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## **National Grid Response to Ofgem's RIIO-2 Non-operational IT Capex Re-opener Consultation**

This letter is National Grid Electricity Transmission's (NGET's) response to Ofgem's document 'RIIO-2 Non-operational IT Capex Re-opener Consultation' dated 1<sup>st</sup> September 2021.

Our response comprises two parts;

Part A. Comments on the Proposed Direction (Section 6 of the consultation document)

Part B. Responses to the specific questions posed within the consultation document (Appendix 1 of the consultation document)

### **Part A. Comments on the Proposed Direction (section 6 of the consultation document)**

NGET accepts the proposed direction outlined in the consultation and has provided some response points in Part B below.

### **Part B. Responses to the specific questions posed within the consultation document (Appendix 1 of the consultation document)**

#### **1. Do you agree with our view of the validity of the needs case for the NGET Non-Operational IT Capex Re-opener application for IEMS/TNCC/SCADA?**

**TNCC2:** We agree with Ofgem's view of the validity of the needs case for a contingency TNCC site as referenced in 3.13 of the consultation document.

**SCADA:** We agree with Ofgem's view that the needs case for SCADA remains in place as referenced in 3.14.

**IEMS:** We agree with Ofgem's view that the needs case for IEMS remains in place as referenced in 3.12.

#### **2. Do you agree with our technical assessment of the range of solutions to meet the needs case?**

**TNCC2:** Overall, we support Ofgem's determination in 4.12 to support NGET's proposed plan of work to the next stage. We would however refer to comments in sections 4.9 and 4.11 regarding the potential use of suitable 3<sup>rd</sup> party sites rather than existing NGET sites and comment that a significant cost and security element of the project costs will be multiple connectivity to NGET's secure, dedicated and resilient Optel network that is already present on existing NGET operational sites. There are also additional efficiencies in

utilising existing NGET operational land regarding existing security infrastructure, permitted development rights and control of surrounding land use. As Ofgem note in 4.11, we considered further exploration of 3<sup>rd</sup> party sites to be a nugatory activity representing poor value for money.

**SCADA:** N/A – no additional options for SCADA in this submission.

**IEMS:** Overall, we support Ofgem's determination in 4.6.

### **3. Do you agree with our minded-to view of the solution proposed by NGET?**

**TNCC2:** Yes, as response to Q2

**SCADA:** N/A as response to Q2

**IEMS:** N/A as response to Q2

### **4. Do you agree with our cost assessment of the NGET Non-operational IT Capex reopener for IEMS/TNCC/SCADA?**

**TNCC2:** Overall, we accept Ofgem's cost assessment for TNCC, particularly the revised risk/contingency budget reduction detailed in 5.15 down to 7.5% at this stage of the project. However, we would note that this project is not a comparable standard operational asset build project and contingency margins in the next phase re-opener submission will be quantified where appropriate.

**SCADA:** N/A, for information only in this response.

**IEMS:** Overall, we accept Ofgem's cost assessment for IEMS.

NGET would welcome a broader discussion around the direction detailed specifically for TNCC2 in 5.10 and 5.12 to exclude corporate overhead resource from the allowance calculation for IT projects. Whilst deemed not significant for the TNCC2 project, collectively across all IT projects this does become significant. We would value establishing the principles behind corporate overheads prior to submitting future re-opener requests.

For queries in relation to our consultation response, please contact [leanne.evans@nationalgrid.com](mailto:leanne.evans@nationalgrid.com).

Yours, sincerely

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