SCOTTISH AND SOUTHERN ELECTRICITY NETWORKS

DCUSA Schedule 20 CIRP

Stakeholder Teleconference

October 2026

Scottish & Southern Electricity Networks

SSEN – DNO COST INFORMATION ASSUMPTIONS FOR OCTOBER 26

1. All £ figures have price year marked
2. Information provided to the nearest £m
3. It is assumed that there will be one set of price changes per year, effective on 1st April
4. Figures shown are based on forecasts and assumptions made at the time of publication and are subject to change
5. Year t-1 = 2025/26

SUMMARY OF FORECAST CHANGES – SEPD

		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Total Allowed Revenue (June 2026)	**£m nominal**	**572.6**	**743.0**	**910.1**	**981.3**	**1,031.5**	**1,087.6**
Total RIIO-2 capitalisation rate allocation 1 allowances	£m 20/21 prices	(0.1)	(2.5)	(1.9)	-	-	-
Total actual expenditure in capitalisation rate allocation 1	£m 20/21 prices	14.5	(35.0)	(5.3)	-	-	-
Post-TIM totex Allocation 1	**£m 20/21 prices**	**7.3**	**(19.0)**	**(3.6)**	**-**	**-**	**-**
Fast Pot Allocation 1	**£m 20/21 prices**	**2.5**	**(6.6)**	**(1.3)**	**-**	**-**	**-**
Total RIIO-2 capitalisation rate allocation 2 allowances	£m 20/21 prices	3.1	49.1	(98.4)	-	-	-
Total actual expenditure in capitalisation rate allocation 2	£m 20/21 prices	(3.7)	49.4	(101.4)	-	-	-
Post-TIM totex Allocation 2	**£m 20/21 prices**	**(0.4)**	**49.2**	**(99.9)**	**-**	**-**	**-**
Fast Pot Allocation 2	**£m 20/21 prices**	**(0.1)**	**7.4**	**(15.0)**	**-**	**-**	**-**
Fast money	**£m 20/21 prices**	**2.5**	**0.7**	**(16.2)**	**-**	**-**	**-**
Depreciation	£m 20/21 prices	-	0.1	0.8	-	-	-
Return	£m 20/21 prices	0.1	0.8	(0.3)	(2.1)	(2.1)	(2.1)
Pass-through	£m 20/21 prices	(0.2)	(1.1)	0.5	-	-	-
Base Revenue	**£m 20/21 prices**	**2.5**	**0.6**	**(15.3)**	**(2.1)**	**(2.1)**	**(2.1)**
Equity issuance costs	£m 20/21 prices	-	-	-	-	-	-
Business plan incentive	£m 20/21 prices	-	-	-	-	-	-
Output delivery incentive	£m 20/21 prices	(2.4)	(2.1)	(3.2)	-	-	-
Other revenue allowances	£m 20/21 prices	(0.3)	(0.3)	1.4	-	-	-
Directly Remunerated Services	£m 20/21 prices	2.0	-	-	-	-	-
Calculated revenue (before tax)	**£m 20/21 prices**	**1.9**	**(1.8)**	**(17.1)**	**(2.1)**	**(2.1)**	**(2.1)**
Calculated revenue	**£m 20/21 prices**	**1.7**	**(1.1)**	**(15.2)**	**(2.1)**	**(2.1)**	**(2.1)**
Real to nominal prices conversion factor (splice index for RIIO-2)	scalar	-	-	-	-	-	-
Calculated revenue	**£m nominal**	**2.4**	**(1.8)**	**(22.1)**	**(3.4)**	**(3.5)**	**(3.6)**
Correction term	£m nominal	(3.5)	3.1	(2.2)	(25.8)	-	-
Forecasting penalty	£m nominal	-	-	-	-	-	-
Legacy Allowed Revenue	£m nominal	-	-	-	-	-	-
Total Allowed Revenue (October 2026)	**£m nominal**	**571.5**	**744.3**	**885.8**	**952.1**	**1,028.0**	**1,083.9**

Comparisons with published figures may appear different due to rounding

SUMMARY OF FORECAST CHANGES – SHEPD

		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Total Allowed Revenue (June 2026)	**£m nominal**	**300.5**	**311.8**	**355.7**	**365.9**	**386.9**	**410.2**
Total RIIO-2 capitalisation rate allocation 1 allowances	£m 20/21 prices	(1.5)	(4.7)	3.5	-	-	-
Total actual expenditure in capitalisation rate allocation 1	£m 20/21 prices	52.8	(7.7)	(13.0)	-	-	-
Post-TIM totex Allocation 1	**£m 20/21 prices**	**26.0**	**(6.2)**	**(4.8)**	**-**	**-**	**-**
Fast Pot Allocation 1	**£m 20/21 prices**	**8.9**	**(2.1)**	**(1.6)**	**-**	**-**	**-**
Total RIIO-2 capitalisation rate allocation 2 allowances	£m 20/21 prices	(4.4)	15.6	47.5	-	-	-
Total actual expenditure in capitalisation rate allocation 2	£m 20/21 prices	(16.4)	18.6	39.6	-	-	-
Post-TIM totex Allocation 2	**£m 20/21 prices**	**(10.5)**	**17.1**	**43.5**	**-**	**-**	**-**
Fast Pot Allocation 2	**£m 20/21 prices**	**(1.6)**	**2.6**	**6.5**	**-**	**-**	**-**
Fast money	**£m 20/21 prices**	**7.3**	**0.5**	**4.9**	**-**	**-**	**-**
Depreciation	£m 20/21 prices	-	0.2	0.4	-	-	-
Return	£m 20/21 prices	0.2	0.6	1.4	2.1	2.1	2.1
Pass-through	£m 20/21 prices	(2.2)	(0.1)	(1.1)	-	-	-
Base Revenue	**£m 20/21 prices**	**5.3**	**1.2**	**5.7**	**2.1**	**2.1**	**2.1**
Equity issuance costs	£m 20/21 prices	-	1.0	-	-	-	-
Business plan incentive	£m 20/21 prices	-	-	-	-	-	-
Output delivery incentive	£m 20/21 prices	(0.4)	(0.3)	0.1	-	-	-
Other revenue allowances	£m 20/21 prices	(0.2)	(0.2)	0.8	-	-	-
Directly Remunerated Services	£m 20/21 prices	(0.6)	-	-	-	-	-
Calculated revenue (before tax)	**£m 20/21 prices**	**4.1**	**1.7**	**6.6**	**2.1**	**2.1**	**2.1**
Calculated revenue	**£m 20/21 prices**	**3.9**	**2.1**	**6.4**	**2.1**	**2.1**	**2.1**
Real to nominal prices conversion factor (splice index for RIIO-2)	scalar	-	-	-	-	-	-
Calculated revenue	**£m nominal**	**5.4**	**2.8**	**9.2**	**3.0**	**3.1**	**3.2**
Correction term	£m nominal	0.1	8.2	11.7	22.2	-	-
Forecasting penalty	£m nominal	-	-	-	-	-	-
Legacy Allowed Revenue	£m nominal	-	-	-	-	-	-
Total Allowed Revenue (October 2026)	**£m nominal**	**305.9**	**322.8**	**376.6**	**391.2**	**390.0**	**413.5**

Comparisons with published figures may appear different due to rounding

FAST MONEY

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m	189.3	184.3	187.3	223.7	223.7	223.7
SHEPD £m	127.9	100.7	93.1	95.7	95.7	95.7

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m	2.5	0.7	(16.2)	-	-	-
SHEPD £m	7.3	0.5	4.9	-	-	-

Contributing Factor
• Uplifts in SHEPD due to increases in Totex allowances • There was a rephasing of load-related Capex from SEPD to SHEPD in 27/28

DEPRECIATION

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m	188.1	188.4	189.3	188.4	188.4	188.4
SHEPD £m	84.3	90.4	93.8	93.7	93.7	93.7

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m	-	0.1	0.8	-	-	-
SHEPD £m	-	0.2	0.4	-	-	-

Contributing Factor
• Movement in Cap 2 Totex increased RAV and Depreciation

RETURN

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m	117.5	128.6	138.7	154.4	171.1	187.7
SHEPD £m	65.0	77.3	84.4	92.4	100.1	107.8

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m	0.1	0.8	(0.3)	(2.1)	(2.1)	(2.1)
SHEPD £m	0.2	0.6	1.4	2.1	2.1	2.1

Contributing Factor
• Updated Totex profile resulted in movement of the opening and closing RAVs

SEPD PASS-THROUGH

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m 20/21 prices	47.9	56.4	75.9	75.4	75.4	75.4

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Licence Fee Payments	0.3	-	-	-	-	-
Prescribed Rates	(0.1)	0.1	0.1	-	-	-
Pass-through Transmission Connection Point Charges	-	(1.2)	0.4	-	-	-
Smart Meter Communication Licensee Costs	(0.1)	-	-	-	-	-
Smart Meter Information Technology Costs	(0.2)	-	-	-	-	-
Ring Fence Costs	-	-	-	-	-	-
Supplier of Last Resort Net Costs	-	-	-	-	-	-
Valid Bad Debt Claims	-	-	-	-	-	-
Pension Scheme Established Deficit repair expenditure	-	-	-	-	-	
Failed Supplier Recovered Costs	-	-	-	-	-	

Contributing Factor
• Latest view

SHEPD PASS-THROUGH

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SHEPD £m 20/21 prices	(47.2)	(45.9)	(46.8)	(40.9)	(40.9)	(40.9)

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Licence Fee Payments	0.1	-	-	-	-	-
Prescribed Rates	(1.6)	(0.3)	(0.8)	-	-	-
Pass-through Transmission Connection Point Charges	(0.8)	0.4	0.5	-	-	-
Smart Meter Communication Licensee Costs	-	-	-	-	-	-
Smart Meter Information Technology Costs	-	-	-	-	-	-
Ring Fence Costs	-	-	-	-	-	-
Supplier of Last Resort Net Costs	-	-	-	-	-	-
Valid Bad Debt Claims	-	-	-	-	-	-
Pension Scheme Established Deficit repair expenditure	-	-	-	-	-	
Failed Supplier Recovered Costs	-	-	-	-	-	
Shetland Variable Energy Costs	0.3	-	-	-	-	-
Assistance for high-cost distributors adjustment	0.2	0.1	0.7	-	-	-

Contributing Factor
• Latest view

SEPD INCENTIVES

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m 20/21 prices	(4.2)	(0.4)	5.8	9.0	9.0	9.0

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Time to connect ODI	(0.1)	(0.3)	(0.2)	-	-	-
Broad Measure of Customer Service ODI	(1.2)	(0.1)	-	-	-	-
Interruptions incentive scheme ODI	(3.1)	(3.5)	(4.3)	-	-	-
Major connections ODI	-	-	-	-	-	-
Consumer Vulnerability ODI	-	-	-	-	-	-
Distribution System Operator ODI	2.1	1.9	1.2	-	-	-

Contributing Factor
• Interruptions is main factor due to increase in weather related events as well as interruptions due to increased investment in infrastructure.

SHEPD INCENTIVES

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SHEPD £m 20/21 prices	0.5	1.7	4.2	4.1	4.1	4.1

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Time to connect ODI	-	(0.3)	(0.2)	-	-	-
Broad Measure of Customer Service ODI	0.1	(0.5)	0.2	-	-	-
Interruptions incentive scheme ODI	(1.6)	(0.5)	(0.5)	-	-	-
Major connections ODI	-	-	-	-	-	-
Consumer Vulnerability ODI	-	-	-	-	-	-
Distribution System Operator ODI	1.1	1.0	0.7	-	-	-

Contributing Factor
• Interruptions is main factor due to increase in weather related events as well as interruptions due to increased investment in infrastructure.

SEPD ALLOWED REVENUE

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SEPD £m nominal prices	571.5	744.3	885.8	952.1	1,028.0	1,083.9

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Calculated revenue	2.4	(1.8)	(22.1)	(3.4)	(3.5)	(3.6)
Correction term	(3.5)	3.1	(2.2)	(25.8)	-	-
Forecasting penalty	-	-	-	-	-	-
Legacy Allowed Revenue	-	-	-	-	-	-

Contributing Factor
• Calculated Revenue changes the result of previous sheets • Correction updates due to movement in AR • Legacy Allowed Revenue set to a 0 value for ED3 years

SHEPD ALLOWED REVENUE

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
SHEPD £m nominal prices	305.9	322.8	376.6	391.2	390.0	413.5

Changes from June 2026 Presentation

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Calculated revenue	5.4	2.8	9.2	3.0	3.1	3.2
Correction term	0.1	8.2	11.7	22.2	-	-
Forecasting penalty	-	-	-	-	-	-
Legacy Allowed Revenue	-	-	-	-	-	-

Contributing Factor
• Calculated Revenue changes the result of previous sheets • Correction updates due to movement in AR • Legacy Allowed Revenue set to a 0 value for ED3 years

THANK YOU

Scottish & Southern Electricity Networks