Making a positive difference
for energy consumers

To: National Grid Electricity Transmission Plc

Electricity Act 1989
Section 11A (2)

Statutory consultation on proposals to modify the Special Conditions of the Electricity Transmission Licence held by National Grid Electricity Transmission Plc (the Licensee) to incorporate RIIO-1 closeout provisions.

1. The Gas and Electricity Markets Authority ('the Authority')[1] proposes to modify the special conditions ('SpC') of the electricity transmission licence ('the licence') held by National Grid Electricity Transmission Plc ('NGET'), granted or treated as granted under 6(1)(b) of the Electricity Act 1989 by amending:

   a) Appendix 1 of SpC 3.9 (Wider works Price Control Deliverable (WWt))
   b) the wording applicable to the defined terms 'TPGt' & 'TPRGt' under Part A of SpC 3.11.4 and the defined terms 'TPDt' & 'TPRDt' under Part A of SpC 3.12.4
   c) Appendix 2 of SpC 3.11 (Generation Connections volume driver (GCEt))
   d) Appendix 2 of SpC 3.12 (Demand Connections volume driver (DRIt))
   e) the wording applicable to the defined term 'TPWWt' under Part C of SpC 3.30 (Wider works volume driver (WWVt)), and
   f) Table 1 of SpC 3.38 (The RIIO[2]-ET1/RIIO-ET2 offset adjustment (T10At)).

2. The full text of the proposed changes to amend the licence is set out below in Annexes 1 to 6, with the text to be deleted marked with strikethrough and new text to be inserted shown double underscored.

3. The proposed changes to amend the licence seek to implement elements of the closeout methodology decision for the previous price control period[3] and to enact revisions required under each of the areas noted above.

4. The reasons for and effects of proposed modifications (a to f) are explained in turn below.

5. Further detail on the proposed revisions can be found in the following documents available on our website: 'Decision on the closeout methodologies for RIIO-ET1'[4] and 'RIIO-ET1 Close out: Decision on Proposed Adjustments'[5].

<u>a) Appendix 1 of SpC 3.9</u>

6. The reason we propose a modification to Appendix 1 of SpC 3.9, as set out in Annex 1, is to update the list of Price Control Deliverables (PCDs) and to accurately reflect the

[1] The terms "the Authority", "we" and "us" are used interchangeably in this document.
[2] RIIO stands for "Revenue = Incentives + Innovation + Outputs".
[3] The previous onshore electricity transmission price control period ran from 1 April 2013 to 31 March 2021.
[4] Decision on the closeout methodologies for RIIO-ET1 (ofgem.gov.uk)
[5] RIIO-ET1 Close out: Decision on proposed adjustments | Ofgem

output and baseline allowance profile of infrastructure reinforcement works, also referred to as 'Wider Works'[6], funded through closeout and delivered between 1 April 2021 and 31 March 2023 ('the T1+2 period').

7. The Final Determinations of the RIIO-2 price control framework ('RIIO-2 FDs')[7] included Wider Works activities where a PCD was established based on our assessment of the forecast information provided by the Licensee as part of the RIIO-2 Business Plan. This information included the technical needs case, associated high-confidence costs and a delivery timeline based on signals provided by the Network Options Assessment (NOA[8]) process.

8. A list of PCDs was subsequently prescribed in Appendix 1 of SpC 3.9 of the licence, typically referring to the specification of work to be delivered and the delivery timescale (the baseline allowance values are separately provided in 'The Redacted Information Document' under SpC 1.1.16).

9. Changing network requirements and updated NOA recommendations have led to a revised view of the capacity and timing of projects relative to the forecast information provided through the RIIO-2 Business Plan. Closeout has since confirmed the infrastructure reinforcement projects that:

    - have completed and delivered an uplift to transmission boundary capability in the Licensee's transmission area during the T1+2 period, and
    - are eligible to receive funding through the RIIO-1 volume driver mechanism.

10. We propose to approve the individual projects identified through the closeout process delivering outputs in the T1+2 period in full and to attach the allowance determined through application of the T1 unit rates to a RIIO-2 PCD.

11. To do so, it is necessary to update the PCD list and associated baseline allowance profiles to reflect delivery plan updates and the output delivery. This includes revisions to:

    - update projects currently captured in the PCD list, confirmed through our assessment of the updated information provided by the Licensee as part of the closeout process as having been completed during the T1+2 period,[9] to align the allowance value and delivery profile to that determined through the application of the RIIO-1 volume driver mechanism. For these projects, the allowance profile is determined through application of the RIIO-1 volume driver unit rates. The allowance profile replaces the baseline allowances directed as part of our RIIO-2 FDs for that same project. Two projects have been updated based on analysis and engagement with the Licensee.

    - add projects not currently captured in the PCD list, and include associated baseline profiles and outputs, confirmed through our assessment of the updated information provided by the Licensee as part of the closeout process, as having been completed during the T1+2 period. For these projects, the allowance profile is determined through application of the RIIO-1 volume driver unit rates[10]. The allowance profile replaces the baseline allowances directed as part of our RIIO-2

[6] These are works that have produced an increase in the capability of specific transmission boundaries on the high voltage electricity transmission system of the Licensee.
[7] RIIO-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator | Ofgem
[8] The NOA is the process for assessing options for reinforcing the National Electricity Transmission System to meet the requirements that the Electricity System Operator finds from its analysis of the Future Energy Scenarios.
[9] For example, projects identified at the time of the Business Plan that were anticipated to be delivered within the T1+2 period and where actual delivery has been earlier than expected (ie movement in delivery from 2022/23 to 2021/22) or later than expected (ie movement in delivery from 2021/22 to 2022/23).
[10] We note that RIIO-2 baseline allowances have been retained for output delivery within the T1+2 period for capability uplift on specific boundaries that were not prescribed in the design of the RIIO-1 mechanism.

FDs for that same project. Five projects have been added to the list based on further analysis and engagement with the Licensee, and

- remove projects currently captured in the PCD list that were originally anticipated to be delivered within T1+2 timescales but have subsequently been confirmed through our assessment of the updated information provided by the Licensee as part of the closeout process as having a delivery date between 31 March 2023 (i.e. beyond the T1+2 period). For these projects, the baseline allowance directed as part of our RIIO-2 FDs – reflecting the element within the RIIO-2 period only - is reduced to zero in recognition that an allowance profile is expected to be determined through application of the RIIO-2 volume driver mechanism. Six projects have been removed based on further analysis and engagement with the Licensee.

12. The effect of the proposed modification is to enable necessary updates to be made to the PCD list to implement elements of the closeout decision, to ensure that there is only one available funding route for the successful delivery of an output, and to avoid double funding projects that are already included in RIIO-2 baseline.

13. Additionally, we are proposing to update and re-issue 'The Redacted Information Document' under SpC 1.1.16 (Interpretations and Definitions) to reflect the proposed updates made to the RIIO-2 PCD list and the baseline allowance profiles under Appendix 1 of SpC 3.9 that are redacted from the licence. The updated version issued alongside this statutory consultation notice is intended to replace the current version in force.

14. To avoid any ambiguity, we note that our intention is that the projects captured in the updated PCD list, confirmed through our assessment of the updated information provided by the Licensee as part of the closeout process, will be subject to the PCD framework. We expect the Licensee to comply with PCD reporting requirements in respect of the updated project list from 2023/24 regulatory year onwards.

b) Part A of SpC 3.11.4 and Part A of SpC 3.12.4

15. The reason we propose a modification to amend the wording applicable to the licence terms 'TPGt', 'TPRGt', 'TPDt', and 'TPRDt' specified in paragraph 4 of SpC 3.11 and SpC 3.12 of the licence, as set out in Annex 2 and Annex 3 respectively, is to accurately reflect the closeout decision and to ensure that the timeframe of permissible costs incurred includes the previous price control period.

16. Under the licence, recovery of terminated connection projects (relevant to terms TPG/TPRG and TPD/TPRD) is restricted by the definition of the term "Regulatory Year" such that claims are currently only applicable for costs incurred from the start of RIIO-2 (i.e. 1 April 2021).

17. To implement the closeout decision in this area, which included funding for an element of efficiently incurred cost in the previous price control period, it is necessary to adjust the licence to clarify that costs incurred in a previous price control are permitted within claims made under the provisions of this condition.

18. As the term "Regulatory Year" is used throughout the current licence, the most appropriate way of removing these restrictions is to edit the definitions referenced above. The revision proposed is to remove references to 'Regulatory Year' in the identified paragraphs and replace with a new defined term 'TP Regulatory Year' to clarify that the first Regulatory Year, in the specified provisions, commences on 1 April 2013.

19. We are also proposing to introduce a new definition ('TP Regulatory Year') under SpC 1.1 (Interpretations and Definitions), as set out in Annex 4, to enable the proposed modifications described above.

20. The effect of the proposed modifications is to clarify the functional start date for any claims submitted under the specific provisions of SpC 3.11.4 and 3.12.4.

c) & d) Appendix 2 of SpC 3.11 and Appendix 2 of SpC 3.12

21. The reason we propose a modification to Appendix 2 of SpC 3.11 and SpC 3.12, as set out in Annex 2 and 3 respectively, is to update the value and profiling of each output metric term to accurately reflect the closeout decision.

22. The RIIO-2 framework contains uncertainty mechanisms that include an automatic trigger to adjust allowances through a volume driver. The mechanisms automatically adjust funding up or down from the baseline allowance if any of the output metrics deviate from the baseline level. These profiles are currently based on the forecast information provided by Licensee as part of the RIIO-2 Business Plan.

23. In the case of new demand and generation connections, the RIIO-2 baseline profile position, as set out in Appendix 2 of SpC 3.11 and SpC 3.12, was established across a range of output metrics, including:

- the physical output capacity[11] (Megawatt or Megavolt Ampere) expected to be delivered between 1 April 2021 and 31 March 2026 (i.e. the T2 period)
- the number of connection projects delivered across the T2 period[12]
- the length of overhead line reconductoring activity in circuit kilometres (km) commissioned as part of the delivering capacity across the T2 period[13]
- the length of new underground cable less than 1km commissioned as part of the delivering capacity across the T2 period[14], and
- the length of new underground cable equal to or greater than 1km commissioned as part of the delivering capacity across the T2 period[15].

24. Changing customer requirements have led to a revised profile and timing of work, and to output metrics delivered in the T1+2 period, relative to the forecast information provided through the RIIO-2 Business Plan.

25. The metric profiles require adjustment to ensure the baseline reflects the projects and adjustments resulting from the closeout decision. This will ensure that the RIIO-2 volume driver mechanisms operate appropriately. For example, if a project has allowances in the revised RIIO-T2 baseline, but is not reflected in the baseline outputs, the mechanisms will incorrectly treat the output as over-delivery and act to provide additional allowances.

26. To avoid this, we propose modifications to the annual profile information for the following output metric terms across the T2 period:

- BGCp and BGCONp (for generation connections under Appendix 2 of SpC 3.11), and
- BDCp, BLCBLSDp, BLCBLLDp, and BDCONp (for demand connections under Appendix 2 of SpC 3.12).

[11] Licence terms 'BGCp' and 'BDCp' in SpC 3.11 and SpC3.12, respectively. The regulatory year is denoted by 'p'.
[12] The licence terms 'BGCONp' and 'BDCONp' in SpC 3.11 and SpC3.12, respectively.
[13] The licence terms 'BLOHLRp' and 'BLOHLRDp' in SpC 3.11 and SpC 3.12, respectively.
[14] The licence terms 'BLCBLSp' and 'BLCBLSDp' in SpC 3.11 and SpC 3.12, respectively.
[15] The licence terms 'BLCBLLp' and 'BLCBLLDp' in SpC 3.11 and SpC 3.12, respectively.

e) Part C of SpC 3.30

27. The reason we propose a modification to amend the wording applicable to licence term 'TPWWt' specified in paragraph 10 under Part C of SpC 3.30 (Wider works volume driver (WWVt)), as set out in Annex 5, is to accurately reflect the closeout decision and ensure that the timeframe of permissible costs incurred includes the period commencing from 1 April 2013 (i.e. the previous price control period).

28. Under the licence, recovery of costs associated with terminated projects in RIIO-2 is restricted by the definition of the term "Regulatory Year" such that is not clear which price control periods the resultant TPWW adjustment relates to (i.e. the regulatory years where expenditure occurred or the years in which funding will be provided).

29. To implement the closeout decision in this area, which included funding for an element of efficiently incurred cost in the previous price control period, it is necessary to adjust the licence to clarify that claims for TPWW adjustments in RIIO-T2 can consider all efficient expenditure incurred in a previous price control period, where these have not been recovered through a mechanism in the previous price control framework.

30. As the term "Regulatory Year" is used throughout the current licence, the most appropriate way of removing these restrictions is to edit the definitions referenced above. The revision proposed is to remove references to 'Regulatory Year' in the identified paragraphs and replace with a new defined term 'TP Regulatory Year', to clarify that the first Regulatory Year, in this specific provision, commences on 1 April 2013 (i.e. the start of RIIO-1).

31. As noted in paragraph 19 above, we are proposing to introduce a new definition ('TP Regulatory Year') under SpC 1.1 (Interpretations and Definitions), as set out in Annex 4, to enable the proposed modification.

32. The effect of the proposed modification is to clarify the functional start date for any claims submitted under the specific provision of SpC 3.30.10.

33. In relation to projects which have not yet terminated, we note that recoverable costs associated with terminated projects in RIIO-2 in paragraph 8 of the licence refers to '*expenditure efficiently incurred*'. We are aware that discussions on the TPWW assessment method for terminated projects with the Licensee through the closeout process identified a concern that this does not clearly identify the treatment of pre-construction spend[16] in the RIIO-2 period. To avoid confusion in terms of the applicable TPWW assessment, and to avoid any future ambiguity in claim submissions in RIIO-T2, we can confirm that the reference to '*expenditure efficiently incurred*' (SpC 3.30.8) includes pre-construction spend incurred in the RIIO-2 period to reflect that pre-construction spend is funded differently in RIIO-2 to RIIO-1.

f) Table 1 of SpC 3.38

34. The reason we propose a modification to Table 1 of SpC 3.38, as set out in Annex 6, is to update the value and profiling of the adjustment term to accurately reflect the closeout decision.

35. In our RIIO-2 FD, we stated our decision[17] that for specific load related (LR) projects identified by the Licensee, who were not subject to adjustment through the RIIO-1 volume driver mechanisms which span RIIO-1 and RIIO-2, we will carry out the true-up

[16] Pre-construction activity is funded under the RIIO-2 framework via a combination of project-specific baseline funding and volume drivers that include the full project cost. This is a different approach to that applied in RIIO-1 where pre-construction spend was excluded from the TPWW assessment process because it was separately funded (e.g. special condition 3L of the RIIO-1 electricity transmission licence).
[17] RIIO-2 Final Determinations – ET annex (published 3 February 2021) – paragraph 3.32.

of the funding included within the RIIO-ET2 baseline allowance[18] as part of the closeout process.

36. An adjustment value to the Licensee's RIIO-2 totex allowance is set out in Appendix 1 of SpC 3.38 (The RIIO-ET1/RIIO-ET2 offset adjustment (T10At)). The current value of the adjustment term was calculated by 'netting off':

    - a negative adjustment applied to non-load related capital expenditure allowance in RIIO-1[19]
    - a positive provisional value[20] to reflect the expenditure to be incurred in the RIIO-1 period for specific LR projects identified by the Licensee.

37. An adjustment to the provisional funding value was set out in the recent closeout adjustment value decision document[21] for the specific LR projects. The resultant sum from updating the calculation (noted in paragraph 36 above) is proposed to replace the profiled values set out in Table 1 of SpC 3.38.

38. The effect of the proposed modification is to:

    - update the adjustment term to reflect the closeout adjustment decision, and
    - enable the licence condition to function as intended.

Way forward

39. Any representations with respect to the proposed licence modification must be made on or before **22 January 2024** to: Anthony Mungall, Office of Gas and Electricity Markets, Commonwealth House, 32 Albion St, Glasgow G1 1LH or by email to Anthony.mungall@ofgem.gov.uk.

40. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication and provide an explanation of why it should be treated as confidential. We prefer to receive responses in an electronic form so they can be placed easily on our website.

41. If we decide to make the proposed modification it will take effect not less than 56 days after the decision is published.

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Jourdan Edwards

Interim Deputy Director, Onshore Networks

Duly authorised on behalf of the

Gas and Electricity Markets Authority **13 December 2023**

[18] RIIO-2 Final Determinations – NGET annex (published 3 February 2021) – paragraphs 3.35-3.36. See also page 38, Table 7 and footnote of the same document.
[19] £-166m (2018/19 price base), see RIIO-2 Final Determinations – NGET annex (published 3 February 2021) – paragraphs 3.72- 3.74.
[20] The value of the adjustment was £87m (2018/19 price base).
[21] RIIO-ET1 Close out: Decision on proposed adjustments | Ofgem see paragraph 2.30.

Annex 1

National Grid Electricity Transmission Plc

Electricity transmission licence

Special Conditions

We have set out the proposed changes to Appendix 1 of SpC 3.9 to align with the RIIO-1 closeout position. We have also made updates to the profile values to accurately reflect the application of the calculation method directed as part of our RIIO-2 FDs. Text proposed to be added is double underscored and text removed is struck through.

Appendix 1
Wider works Price Control Deliverable

Scheme Name	Output	Delivery Date	Allowance (£m 18/19)					
			21/22	22/23	23/24	24/25	25/26	All years
~~Burwell main 400kV substation (NOA code: BMM2)~~	~~EC5: 550MW LE1: 290MW Two new 225 MVAr capacitors to be installed at Burwell Main 400kV.~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~					
Burwell main 400kV substation (NOA code: BMM2)	EC5: 550MW LE1: 290MW Two new 225 MVAr capacitors to be installed at Burwell Main 400kV.	31 March 2023	Have the values given in the NGET Redacted Information Document.					
~~Bolney and Ninfield 400kV substations (NOA code: BNRC)~~	~~SC1: 2120MW SC2: 400MW B15: 1726MW A new MSC and Static var compensator/static synchronous compensator pair to be installed at both Bolney and Ninfield 400kV~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~					
Creyke Beck to Keady route (NOA code: CBEU)	B8: 580MW Advanced ratings of Creyke Beck circuits into Keadby.	31 March 2026	Have the values given in the NGET Redacted Information Document.					
Elstree to Sundon circuit	B14: 390MW SC1: 1970MW	31 March 2024	Have the values given in the NGET Redacted Information Document.					

(NOA code: SER1)	Installation of a larger rated conductor on the Elstree – Sundon 1 circuit.		
Hinkley to Bridgewater route (NOA code: HBUP)	B13: 960MW SC1:770MW The overhead line is to be uprated and a diversion made to the new Shurton substation	31 March 2027	Have the values given in the NGET Redacted Information Document.
Thornton 400kV substation (NOA code: THS1)	B8: 586MW Install two 2000MVA series reactors at Thornton 400kV substation.	31 March 2024	Have the values given in the NGET Redacted Information Document.
~~North east region (NOA code: NEMS)~~	~~B7: 211MW B7a: 1035MW Installation of 3 x Mechanically Switched Capacitors within the North East region.~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~
~~Keady – West Burton 2 circuit (NOA code: KWHW)~~	~~B8: 346MW To increase the thermal capability of the Keady – West Burton 2 circuit by hotwiring.~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~
~~Bolney, Lovedean and Fleet 400kV substations (NOA code: SEEU)~~	~~SC2: 400MW To install secondary systems to allow existing reactive compensation equipment to be switched in protection timescales to improve reliability and stop voltage collapse following faults.~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~
~~Bramford to Braintree to Rayleigh main circuit 2~~	~~EC5: 228MW Replacement of conductors in the remaining parts of the~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~

~~(NOA code: BRRE)~~	~~existing Bramford to Braintree to Rayleigh overhead line that have not already been reconductored with higher-rated conductors.~~		
Rayleigh to Tilbury circuit 2 (NOA code: RTRE)	LE1: ~~1220~~900MW To reconductor remainder of A683 Rayleigh - Tilbury to GAP conductor.	31 March 2022	Have the values given in the NGET Redacted Information Document.
Turn-in of West Boldon to Hartlepool at Hawthorn pit (NOA code: WHT1)	B6: 771MW B7: 506MW B7a: 246MW To increase the capability of the Anglo-Scottish (B6) and Northern English (B7 and B7a) boundaries by allowing more equal power sharing on circuits in the north-east 275kV ring. Including the turn-in of the existing 275kV West Bolden to Hartlepool circuit at Hawthorn Pit 275kV substation.	31 March ~~2022~~2023	Have the values given in the NGET Redacted Information Document.
~~Modify the existing circuit that runs from Pelham to Sundon, turning it in to connect at Wymondley Substation. (NOA Code: WYT1)~~	~~SC1: 369MW B14c: 415MW Creation of two circuits from Pelham to Wymondley and from Wymondley to Sundon, a new bus coupler and three new bays at Wymondley substation.~~	~~31 March 2024~~	~~Have the values given in the NGET Redacted Information Document.~~

Modify the existing circuit that runs from Pelham to Sundon, turning it in to connect at Wymondley Substation. (NOA Code: WYT1)	SC1: 369MW B14e: 415MW Creation of two circuits from Pelham to Wymondley and from Wymondley to Sundon, a new bus coupler and three new bays at Wymondley substation.	31 March 2024	Have the values given in the NGET Redacted Information Document.
Power control device along Blyth to Tynemouth to Blyth to South Shields (NOA Code: NEP1)	B7a: 319MW	31 March 2025	Have the values given in the NGET Redacted Information Document.
~~Reconductor 13.75km of Norton to Osbaldwick number 1 400kV circuit (NOA Code: NOR2)~~	~~B7a: 225MW~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~
Power control device along North Tilbury (NOA Code: NTP1)	LEI: 550MW	31 March 2024	Have the values given in the NGET Redacted Information Document.
Reconductor remainder of Coryton South to Tilbury circuit (NOA Code: CTRE)	LEI: ~~2500~~900MW	31 March 2023	Have the values given in the NGET Redacted Information Document.
Reconductor of the double circuit that runs from Norwich to Bramford with a higher-rated conductor (NOA Code: NBRE)	EC5:2578MW	31 March 2026	Have the values given in the NGET Redacted Information Document.
Power control device along Blyth to Tynemouth and Blyth to South Shields (NOA Code: NEPC)	B6:125MW B7a: 311MW	31 March 2025	Have the values given in the NGET Redacted Information Document.
225MVAr Mechanically Switched	LEI: 100MW	31 March 2025	Have the values given in the NGET Redacted Information Document.

Capacitor (MSC) at Pelham (NOA Code: PEM1)			
225MVAr Mechanically Switched Capacitor (MSC) at Pelham (NOA Code: PEM2)	LEI: 200MW	31 March 2025	Have the values given in the NGET Redacted Information Document.
2 x 225MVAr Mechanically Switched Capacitor (MSC) at Rye House (NOA Code: RHM1 & RHM 2)	LEI: 300MW	31 March 2025	Have the values given in the NGET Redacted Information Document.
Elstree to Sundon 2 circuit turn-in and reconductoring (NOA Code: SER2)	SC1: 657MW	31 March 2025	Have the values given in the NGET Redacted Information Document.
Drax to Thornton 2 circuit thermal uprating and equipment upgrade (hotwiring) (NOA Code: TDH2)	B7a: 241MW B8: 2552MW	31 March 2025	Have the values given in the NGET Redacted Information Document.
Power control device along Fourstones to Harker to Stella West 2 (NOA Code: HSP1)	B6: 295MW B7: 234MW B7a: 359MW To increase the capability of the Anglo-Scottish (B6) and Northern English (B7 and B7a) boundaries.	31 March 2022	Have the values given in the NGET Redacted Information Document.
Power control device along Penwortham to Kirkby (NOA Code: MRP2)	B6: 546MW B7a: 167MW	31 March 2023	Have the values given in the NGET Redacted Information Document.
Reconductor the Drax –Thornton 1 circuit (A34C) (NOA Code: TDR2)	B7a: 256MW B8: 247MW	31 March 2022	Have the values given in the NGET Redacted Information Document.
Reconductor the Drax –Thornton 2 circuit (A332) (NOA Code: TDR1)	B7a: 86MW B8: 2225MW	31 March 2022	Have the values given in the NGET Redacted Information Document.

Alternative additional increased impedance of existing Power Controller schemes at Harker and Penwortham (NOA Code: MRPC)	B7a: 488MW	31 March 2022	Have the values given in the NGET Redacted Information Document.

Annex 2

National Grid Electricity Transmission Plc

Electricity transmission licence

Special Conditions

We have set out the proposed changes to the wording applicable to licence terms 'TPGt', 'TPRGt' specified in paragraph 4 and to the value of the output metrics specified in Appendix 2 of SpC 3.11. We also propose a correction of a typo in the 2023/24 value of the output metric "BGCON" in Appendix 2[22]. Text proposed to be added is double underscored and text removed is struck through.

Special Condition 3.11 Generation Connections volume driver (GCE_t)

Introduction

3.11.1 The purpose of this condition is to provide for the calculation of the term GCE_t (the Generation Connections volume driver term). This contributes to the calculation of the Totex Allowance.

3.11.2 The effect of this condition is to adjust revenue to fund the licensee for Generation Connection Capacity, overhead lines and underground cables delivered during the Price Control Period relative to baseline allowances.

3.11.3 This condition also adjusts revenue to fund the licensee for Generation Connection Capacity, overhead lines and underground cables that the licensee forecasts it will deliver in the first two years of the next price control period starting on 1 April 2026.

Part A: Formula for calculating the Generation Connections volume driver term (GCE_t)

3.11.4 The value of GCE_t is derived in accordance with the following formula:

$$GCE_t = \sum_{p=2021/22}^{2027/28} VGCE_p \cdot PGCE_{t,p} + (TPG_t - TPRG_t)$$

where:

t	means the Regulatory Year for which the allowed expenditure is calculated;
p	means the Regulatory Year in which the Generation Connection is delivered;
$VGCE_p$	is the generation connection volume driver allowance as derived in accordance with paragraph 3.11.5;
TPG_t	means the total expenditure efficiently incurred in the ~~Regulatory Year~~ TP Regulatory Year by the licensee in respect of Generation Connections

[22] The value in 2023/24 is currently "7". We consider this to be a typo as it incorrectly records the phasing of a generation connection project against both 2023/24 and 2024/25, instead of assigning the count to the final delivery year (2024/25). The count in 2023/24 has therefore been reduced to the value "6".

where the Users reduce Generation Connection Capacity or terminate the relevant bilateral agreements prior to commencing use of the Generation Connection;

$TPRG_t$ means an amount equal to the actual income from termination receipts received, in the form of revenues or capital contributions, in respect of TPG_t in the ~~Regulatory Year~~ TP Regulatory Year; and

$PGCE_{t,p}$ means the profiling factor of allowance in Regulatory Year t for Generation Connections delivered in Regulatory Year p, as set out in Appendix 1.

3.11.5 The value of $VGCE_p$ is derived in accordance with the following formula:

$$VGCE_p = GUC \cdot (AGC_p - BGC_p) + OHLRGUC \cdot (ALOHLR_p - BLOHLR_p) + CBLSGUC \cdot (ALCBLS_p - BLCBLS_p) + CBLLGUC \cdot (ALCBLL_p - BLCBLL_p) + GCONfix \cdot (AGCON_p - BGCON_p)$$

where:

GUC means the Generation Connection Capacity unit cost allowance as set out in the NGET Redacted Information Document;

AGC means the actual Generation Connection Capacity in MW or MVA delivered in Regulatory Year p;

BGC_p means the baseline Generation Connection Capacity in MW or MVA for Regulatory Year p, as set out in Appendix 2;

$OHLRGUC$ means the unit cost allowance for overhead line reconductoring activity as set out in the NGET Redacted Information Document;

$ALOHLR_p$ means the actual length of overhead line reconductoring activity in circuit kilometres commissioned as part of delivering the AGCp in Regulatory Year p;

$BLOHLR_p$ means the baseline length of overhead line reconductoring activity in circuit kilometres as part of delivering the BGCp in Regulatory Year p, as set out in Appendix 2;

$CBLSGUC$ means the unit cost allowance for underground cable less than 1km, as set out in the NGET Redacted Information Document;

$ALCBLS_p$ means the actual length of new underground cable in circuit kilometres less than 1km commissioned as part of delivering the AGCp in Regulatory Year p;

$BLCBLS_p$ means the baseline length of new underground cable in circuit kilometres less than 1km commissioned as part of delivering the BGCp in Regulatory Year p, as set out in Appendix 2;

$CBLLGUC$ means the unit cost allowance for underground cable equal to or greater than 1km as set out in the NGET Redacted Information Document;

$ALCBLL_p$ means the actual length of new underground cable in circuit kilometres equal to or greater than 1km commissioned as part of delivering the AGCp in Regulatory Year p;

BLCBLL$_p$ means the baseline length of new underground cable in circuit kilometres equal to or greater than 1km commissioned as part of delivering the BGCp in Regulatory Year p, as set out in Appendix 2;

GCONfix means the fixed revenue for each new Generation Connection project delivered, as set out in the NGET Redacted Information Document;

AGCON$_p$ means the actual number of Generation Connection projects delivered in Regulatory Year p; and

BGCON$_p$ means the baseline number of Generation Connection projects delivered in Regulatory Year p, as set out in Appendix 2.

Appendix 1
Profiling factors (PGCE$_t$,p)

p=year of delivery t= year of allowance	t=2021/22	t=2022/23	t=2023/24	t=2024/25	t=2025/26	t=2026/27	t=2027/28
t=2021/22	1	0	0	0	0	0	0
t=2022/23	0.84	0.16	0	0	0	0	0
t=2023/24	0.525	0.315	0.16	0	0	0	0
t=2024/25	0.21	0.315	0.315	0.16	0	0	0
t=2025/26	0	0.21	0.315	0.315	0.16	0	0
t=2026/27	0	0	0.21	0.315	0.315	0.16	0
t=2027/28	0	0	0	0.21	0.315	0.315	0.16

Appendix 2
Baseline Generation Connection Capacity, length of overhead lines, length of underground cables, and delivered Generation Connection projects

Baseline values	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
BGC$_p$ (MW or MVA)	5261.8~~50~~	299.7~~50~~	2,276.8~~3,097~~	2,498.8~~2,499~~	3,149.9~~3,200~~	0	0
BLOHLR$_p$ (km)	0	0	0	4.6	0	0	0
BLCBLS$_p$ (km)	0	0	0	0	0.2	0	0
BLCBLL$_p$ (km)	0	0	0	0	0	0	0
BGCON$_p$ (#)	6~~1~~	5~~1~~	5~~6~~	6~~7~~	4~~5~~	0	0

Annex 3

National Grid Electricity Transmission Plc

Electricity transmission licence

Special Conditions

We have set out the proposed changes to the wording applicable to licence terms 'TPDt', 'TPRDt' specified in paragraph 4 and to the value of the output metrics specified in Appendix 2 of SpC 3.12. Text proposed to be added is double underscored and text removed is struck through.

Special Condition 3.12 Demand Connections volume driver (DRI_t)

Introduction

3.12.1 The purpose of this condition is to provide for the calculation of the term DRI_t (the Demand Connections volume driver term). This contributes to the calculation of the Totex Allowance.

3.12.2 The effect of this condition is to adjust revenue to fund the licensee for Demand Connection Capacity, overhead lines and underground cables delivered during the Price Control Period relative to baseline allowances.

3.12.3 This condition also adjusts revenue to fund the licensee for Demand Connection Capacity, overhead lines and underground cables that the licensee forecasts it will deliver in the first two years of the next price control period starting on 1 April 2026.

Part A: Formula for calculating the Demand Connections volume driver term (DRI_t)

3.12.4 The value of DRI_t is derived in accordance with the following formula:

$$DRI_t = \sum_{p=2021/22}^{2027/28} VDRI_p \cdot PDCE_{t,p} + (TPD_t - TPRD_t)$$

where:

t	means the Regulatory Year for which the allowed expenditure is calculated;
p	means the Regulatory Year in which the Demand Connection is delivered;
$VDRI_p$	is the demand connection volume driver allowance as derived in accordance with paragraph 3.12.5;
TPD_t	means the total expenditure efficiently incurred in the ~~Regulatory Year~~ TP Regulatory Year by the licensee in respect of Demand Connections where the Users terminate the relevant bilateral agreements prior to commencing use of the Demand Connection;

$TPRD_t$ means an amount equal to the actual income from termination receipts received, in the form of revenues or capital contributions, in respect of TPD_t in the ~~Regulatory Year~~ TP Regulatory Year; and

$PDCE_{t,p}$ means the profiling factor of allowance in Regulatory Year t for Demand Connections delivered in Regulatory Year p, as set out in Appendix 1.

3.12.5 The value of $VDRI_p$ is derived in accordance with the following formula:

$$VDRI_p = DUC \cdot (ADC_p - BDC_p) + OHLRDUC \cdot (ALOHLRD_p - BLOHLRD_p) + CBLSDUC \cdot (ALCBLSD_p - BLCBLSD_p) + CBLLDUC \cdot (ALCBLLD_p - BLCBLLD_p) + DCONfix \cdot (ADCON_p - BDCON_p)$$

where:

DUC means the Demand Connection Capacity unit cost allowance as set out in the NGET Redacted Information Document;

ADC means the actual Demand Connection Capacity in MW or MVA delivered in Regulatory Year p;

BDC_p means the baseline Demand Connection Capacity in MW or MVA for Regulatory Year p, as set out in Appendix 2;

$OHLRDUC$ means the unit cost allowance for overhead line reconductoring activity as set out in the NGET Redacted Information Document;

$ALOHLRD_p$ means the actual length of overhead line reconductoring activity in circuit kilometres commissioned as part of delivering the ADCp in Regulatory Year p;

$BLOHLRD_p$ means the baseline length of overhead line reconductoring activity in circuit kilometres as part of delivering the BDCp in Regulatory Year p, as set out in Appendix 2;

$CBLSDUC$ means the unit cost allowance for underground cable less than 1km, as set out in the NGET Redacted Information Document;

$ALCBLSD_p$ means the actual length of new underground cable in circuit kilometres less than 1km commissioned as part of delivering the ADCp in Regulatory Year p;

$BLCBLSD_p$ means the baseline length of new underground cable in circuit kilometres less than 1km commissioned as part of delivering the BDCp in Regulatory Year p, as set out in Appendix 2;

$CBLLDUC$ means the unit cost allowance for underground cable equal to or greater than 1km as set out in the NGET Redacted Information Document;

$ALCBLLD_p$ means the actual length of new underground cable in circuit kilometres equal to or greater than 1km commissioned as part of delivering the ADCp in Regulatory Year p;

$BLCBLLD_p$ means the baseline length of new underground cable in circuit kilometres equal to or greater than 1km commissioned as part of delivering the BDCp in Regulatory Year p, as set out in Appendix 2;

$DCONfix$ means the fixed revenue for each new Demand Connection project delivered, as set out in the NGET Redacted Information Document;

$ADCON_p$ means the actual number of Demand Connection projects delivered in Regulatory Year p; and

$BDCON_p$ means the baseline number of Demand Connection projects delivered in Regulatory Year p, as set out in Appendix 2.

Appendix 1

Profiling factors ($PDCE_{t,p}$)

p=year of delivery t= year of allowance	t=2021/22	t=2022/23	t=2023/24	t=2024/25	t=2025/26	t=2026/27	t=2027/28
t=2021/22	1	0	0	0	0	0	0
t=2022/23	0.84	0.16	0	0	0	0	0
t=2023/24	0.525	0.315	0.16	0	0	0	0
t=2024/25	0.21	0.315	0.315	0.16	0	0	0
t=2025/26	0	0.21	0.315	0.315	0.16	0	0
t=2026/27	0	0	0.21	0.315	0.315	0.16	0
t=2027/28	0	0	0	0.21	0.315	0.315	0.16

Appendix 2

Baseline Demand Connection Capacity, length of overhead lines, underground cables and delivered Demand Connection projects

Baseline values	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
BDC_p (MW or MVA)	1,0200	7000	480720	480	0	0	0
$BLOHLRD_p$ (km)	0	0	0	0	0	0	0
$BLCBLSD_p$ (km)	0.7920	1.8270.24	0.6	0	0	0	0
$BLCBLLD_p$ (km)	01	0	0	0	0	0	0
$BDCON_p$ (#)	40	40	12	1	0	0	0

Annex 4

National Grid Electricity Transmission Plc

Electricity transmission licence

Special Conditions

We have set out a new defined term that is proposed for inclusion in SpC 1.1. Text proposed to be added is double underscored and text removed is struck through.

Special Condition 1.1 Interpretation and definitions

TP Regulatory Year	means a period of twelve months commencing on 1 April at 05:00 and ending on the following 1 April immediately before 05:00. The first such Regulatory Year (t=1) commences on 1 April 2013 at 05:00 hours.'

Annex 5

National Grid Electricity Transmission Plc

Electricity transmission licence

Special Conditions

We have set out the proposed changes to paragraph 10 in SpC 3.30. Text proposed to be added is double underscored and text removed is struck through.

Special Condition 3.30 Wider works volume driver (WWV_t)

Introduction

3.30.1 The purpose of this condition is to calculate the term WWV_t (the wider works volume driver term). This contributes to the calculation of the Totex Allowance.

3.30.2 The effect of this condition is to provide funding for NOA driven wider works projects that are not included in Special Condition 3.9 (Wider works Price Control Deliverable).

Part A: Formula for calculating the wider works volume driver term (WWV_t)

3.30.3 The value of WWV_t is derived in accordance with the following formula:

$$WWV_t = WWVA_t - DAF \cdot (WWVA_t - WWVC_t) + TPWW_t$$

where:

$WWVA_t$	is derived in accordance with Part B;
DAF	means the delivery adjustment factor for wider works and has the value 50%;
$WWVC_t$	means the actual cost of wider works funded by this condition; and
$TPWW_t$	is derived in accordance with Part C.

Part B: Formula for calculating the non-baseline wider works allowance ($WWVA_t$)

3.30.4 The value of $WWVA_t$ is derived in accordance with the following formula:

$$WWVA_t = \sum_{p=2021/22}^{2027/28} PWW_{t,p} \cdot WWVAD_p$$

where:

p	means the Regulatory Year in which the wider works are completed;
$PWW_{t,p}$	means the profiling factor set out in Appendix 1; and
$WWVADp$	means the total allowance before profiling for wider works completed in Regulatory Year p, derived in accordance with paragraph 3.30.5.

3.30.5 The value of WWVADp is derived in accordance with the following formula:

$$WWVAD_p = \sum_i \left(WWVR_{p,i} + WWVNR_{p,i}\right)$$

where:

i	means the boundary i, set out in Appendix 2;
$WWVR_{p,i}$	means the total route allowance derived in accordance with paragraph 3.30.6; and
$WWVNR_{p,i}$	means the total non-route allowance derived in accordance with paragraph 3.30.7.

3.30.6 The value of WWVRp,i is derived in accordance with the following formula:

$$WWVR_{p,i} = \sum_x \left[CMWkm \cdot \ln\left(IncBC_{p,i,x} \cdot BLngth_i\right) + Ckm \cdot \left(RLngthOHL_{p,i,x} + CLUGC_x \cdot RLngthUGC_{p,i,x}\right)\right]$$

where:

x	means a route scheme which has delivered capability on boundary i in Regulatory Year p through works on overhead lines or underground cables and which has a NOA Proceed Signal;
CMWkm	means the coefficient to calculate an allowance based on the product of the boundary capability increase and boundary length and has the value 0.7284 (£m);
$IncBC_{p,i,x}$	means the increase in MW to the capability of the boundary i, delivered in Regulatory Year p by route scheme x;
$BLngth_i$	means the length in km of the boundary i on which a specific route scheme delivers an increase of capability, as set out in Appendix 2;
Ckm	means the coefficient to calculate an allowance based on the circuit length and has the value 0.4102 (£m);
$RLngthOHL_{p,i,x}$	means the circuit length of the overhead line on which a route scheme x has completed reinforcement work in Regulatory Year p on boundary i, except in relation to route works not involving a new conductor system, in which case it has the value zero;
$CLUGC_x$	means the cable length factor applicable to route scheme x as set out in Appendix 3 below; and
$RLngthUGC_{p,i,x}$	means the circuit length of the underground cable on which a route scheme x has completed reinforcement work in Regulatory Year p on boundary i.

3.30.7 The value of WWVNRp,i is derived in accordance with the following formula:

$$WWVNR_{p,i} = \sum_y CMW \cdot \ln\left(IncBC_{p,i,y}\right)$$

where:

y	means a non-route scheme which has delivered capability on boundary i in Regulatory Year p, through works other than those on overhead lines or underground cables, and which has a NOA Proceed Signal;
IncBCp,i,y	means the increase in MW to the capability of the boundary i, delivered in Regulatory Year p by non-route scheme y; and
CMW	means the coefficient to calculate an allowance based on the boundary capability increase and has the value 3.7397 (£m).

Part C: Allowance for terminated projects ($TPWW_t$)

3.30.8 After the Price Control Period, the Authority will consider directing a value for $TPWW_t$ to reflect expenditure efficiently incurred by the licensee to progress what would have been either a route or non-route scheme, which is then not required and cannot be used subsequently to contribute to the other outputs established by these special conditions.

3.30.9 Before making a direction under paragraph 3.30.8, the Authority will publish on the Authority's Website:

(a) the text of the proposed direction;
(b) the reasons for the proposed direction; and
(c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.

3.30.10 The direction will set out the value of the TPWWt term and the ~~Regulatory Years~~TP Regulatory Years to which that adjustment relates.

Appendix 1

Profiling factors ($PWW_{t,p}$)

p=year of delivery t= year of allowance	t=2021/22	t=2022/23	t=2023/24	t=2024/25	t=2025/26	t=2026/27	t=2027/28
t=2021/22	1	0	0	0	0	0	0
t=2022/23	0.79	0.21	0	0	0	0	0
t=2023/24	0.42	0.37	0.21	0	0	0	0
t=2024/25	0.16	0.26	0.37	0.21	0	0	0
t=2025/26	0	0.16	0.26	0.37	0.21	0	0
t=2026/27	0	0	0.16	0.26	0.37	0.21	0
t=2027/28	0	0	0	0.16	0.26	0.37	0.21

Appendix 2

Defined boundaries and boundary length

Index	Boundary name	Boundary length (km)
i=1	B6	38.92
i=2	B6E	38.92
i=3	B6F	38.92
i=4	B6I	38.92
i=5	B6SPT	38.92
i=6	B7	100.66
i=7	B7a	72.82
i=8	B7aEF	72.82
i=9	B7aI	72.82
i=10	B7aRev	72.82
i=11	B8	39.32
i=12	B9	72.24
i=13	B10	68.75
i=14	B11	66.2
i=15	B12	53.93
i=16	B12a	91.15
i=17	B13	56.25
i=18	B14	35.57
i=19	B14e	35.57
i=20	B15	35.26
i=21	B16	87.62
i=22	B17	43.11
i=23	EC1	45.22
i=24	EC3	46.4
i=25	EC5	50.2
i=26	EC6	43.17
i=27	LE1	39.9
i=28	NW1	35.24
i=29	NW2	64.86
i=30	NW3	79.83
i=31	NW4	42.15
i=32	SC1	20.62
i=33	SC1Rev	20.62

Index	Boundary name	Boundary length (km)
i=34	SC2	47.68
i=35	SC2Rev	47.68
i=36	SC3	37.15
i=37	SW1	102.34

Appendix 3

Cable length factors

Type of underground cable	Cable length factor
132kV	5.10
275kV	7.83
400kV	8.01

Annex 6

National Grid Electricity Transmission Plc

Electricity transmission licence

Special Conditions

We have set out the proposed changes to Appendix 1 in SpC 3.38. Text proposed to be added is double underscored and text removed is struck through.

Special Condition 3.38 The RIIO-ET1/RIIO-ET2 offset adjustment ($T10A_t$)

Introduction

3.38.1 The purpose of this condition is to provide for the calculation of the term $T1OA_t$ (the RIIO-ET1/RIIO-ET2 offset adjustment term). This contributes to the calculation of the Totex Allowance.

3.38.2 The effect of this condition is to adjust the Totex Allowance in relation to delivery of non-load related projects during RIIO-ET1.

Part A: Values of the RIIO-ET1/RIIO-ET2 offset adjustment term ($T1OA_t$)

3.38.3 The value of $T1OA_t$ is set out in Appendix 1.

Appendix 1
RIIO-ET1/RIIO-ET2 offset adjustment ($T1OA_t$, £m)

Regulatory Year	$T1OA_t$
2021/22	~~-15.768~~9.660
2022/23	~~-15.768~~9.660
2023/24	~~-15.768~~9.660
2024/25	~~-15.768~~9.660
2025/26	~~-15.768~~9.660
RIIO-2 Total	~~-78.844~~8.298