacity building workshops and six feasibility studies helped local groups turn ambition into action. This formed part of a wider programme which, over the five years of the Net Zero Fund, delivered a total of 32 capacity building workshops and 22 detailed feasibility studies. This support enabled communities to refine, formalise and strengthen their project ideas, ensuring they were ready for delivery.

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





Expenditure and Outputs

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Load and Non-Load Expenditure

Our plans for the transmission network have continued to evolve to take account of the connections landscape as the connection queue has developed from the reform process. Despite the changes, we have continued to progress with investment and adapt our plans.

Our overall expenditure for the T2 period is £360.5m. This was an increase in capital investment from previous years with a greater number of connections complete and the further progress in the delivery of our strategic network upgrades.

Over the five years, we have successfully connected over 2.3GW of customer connections including:

- 1.2GW of wind generation comprising of 15 projects.
- 1GW of Battery Energy Storage across four projects.
- Two new rail feeder stations to support the electrification of the rail network in Scotland.

- A 55MW solar project and two new synchronous condensers which were successful under the NESO pathfinder process.

We continue to see a number of challenges which have required us to adapt our plans to reflect the wider landscape. The most notable challenges we have seen are:

- **Supply Chain Capacity:** the number of new projects and developments in Scotland has increased dramatically over the course of the last three years, and that has created the need for more contractors, resources and prioritising works. Although we have worked on securing a Strategic Agreements 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.
- **Programme Interfaces and Dependencies:** Complex interdependencies between projects and third parties (e.g. other TOs & utilities) create sequencing and commissioning risks, meaning delays in one area can cascade across the programme. Mitigation includes strengthened interface management and integrated planning, though system complexity remains a key challenge.



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. 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 and NESO’s Connections Reform Hub.

Over the T2 period, the focus on Clean Power 2030 has only grown and this has resulted in a significant increase in new, significant upgrades being required. Good progress is being made on these and the development of projects beyond 2030 are now in the development phase

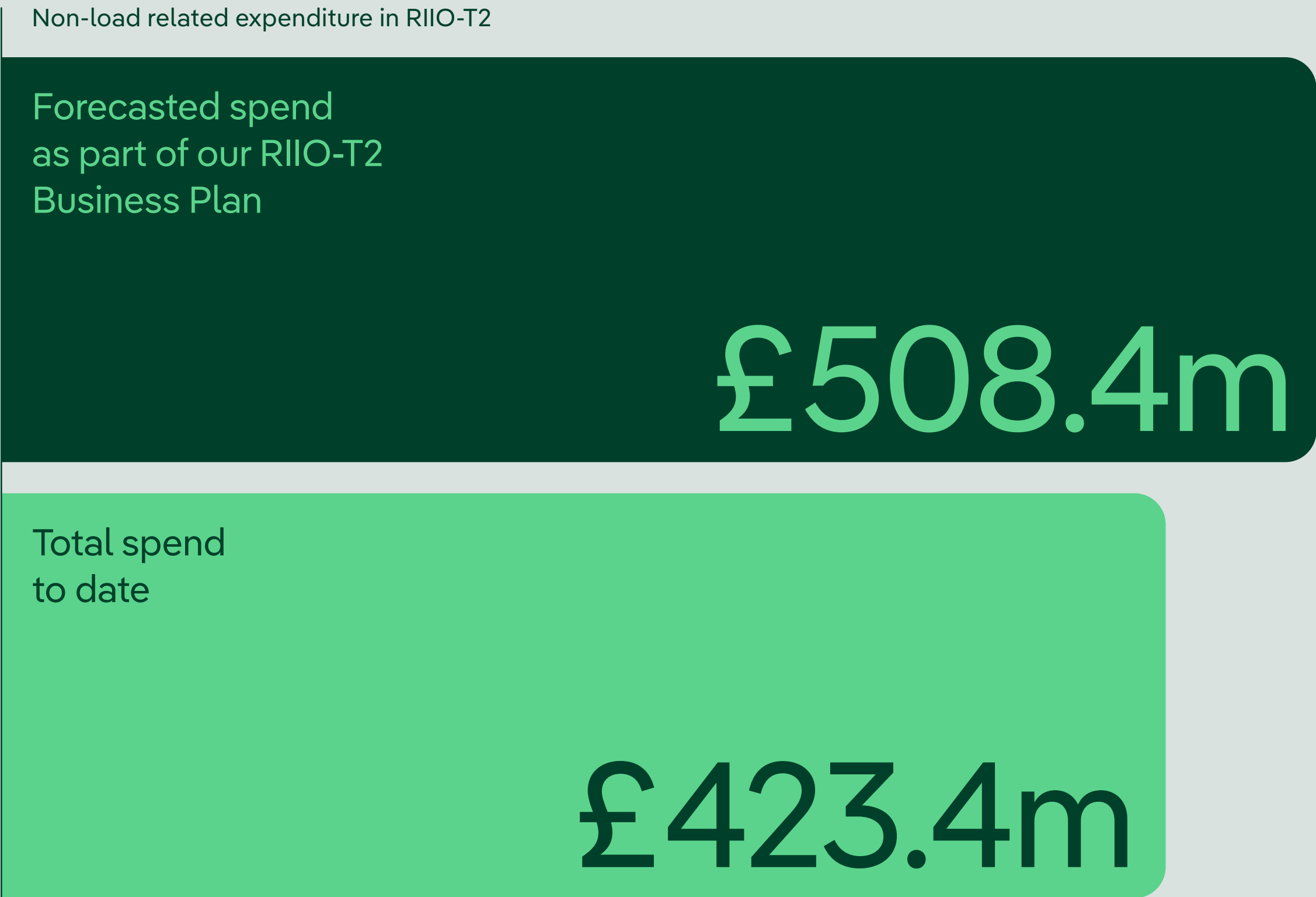
Managing Change

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, and was subject to a Judicial Review, the judgement which was made has now been appealed and we expect it may be early 2027 before we understand the outcome of this appeal. We intend to progress with further design works in parallel with this process.

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.



Delivering on our plans

Non-load related expenditure totalled £423.4m cumulatively over the full RIIO-T2 period.

The main reasons for this cumulative underspend are very similar to the ones described in the load related projects chapter. The key areas being system access and outages which is increasingly complex with the number of new connections and interaction between different projects all requiring system access.

In the last year, some of the key achievements include:

- The OHL Major Refurbishment programme was substantially completed:
 - 63km of OHL refurbishment completed across BL, BU and AC Routes within the 25/26 regulatory year.
 - All refurbishment work was also completed on AL, AY and BM routes.
- We have completed the Gorgie-Telford Road 132kV cable project. This involved the installation of a replacement ducted cable system along approximately 6.20km in central Edinburgh.
- Torness 400kV Reactor R1/R2 Replacement was completed in August 2025.
- Refurbishment of the 275/400kV transmission overhead line between Kincardine Substation, Grangemouth Substation and Currie Substation which forms part of the North-South link of the major Interconnected Transmission System (MITS).

Innovation

RIIO-T2 has seen the implementation of many innovative solutions into our transmission network.

At Windyhill 275kV, a new GIS has been built, and a 275 kV full Digital Substation has been implemented. This substation is the first fully Digital Multivendor Solution in our network. Our design team has developed all the technical specifications and procedures and has engaged with multiple vendors to develop this complex solution.

From the outset of RIIO-T2 we have been installing SF₆ free equipment where the technology is technically mature and market ready. We have installed SF₆ free equipment in both 132kV and 400kV, where most suppliers have developed suitable solutions both in AIS and GIS. We commissioned our first SF₆ free 132kV GIS at New Cumnock at the beginning of 2026. We also successfully completed the extension of an existing 400 kV SF₆ GIS at Kilmarnock South by replacing the busbars and making them SF₆ free and allowing the extension of four bays with SF₆ free equipment (except on the circuit breaker due to lack of space). We have also successfully energised an extension of a 400 kV SF₆ GIS at Hunterston East by building SF₆ free GIBs outside the building.



Bottom left:
Picture of SF₆
free GIS in 132kV
New Cumnock.

Bottom right:
400kV Kilmarnock
South.



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 Programme – comprises early-stage projects from tCSNP2 (included in Beyond 2030), progressing through concept design, optioneering, land acquisition, and consenting activities.
- Delivery East and West Programmes – cover the Onshore Clean Power 2030 (CP2030) Projects located across the Eastern and Western regions of Scotland’s Central Belt.

The portfolio comprises of sixteen live projects; two funded under the Accelerated Strategic Transmission Investment (ASTI) framework and six under the proposed Load Related Re-opener (LRR). The remainder are tCSNP2 projects currently in development stages.

See [Strategic Network Design – SP Energy Networks](#) for more information.

	Programme	NESO Code	Project Name
tCSNP2	Development	LCU2	Kincardine North – Currie B5 Reinforcement.
tCSNP2	Development	CMN3	Cross Border Connection: New 400kV circuit between Gala North and Carlisle area. Cross Border Connection – SP Energy Networks.
tCSNP2	Development	WCN2	West Coast Reinforcement: 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	CVUP	Clydesmill to Strathaven 400kV Reinforcement.
CP2030 (ASTI)	Delivery West	DWNO	Denny to Wishaw Network Upgrade: 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. Denny to Wishaw Network Upgrade – SP Energy Networks
CP2030 (ASTI)	Delivery East	TKUP	Tealing to Kincardine Upgrade Project: 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. Tealing to Kincardine Upgrade Project – SP Energy Networks
CP2030 (LRR)	Delivery East	LWUP	Kincardine North Substation and Associated Overhead Line Works: Establish new 400kV substation north of Kincardine and connect to Denny North at 400kV. Kincardine North Substation and Associated Overhead Line Works – SP Energy Networks
CP2030 (LRR)	Delivery East	ECUP	East Coast Incremental 400kV Reinforcement.
CP2030 (LRR)	Delivery East	DWUP	Clydesmill Substation Extension and Overhead Line Uprating: Establish a 400kV single circuit corridor south from Kincardine North, on existing OHL routes, to Clyde’s Mill substation. DWUP – SP Energy Networks
CP2030 (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.
CP2030 (LRR)	Delivery West	VSRE	Replace existing OHL conductor on the strategic east-west Strathaven – Smeaton (XH/XJ Route) corridor with HTLS conductor.
CP2030 (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.
CP2030 (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.

Clean Power 2030

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.

In May 2026, Ofgem announced confirmation of ASTI Early Construction Funding (ECF) totalling £150 million* for two Strategic Projects: TKUP (£99m*) and DWNO (£53.1m*) *2018/19 prices. This positive milestone allows both projects to continue delivering at pace, with a view to successful delivery while building towards CP2030.

Additionally, construction commenced in January 2026 on our VSRE project, with Strategic Delivery Partner, MGroup recently signing a £110m contract to undertake the project works.

A number of projects will also be commencing early enabling works over second half of 2026 as we gather momentum towards a successful CP2030 delivery.

Figure 1: Strategic Projects GIS Map



Beyond 2030 (tCSNP2)

NESO’s Beyond 2030 report built on top of the Holistic Network Design Follow Up Exercise (HNDFUE) and details recommendations for reinforcements throughout the 2030s. The report recommended a set of offshore and onshore network upgrades totalling £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.

In June 2026, NESO published the Beyond 2030 – Electricity Transmission Update renewing NESO’s 2024 view and reinforces the electricity transmission network needed to enable a reliable, clean and affordable system into the mid-2030s. This update sends a positive signal by reconfirming investment should continue at pace on the tCSNP2 projects.

Investing in our growing team

As of July 2026, the Strategic Projects team comprises of over 140 permanent staff – representing year-on-year growth of more than 180%.

This growth has strengthened the capacity and capabilities across key functions within the portfolio including Engineering, Project Management, Project Management Office (PMO) and Commercial, in line with the scale and complexity of the portfolio.

The Strategic Portfolio headcount is expected to reach 179 by the end of 2026, as we continue to build an industry-leading team to deliver CP2030 and beyond.

Our people investment will see continued team growth throughout the T3 period, with growth of around 30 employees each year.

Our Supply Chain

With Delivery Partners secured for all Clean Power 2030 projects through our 10-year Strategic Agreements Framework, detailed project design, long-lead item procurement, and ground investigations near completion in early 2027.

The first EPC conference was held in June 2026, with more than 120 attendees from across our project teams and delivery partners.

This session was focussed around establishing and building relationships across the teams and creating a shared understanding of consistent and collaborative ways of working across the portfolio.

Among those in attendance were Michael Shanks MP, Minister of State for Energy and SP Energy Networks CEO, Nicola Connelly (pictured below).

To ensure we meet the ambitious Clean Power 2030 timelines and continue to build upon the trusted working relationships built to date, a number of Strategic Delivery Partners have established offices in proximity to SPT, creating a co-location working space for project teams, and continue to strengthen their resource capacity, ensuring a long-term commitment in delivering Clean Power 2030 and beyond.



Stakeholder and Community engagement

As we work to deliver the largest rewiring of the electricity grid since its inception, SP Energy Networks is conscious of the need to engage openly and transparently with communities. Sharing our plans widely with communities and key stakeholders at the earliest opportunity is fundamental to raising awareness of, and building consent for, projects. Early engagement in communities will help us identify key influencers and opportunities to shape and target engagement, build brand awareness and create more favourable conditions for constructive consultation.

Moving our stakeholder engagement and community liaison to a regional approach offers consistency and continuity around our communication with local stakeholders and communities. It enables us to build knowledge and awareness around our requirements and approach – while creating and maintaining beneficial relationships throughout the full project lifecycle and for subsequent projects.

Our place in the new structure will also allow for better coordination with colleagues across community benefits and sustainability. In turn, this will enable stakeholders to work with us throughout projects to maximise the benefits to be gained from funding accessible through hosting transmission infrastructure and opportunities to enhance communities through delivery of our sustainability commitments.

We are on the cusp of a generational opportunity to build, not only an economic, but a social legacy that will sustain beyond the project life-cycle. Working with our contractor framework to localise supply chains and resourcing and building skills and training pathways will help create social value and let communities genuinely feel part of our energy transformation. With more projects coming forward for consent and increasing numbers of boots on the ground supporting delivery, there will be more stories to tell and more opportunities to demonstrate what we do, how we do it and why it matters to local people, communities and stakeholders right across the country.

HVDC

Our HVDC portfolio now includes Eastern Green Link 1 (E2DC), Eastern Green Link 4 (TGDC) and Western Link 2 (AC5 and AC6). Three major projects that will make a massive difference to the GB transmission network. Eastern Green Link 1 is now making significant progress in the construction phase; Eastern Green Link 4 has secured its major delivery partners and is progressing through the land and planning stage and Western Link 2 is following closely through the development stage.

These three nationally significant HVDC links are all being developed and delivered in conjunction with National Grid Electricity Transmission (NGET).

The development and delivery programmes continue to face the same planning consent and supply chain challenges as other large infrastructure projects, but all are progressing positively to deliver as soon as possible for consumers.

Construction across the Eastern Green Link 1 project is well underway in both the North and South. The Torness Converter Station site has completed earth works and continues with civil construction. The Marine Horizontal Direction Drill (HDD) is underway and due to be complete in 2026. Construction in the South, at Murton, is progressing well with steelwork erection commenced. Major component fabrication (transformers and offshore cables) are progressing and entering test phases. The link is planned to be fully constructed and available to the system operator in 2029.

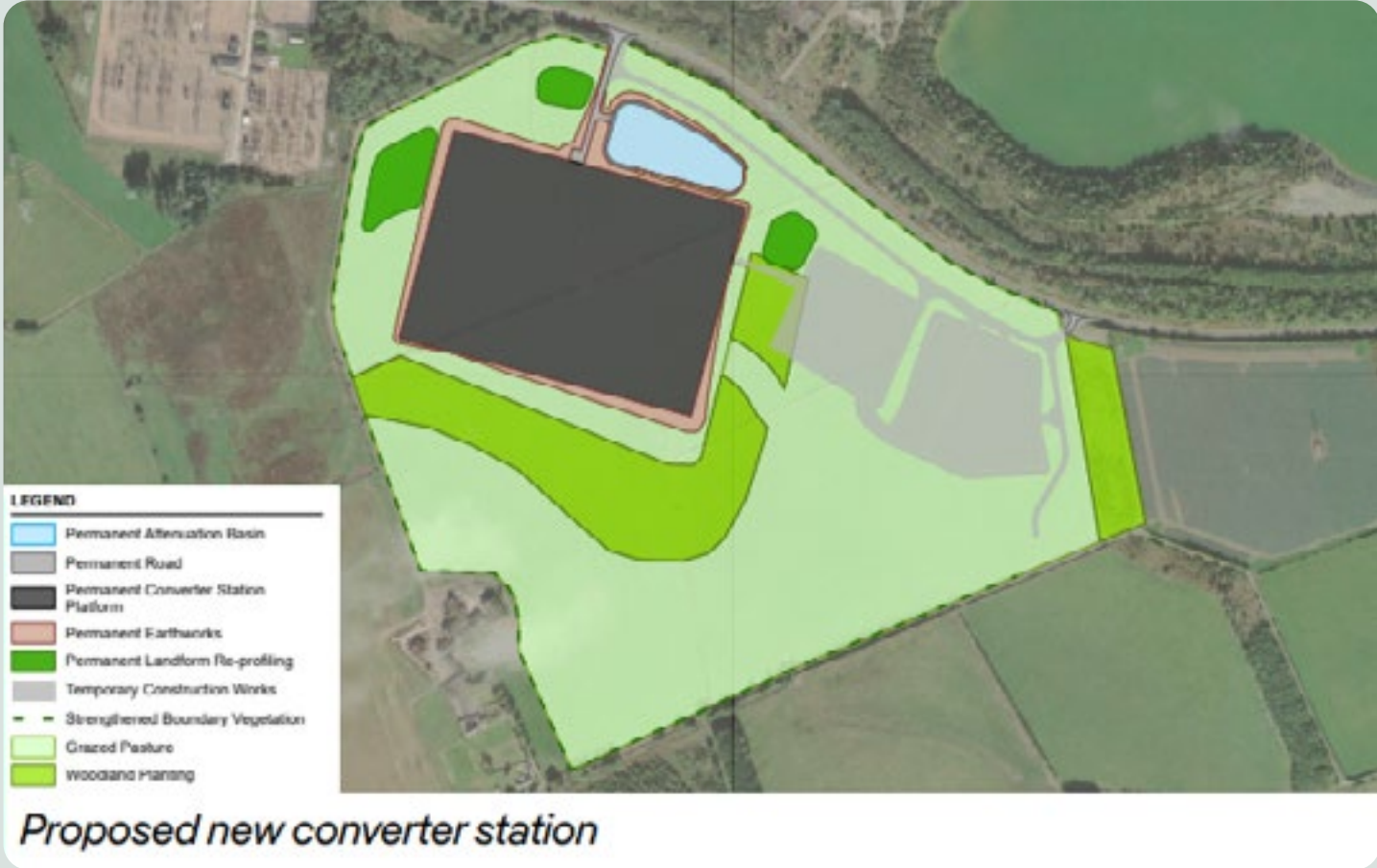


Eastern Green Link 4 has secured its main technology delivery partners in the form of Siemens Energy for the Converters and Prysmian for the Cable works. We have also progressed the supporting civils contracts at pace, and remain on track to award the Converter Civils contract before the end of 2026.

In parallel to procuring its supply chain, EGL4 has now also submitted all of its planning applications in Scotland for both the onshore and offshore works and are in the final stages of preparing the Development Consent Order covering the equivalent on and offshore works in England ensuring we can continue to deliver the project to the earliest practicable timescales.

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. In mid-2025 Ofgem confirmed SPT and NGET as the delivery body for this project. Development work has continued with public consultations in Scotland in November 2025 and Wales in July 2026 as well as marine and onshore survey works. Due to the innovative co-ordinated design of Western Link 2 the Converter procurement was launched in April 2026 to include conceptual early engineering and design work from the tendering suppliers.

Working with our colleagues at NGET we continue to drive these projects forward.



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.

In the 2025/26 regulatory year, **Gross Capital Investment (Totex)** – including **Uncertainty Mechanisms** and **T1 Carry Over** – totalled **£765 million**, representing a **£167 million increase** compared to the previous year’s total of £598 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 **£261 million**, exceeding the annual allowance by **£51 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):** £1,530 million
 - **Cumulative Allowance:** £1,768million
 - **Cumulative Baseline Spend:** £912 million
 - **Cumulative Baseline Allowance:** £1,132 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.

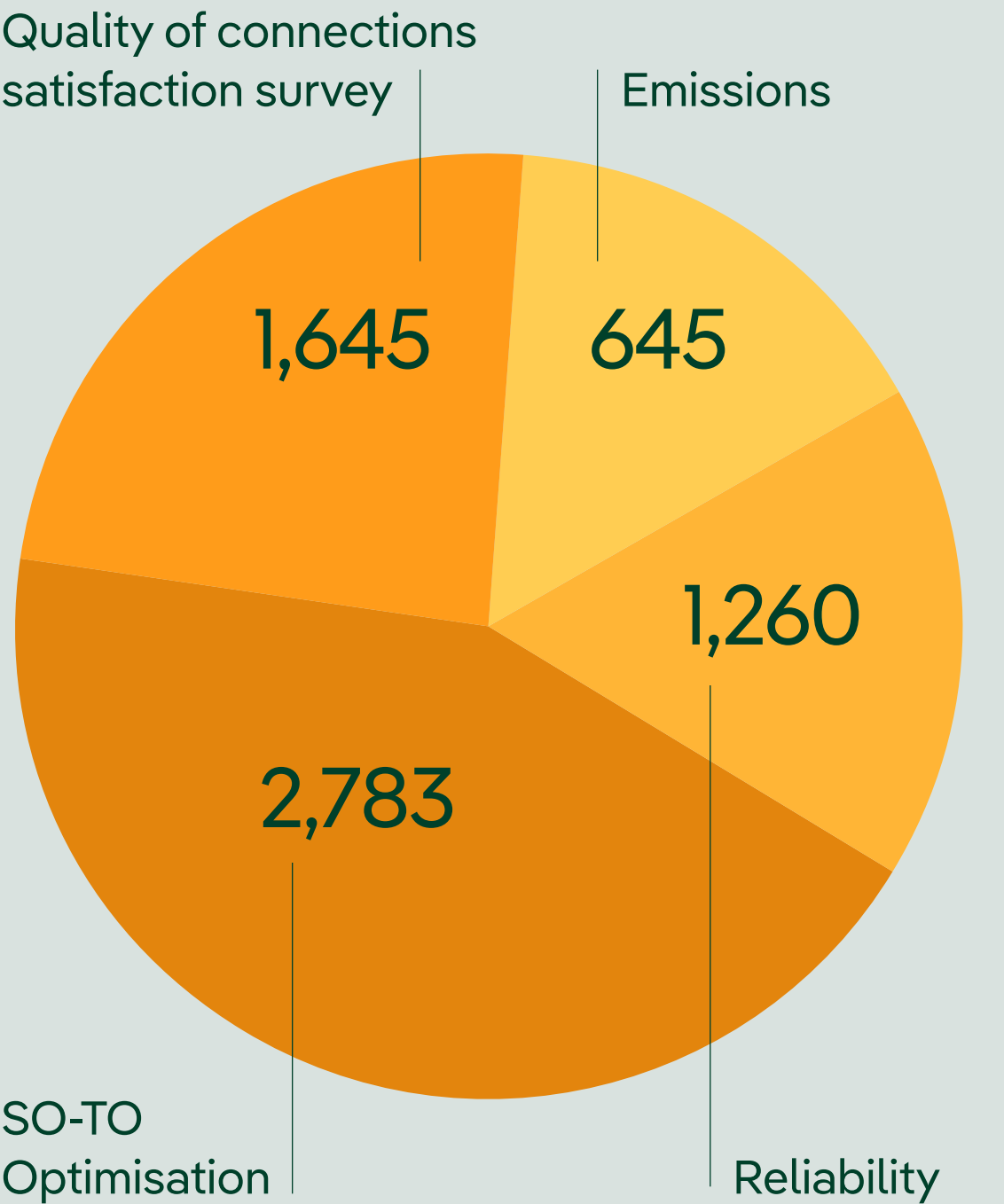
We are forecasting a full RIIO-T2 Totex position for Baseline projects of **£1,199 million**, against a total Baseline allowance of **£1,322 million** – delivering **91%** of the Baseline allocation. This outcome demonstrates our commitment to delivering on our RIIO-T2 objectives and outputs, despite the challenges encountered throughout the price control period.

Totex comparison		Allowance (2025/26 £m)	Actual (2025/26 £m)	Variance (2025/26 £m)
Capex	Wider Works	379.95	348.08	-31.88
	Other LR Capex	184.51	177.11	-7.40
	Sub-Total Load Related Capex	564.46	525.18	-39.28
	Asset Replacement Capex	65.75	56.95	-8.80
	Other Capex	8.53	10.20	1.67
	Sub-Total Non-load Related Capex	74.28	67.15	-7.12
	Non-Operational Capex	1.63	6.21	4.58
	Total Capex	640.37	598.55	-41.82
Opex	Faults	4.00	9.46	5.46
	Inspections	1.26	1.06	-0.21
	Repairs & Maintenance	9.13	8.60	-0.53
	Vegetation Management	0.41	0.80	0.40
	Legal & Safety	2.18	4.38	2.19
	Operational IT	2.63	2.26	-0.36
	Total Controllable Opex	19.60	26.56	6.96
Indirects and Other costs	Indirects	111.25	123.48	12.23
	Other	38.33	16.88	-21.45
	Total	149.58	140.36	-9.22
Total		809.56	765.48	-44.08

Our Revenues

Our Revenues
In 2025/26 we recovered £541.4m. 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 2025/26 (£ 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.

5-year average 2025/26 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.
2.52%	Totex Efficiency Savings Any savings we make on our investment plan are shared with the consumer.
0.08%	Reliability Incentive
0.09%	Emissions Incentive
0.00%	Timely Connections Incentive
0.08%	Quality of Connections Incentive
0.22%	SO-TO Optimisation Incentive
0.00%	Environmental Scorecard Incentive
-0.05%	Network innovation

7.81%* RoRE – Operational performance

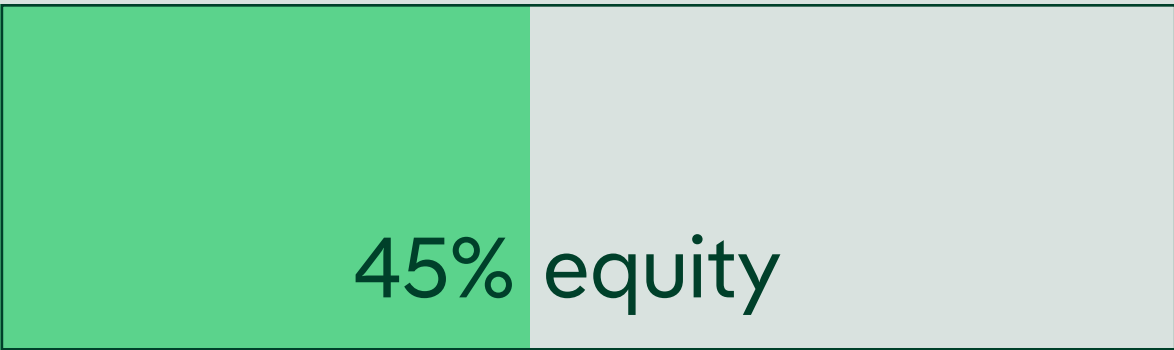
*Excluding Enduring Value Adjustments (EVA's)

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 2.26% in 2025/26
- 45% equity with return of 5.09% in 2025/26
- Weighted average cost is 3.54% in 2025/26



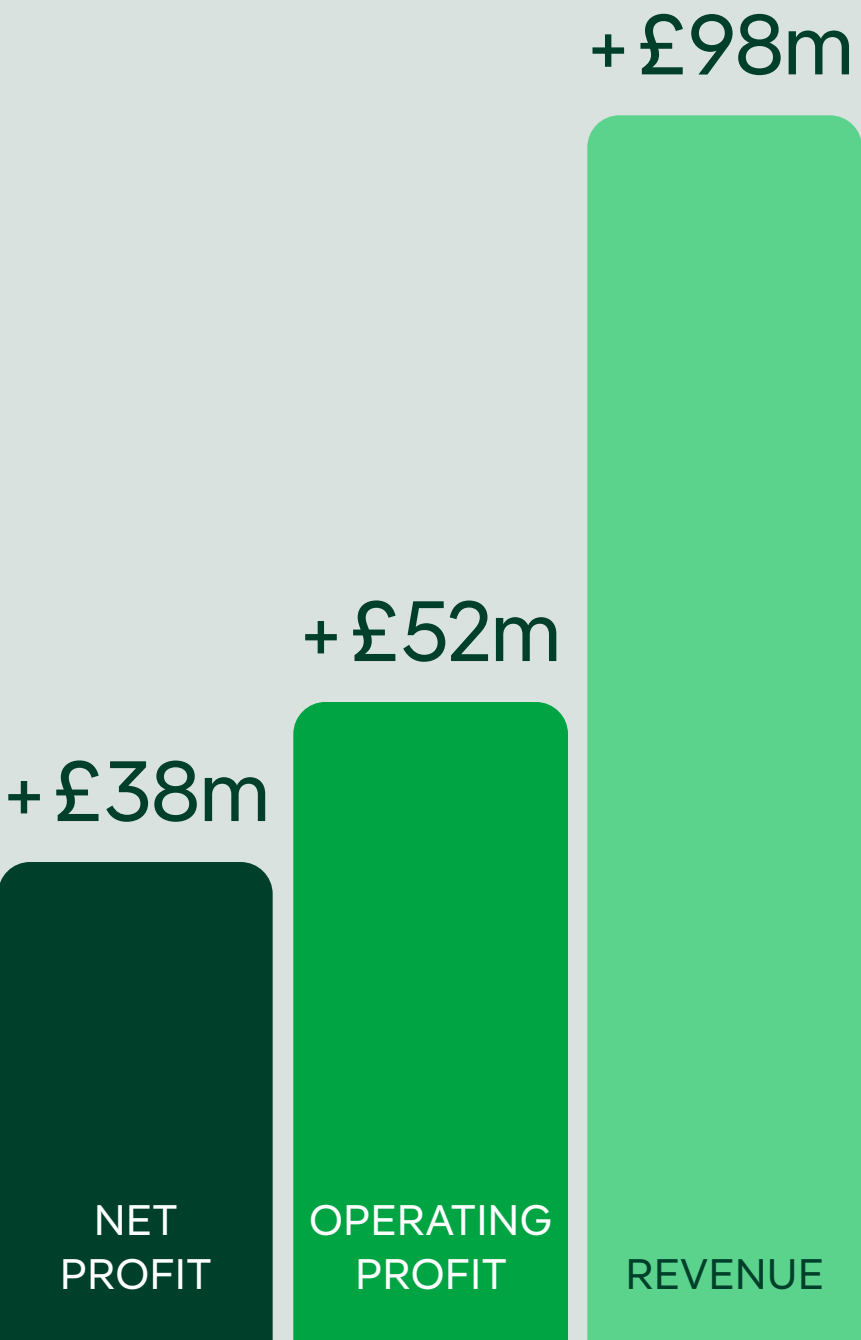
As at 31st March 2026 our RAV was £5.0bn (2025/26 prices), up on the prior year at £4.1bn (2024/25 prices) due to higher investment on the network going into the RIIO-T2 price control period.



About SPEN
For the regulatory year 2025/26, revenue increased by £98m to £585m compared to the prior year of £487m. Our operating profit was £317m, an increase of £52m compared to prior year. Net profit was £163.2m, an increase of £38m compared to prior year.

The main driver of the decreases year-on-year related to lower allowed revenues due to prior year corrections.

Regulatory year 2025/26



Looking Forward

Looking Forward – RIIO-T3

Recognising the unprecedented scale of growth required to deliver RIIO-T3, SPT launched its Transformation Programme during 2024 to ensure the organisation was prepared to deliver a capital investment programme significantly larger than RIIO-T2 while supporting a significant increase in workforce capacity. The programme was established in parallel with the development of the RIIO-T3 Business Plan and Final Determination process, creating a new Target Operating Model designed to provide the people, processes, governance, technology and capabilities required to successfully deliver the £12 billion investment programme commencing in April 2026.

The transformation programme began with a comprehensive review of SPT’s existing operating model, identifying organisational constraints, process inefficiencies and delivery challenges that could limit our ability to scale. This informed a clear case for change, a future capability model and the design of a new organisation structure focused on delivering projects more efficiently, strengthening accountability and improving programme governance. During 2025/26, the Target Operating Model was designed and the majority of the new organisational structure approved, with implementation progressing in line with the workforce growth assumptions established within the RIIO-T3 Business Plan.

A key outcome of the programme was the creation of dedicated HVDC, Strategic and Core delivery portfolios. This structure provides focused leadership and governance for SPT’s diverse programme of works, enabling specialist teams to manage the unique requirements of major HVDC projects, nationally significant network reinforcements and the large volume of customer connection and network investment projects required across central and southern Scotland. The Strategic and Core portfolios have also been established on a regional basis, enabling teams to support clusters of projects and build stronger relationships with customers, communities and stakeholders.

The transformation also established several new enabling functions including Performance and Reporting, providing Enterprise PMO capability; Contract Planning and Performance, providing integrated programme planning and supply chain oversight; Community Engagement and Sustainability; and a new Transmission Services function responsible for health, safety, quality, transformation and onboarding and workforce experience. These changes provide the organisational foundations required to successfully deliver the RIIO-T3 programme.

Strategic Agreements

Recognising the critical role of the supply chain in delivering the RIIO-T3 investment programme, SPT concluded one of the largest procurement exercises in its history and established Strategic Agreements with 19 delivery partners covering approximately £5.4 billion of overhead line and substation works. These long-term agreements provide increased certainty for both SPT and the supply chain, enabling early contractor involvement, workforce investment and long-term planning while reducing procurement lead times and supporting more collaborative project delivery. The agreements provide a strong foundation for achieving the accelerated timescales required to support Clean Power 2030 and RIIO-T3 objectives.



Looking Forward

With the foundational elements of the Target Operating Model now largely in place, transformation activity has shifted towards embedding new capabilities, driving continuous improvement and supporting the successful delivery of the RIIO-T3 programme. Focus areas for 2026/27 include delivering the T3 Digital Plan, accelerating the identification and deployment of Artificial Intelligence opportunities, increasing the adoption of innovative solutions and embedding new ways of working across the organisation.

Through a structured continuous improvement approach, SPT is working with each function across the business to identify and address pain points that could impact the delivery of our T3 plan and strategic objectives. Particular focus is being placed on simplifying governance and decision-making, strengthening supply chain integration, improving project and portfolio management, standardising end-to-end processes, enhancing data and reporting capability, and increasing the effective use of digital and AI-enabled technologies. Together, these initiatives will continue to build organisational resilience and capability, ensuring SPT remains ready to deliver one of the largest infrastructure investment programmes in the UK.

