ET3 Driven Works EJP Template

Summary Table:

Title Section	
Name of Scheme	Fleet Investment
Investment Driver	FTE Growth / Recruitment Plan/Fleet replacement Program Fleet Policy / Directive
[NESO Review]	N/A
BPDT/Scheme Reference Number	RIIOT3-GSUK-EJP2
Outputs	4x4, EV4x4, EV Cars, EV Small, Medium & Large Vans
Cost	£15.625m
Delivery Year	2026 – 2031
Applicable Reporting Tables	11.8 V&T Memo
Historic Funding interactions	Change of accounting results in non -comparable position historically
Interactive Projects	Fleet Investment

1. Introduction

The non-operational fleet requirements to support SPTs RIIO-T3 growth plans are derived from the FTE growth required over the period, coupled with our operating model and delivery of TOTEX plan during the period. Given the growth expectation during RIIO-T3, coupled with Scottish Power's current policies concerning vehicle allocation, allows us estimate that SPT will require new leases for 252 commercial vehicles to support their staff deliverables during RIIO-T3.

This investment is based on the FTE growth assumptions of 474 additional staff. This includes 92 replacement vehicles of existing fleet and 160 growth vehicles to support the operational requirements of the 474 additional staff, thereby increasing SPT's total fleet by 160 only.

The primary drivers for this investment are:

- the need to enable staff to perform their operational duties safely and compliantly with appropriate commercial fleet
- the ancillary requirements associated with a commercial fleet such as Service, Maintenance and Repair activities

The vehicle leases and any associated conversion works, including all legal and compliance requirements, must align with the timing of the planned recruitment of SPT staff.

This may be impacted by constraints in the UK market. We are experiencing a very competitive environment in vehicle manufacturing, particularly during in industry that is affecting an EV transition, that can impact on timing and availability of vehicles.

We anticipate 252 vehicles will be added to our fleet during 2026 – 2031, as follows:

Asset Heading	**Fuel Type**	Values £Ms						Units					
		2027	2028	2029	2030	2031	Total	2027	2028	2029	2030	2031	Total
Small Vehicles (<=3.5 tonnes)	ICE	0.0	0.0				0.0	1	1				2
Small Vehicles (<=3.5 tonnes)	Hybrid						-						0
Small Vehicles (<=3.5 tonnes)	Electric	0.3	0.4	0.1	0.4		1.2	11	14	2	12		39
Medium and Commercial Vehicles (>3.5 tonnes but <=7.5 tonnes)	ICE	1.9	1.8				3.7	33	31				64
Medium and Commercial Vehicles (>3.5 tonnes but <=7.5 tonnes)	Hybrid						-						0
Medium and Commercial Vehicles (>3.5 tonnes but <=7.5 tonnes)	Electric	2.6	2.7	3.9	1.1	0.1	10.4	36	38	54	16	1	145
Heavy Good Vehicles (>7.5 tonnes)	ICE						-						0
Heavy Good Vehicles >7.5 tonnes	Hybrid						-						0
Heavy Good Vehicles >7.5 tonnes	Electric	0.2				0.2	0.3	1				1	2
Total Small Vehicles (<=3.5 tonnes)		0.4	0.5	0.1	0.4	-	1.2	12	15	2	12	-	41
Total Medium and Commercial Vehicles (>3.5 tonnes but <=7.5 tonnes)		4.5	4.5	3.9	1.1	0.1	14.1	69	69	54	16	1	209
Total Heavy Good Vehicles (>7.5 tonnes)		0.2	-	-	-	0.2	0.3	1	-	-	-	1	2
Total Gross		5.0	5.0	3.9	1.5	0.2	15.625	82	84	56	28	2	252

2. Cost

Based on FTE growth requirements, allowing for forecast approvals and recruitment, coupled with our current company policies on vehicle allocation we are able to assess the impact to our Fleet portfolio.

We have used our most recent market tested vehicle lease information as the basis of our cost assumptions (contract established July 2024).

An assessment has been undertaken of emerging and new technologies for electrical vehicles (EVS) in conjunction with our current manufacturing and conversion partners. Where possible Internal Combustion Engine (ICE) vehicles will be replaced by EVs. This currently has a higher cost compared to our ICE replacement fleet but aligns with our Net Zero targets and our EV transition to a more sustainable fleet.

Further consideration giving to the cost of EVs included an evaluation of increasing electrical charging infrastructure to ensure commercial needs can be delivered. An assessment of remote requirements of commercial vehicles where charging needs will be delivered though installation of SP chargers and new relationships with charging partners.

3. Deliverability

Contracts are in place for procurement of our services to allow us to progress our plans. The delivery of new leased vehicles is a Business As Usual process for General Services.

Vehicles are procured through established lease hire contracts that are competitively tendered. The current contract will run from July 2024 to December 2026 when it will be re-let with a new tender process commencing circa August 2025.

Commercial vehicles will be required for field staff aligned with Scottish Powers Vehicle Allocation Policy. Additional cars will also be required for Engineers who meet the criteria for Essentials Users under Scottish Powers policy & the split between trade out users / vehicle users, which is currently at 22% vehicle users, shift slightly to 20% take up, as per the current trend in the last 3 years.

The funding strategy of our vehicle fleet aligns with previous Regulatory submissions from a Totex perspective. There has been a change in 2023 to move from expensing our Service, Maintenance and

Repair activities to capitalisation of these costs through the revised IFRS16 Right of Use Lease changes for statutory accounting, but this does not impact the Totex impact.

4. Conclusion

To accommodate the required FTE growth, 252 lease vehicles are anticipated to be required during RIIO-T3. Contracts are in place to deliver this works and the programme will be monitored to align with the business requirements as they evolve. This is a Business As Usual activity that will be market tested for efficiency and sustainability and will also be subject to our internal approvals processes.