

Patricia Ferguson MP
Scottish Affairs Committee
House of Commons
London SW1A 0AA

20 January 2026

Dear Chair,

Thank you again for the opportunity to provide evidence to the Committee on 7 January. SSEN Transmission welcomes the Committee's scrutiny of how community benefit and wider positive socioeconomic outcomes can be embedded across the energy transition in Scotland.

We welcome the opportunity to share further detail on questions discussed during our evidence session. We would also like to bring to the Committee's attention positive developments on securities for community energy that have since taken place. This follows SSEN Transmission advocacy alongside industry partners.

SSEN Transmission: community benefit, jobs and growth, and support for community energy

SSEN Transmission is part of the SSE plc group and owns, operates and develops the high-voltage electricity transmission system in the north of Scotland. We are building a network for net zero – connecting the renewable energy needed to support energy security and deliver the UK and Scottish Governments' net zero targets.

Community benefit

As a Scottish company headquartered in the north of Scotland, we are committed to a just energy transition that improves the lives of people across the region. Given the scale of infrastructure required to meet national targets, we believe it is crucial that host communities see tangible benefit at the local and regional level.

We are delivering **over £100 million** in [community benefit](#) through our Regional and Local funds, which are designed to leave a lasting legacy.

We launched our own [Regional Community Benefit Fund](#) ahead of the UK Government's guidance on Community funds for transmission infrastructure, followed by a series of [Local Funds](#). Our Regional Fund supports projects delivering strategic-scale benefits across our network area, while our Local Funds benefit those closest to our new, or significantly upgraded, infrastructure.

Co-creation is at the heart of our approach. We know local people are the experts on their own area, so we work with them to ensure that local priorities are taken into

consideration and that any funding will have the maximum possible impact. Funds are independently chaired and dedicated local fund managers are employed at an early stage to build deep understanding of local priorities.

Our approach builds on a proud SSE track record of community investment. As of March 2025, SSE Group has provided **£112 million** to over 13,000 community projects, including more than £86.5 million in Scotland across over 6,000 projects. Independent analysis of a decade of delivery of SSE's sustainable development fund found that 96 per cent of funded projects were still operating and delivering value, with **a social return of £10.95 for every £1 invested**.

Please see [Annex 1](#) to this letter for examples of projects SSEN Transmission has funded thus far.

Housing strategy

In addition to grant funding, we are developing other legacy-focused initiatives. Our Housing Strategy is a first-of-its-kind initiative for a UK transmission owner. We are committed to supporting the delivery of **1,000 new homes** across the north of Scotland. Developed in collaboration with local authorities, housing associations and other delivery partners, the strategy aims to help support workforce needs, tackle acute housing pressures, and benefit communities long after construction is complete.

Under one of the first major agreements, we are helping to [deliver 47 new homes in Brechin in Angus](#). Initial funding will unlock development, and SSEN Transmission intends to provide multi-million-pound funding for construction works.

Scotland's Deputy First Minister also recently helped mark [another](#) major commitment in Stornoway. In a major boost for affordable housing provision in the **Isle of Lewis, up to 94 new homes** are planned for development, after SSEN Transmission stepped in with significant funding for preparatory work that will enable proposals by local firm CalMax Construction to progress.

Under both agreements, the new homes are expected to be completed by the end of 2027.

Beyond community benefit: supply chain partnerships

Our approach to building a positive legacy for Scotland stretches far beyond community benefit. We aim to maximise transformative economic impact across Scotland, contracting with local supply-chain partners wherever possible.

For example, [Had-Fab in East Lothian](#) will fabricate 500 steel towers for the proposed Spittal–Beaulay overhead line. This work – valued at more than £100 million, the largest

award in Had-Fab's history – will support over 250 jobs. In addition, Sumitomo's new manufacturing facility at [Nigg](#) is underpinned by the second HVDC link we are developing to connect Shetland to the mainland, creating around 330 jobs in Scotland over the next decade – 265 of them in the Highlands and Islands, including 156 manufacturing roles on site.

Jobs and growth

Our £22 billion investment over the next five years is expected to support up to 17,500 jobs in Scotland, with 8,400 of these in the north of Scotland.

As our programme develops, our own directly employed workforce has grown from around **400 in 2019 to over 2,500 today**. Our Aberdeen office has grown from 140 staff in 2023 to 240 today, and we expect this to reach nearly 400 by the end of the decade. Over the same period, our Inverness office has grown from 204 to 349 colleagues.

Our projects are also supporting jobs and growth in the wider supply chain across Scotland. Our delivery partner Murphy [recently](#) opened a new office in Thurso and will be [expanding](#) in Alness, marking significant growth of the company in rural and remote areas. In December we hosted the launch of the Workforce North Action Plan which will deliver jobs and maximise opportunities for people in the Highlands as the region plays a vital role in Scotland's energy future. By working with public and private partners, we're committed to ensuring that the skills, jobs and long-term benefits from this investment are realised in the Highlands, ensuring that young people do not need to leave the regions they are from to have rewarding and high-skilled careers.

Supporting a just transition

Transmission Operators are already bridging the gap between the oil and gas sector and the growing renewables industry.

In the most recent year, **over half (53 per cent) of new hires across SSEN Transmission came from high-carbon backgrounds** – one in every two new colleagues – demonstrating the energy transition's potential to reskill and retain talent in Scotland. Over a third of our 2500 staff have joined from high-carbon sectors.

We are also contracting with suppliers that traditionally supply the oil and gas industry: **Reach Subsea** undertook our marine surveys on our offshore 2030 projects for both Western Isles and Spittal to Peterhead and have now been awarded a long-term Framework with us for marine survey services spanning 5 years. The value of works awarded so far is £30m. **Fugro** have also been awarded £8.7m of marine works – they also have previously predominantly provided survey support to the oil and gas industry.

Our support for community energy

At SSEN Transmission we see the value community energy offers to our network area, helping to drive local engagement with the energy transition through direct financial and environmental benefits.

We know community energy projects want to get connected to the grid as quickly as possible. We are a strong advocate for the regulatory changes needed to remove obstacles to community energy projects, namely **designating community energy projects through the connections process**, and have prioritised this in our engagement with Government, Ofgem, and the National Energy System Operator (NESO). Please see [Annex 2](#) for further detail on these proposals. These changes will be crucial if we are to meet the UK Government target to have 8GW of community energy projects connected by 2030.

Securities

We believe that community energy projects should be exempt from the obligation to have in place ‘securities’ – which cover the costs of related grid reinforcement if the project cancels – in cases where Ofgem has already approved funding for these reinforcements. We recognise that having these securities in place can be particularly challenging for community energy projects.

In cases where regulatory funding for the enabling transmission infrastructure has been secured, we have long advocated for these security requirements to be removed. This requires changes to the Connection and Use of System Code – one of the regulatory codes that govern how the industry operates. A modification of this code went to Ofgem for decision in October 2025.

Following our evidence session, **Ofgem [confirmed](#) their approval of this code modification**. We welcome this decision from Ofgem, which should remove one of the key barriers community energy projects face.

TIA thresholds

Connecting new sources of generation can impact the integrity of the grid – where the network was originally designed to handle much smaller loads of power, an influx of new generation could threaten the security of the power supply and risk outages. As a result, if a customer over a certain export capacity threshold applies to connect to our network, we need to undertake a Transmission Impact Assessment (TIA).

As we recognise this can pose additional challenges to community energy projects, we recently reviewed our TIA threshold for the mainland, **raising it four-fold from 50kW to 200kW** – meaning around 35 customers with a combined generating potential of over 5MW will now be able to connect significantly earlier than previously anticipated. Due to

the radial nature of the network on the islands, we had to keep the threshold at 50kW to maintain the security and integrity of the network.

We are committed to keeping the thresholds under review as the network continues to be upgraded. The core enabler to connecting more community energy is to upgrade the grid to one that can handle increased power flows and harness Scotland's remarkable renewable resources – this is what we are delivering through our £22bn programme of investment.

I hope this letter serves as useful supplementary evidence for the Committee. We would be pleased to provide any further information the Committee may require.

Yours sincerely,

Christianna Logan
Director of Customers and Stakeholders
SSEN Transmission

Annex 1: Examples of funded projects

The following, non-exhaustive list of recent awards illustrate the breadth of impact from SSEN Transmission's community benefit to date (from the £2.8 million awarded so far):

Regional fund: Highlands

- Over **£350,000 for UHI Inverness** to support a state-of-the-art Sustainable Construction Centre, delivering high-quality training to address critical skills shortages across the Highlands.
- **£350,000 to Regional Screen Scotland** for a new mobile cinema, bringing high-quality film experiences to over 40 remote communities and helping foster cultural engagement and combat rural isolation.

Regional fund: North East

- **£150,000** in essential equipment for Aberdeen's new **Energy Transition Skills Hub**: the first dedicated facility in Scotland to meet growing demand for energy transition training.
- **£88,000** to the **North East Scotland Retrofit Hub** to strengthen regional retrofitting capacity by training construction professionals, raising community awareness, and providing in-depth home retrofit assessments.

Regional fund: Orkney

- **Over £290,000 to THAW Orkney**, providing property upgrades to fuel-poor households across a subset of Orkney's outer isles, to help improve energy efficiency and reduce costs.
- **Over £75,000 to Orkney Construction Training Group**, equipping community organisations with the resources to help address the rural housing crisis.

Local fund: Peterhead

- The Peterhead local fund has already awarded **£400,000** via a panel of local residents.
- One of the Peterhead Local Action Plan priorities is to support young people.
- The panel funded 5 community projects with **£200,000** to support young people. Peterhead FC for example, received **£100,000** for a partnership with schools to improve attendance and motivation.

We have recently appointed a dedicated Local Fund manager for **Skye** - who is already speaking to key stakeholders in the area planning for that community engagement. Our £3.2m Fund in **Argyll** also has a dedicated fund manager employed, and we expect to launch that fund even sooner.

Annex 2: Steps that would be required to further support community energy projects through the reformed connections process:

Connections reform

As the network operator, we are bound by rules that ensure the supply of electricity is safe and reliable, including how generation projects of any size get connected to the network. To further support community energy connections to the grid we would need to see changes to the rules and processes we follow.

All these rules are set by NESO, the independent system operator who manages connections to the transmission network, and are approved by our regulator Ofgem. We are legally bound by our licence to follow these rules.

The rules we follow were designed to ensure that all customers are treated fairly and the system operates predictably and reliably. However, they were established before the rise of renewable energy and the growth of community energy projects.

Whilst much work in recent years has updated and modernised these rules to move away from a first come, first served system, we believe more changes would be necessary to support community energy projects

Step 1 – UK Government sets out a definition of ‘community energy’.

- This would be essential to prioritise community energy schemes in a way that a) mitigates the risk of legal challenge from other developers and b) prevents ineligible projects ‘gaming the system’.
- As part of our operating licence, we must strictly ensure we do not discriminate between projects of different types or promote their interests over any other – in the interests of fairness. This is why we need to look to the Government to give this level of direction.

Step 2 – NESO updates the connections methodologies to include community energy projects.

- NESO sets the rules for how connections applications are managed through a set of methodologies, which was last updated in April 2025.
- Under one of these new methodologies – the Project Designation methodology – some projects can be prioritised in a batch of applications to join the queue to get connected to the grid.
- In addition, designated projects could be accelerated through the queue if another project drops out and the capacity can be reallocated.
- We strongly believe that this provides a route to support community energy projects, and have been advocating for this as part of the ongoing Connections Reform process.
- At the same time, NESO may be able to **update the methodologies to enable commercial developers to release a percentage of their grid capacity to community energy projects.** From conversations with developers there is some

appetite for this, but all involved are currently legally prohibited from progressing this. Again, NESO would need a clear direction from Government to move forward.

- The Government's Clean Power 2030 Action Plan has set out a clear ambition for the development of up to 8 GW of local and community energy projects – this could be a basis to begin this process.
- The methodologies need to be reviewed by April 2026 at the latest – but may be reviewed and updated before then.
- Any changes to the methodologies by NESO need to be approved by Ofgem, our regulator – who are also responsible for implementing any corresponding changes required to industry licences and codes.