

Anna Kulhavy
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Michelle Clark
RIIO2 Policy & Performance Manager

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Dear Anna,

Response from National Grid Electricity Transmission plc (NGET) to the Consultation published on 16 May 2023 on the draft direction under Part D of Special Condition 3.10 (Visual Impact Mitigation Re-opener and Price Control Deliverable and Enhancing Pre-existing Infrastructure Projects allowance (VIMREt and EPIt) of the NGET transmission licence

NGET welcomes the opportunity to respond to the above consultation.

We are pleased with Ofgem's decision to approve the Snowdonia EPI project and to fund the efficient costs of £286.6m (2020/21 prices). We appreciate Ofgem's recognition of the work we put in, working with stakeholders to evaluate a range of mitigation opportunities and select EPI projects for delivery. We value the stakeholder relationships we have built through this process.

We are also pleased that Ofgem agrees that using an indexation approach is more appropriate for RPE cost assessments than setting an RPE allowance/contingency up front. We note that this is a change from the 'minded to' position.

We note that Ofgem has retained its 'minded to' position to cap the risk value for the overhead line and shunt reactor work packages at 7.5% of the delivery costs. We still do not agree that this is in line with RIIO-T2 Final Determinations and remain of the view that the correct approach is to assess each project on its own merits. However, we understand Ofgem's reasoning, and we will work hard in collaboration with our contractors to manage the risks and deliver efficiently for consumers.

Regarding the proposed draft direction at Appendix 2 of the consultation, we agree with the proposed direction Ofgem plans to issue to give effect to the decision on the Snowdonia EPI project and have no comments on (1) the licence drafting in Annex 1 of the direction (amending Appendix 3 of Special Condition 3.10) or (2) the individual criteria for COAE for the Snowdonia EPI project as set out in Annex 2 of the direction.

Confidentiality

I confirm that this response can be published on Ofgem's website.

Regards

[By email]

A. M. Clark

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