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21 November 2023

Dear Anna,

**Response from National Grid Electricity Transmission (NGET) plc to the notice (dated 10 November 2023) of the proposal to modify Special Condition 4.7 SO-TO optimisation outcome delivery incentive**

The statutory consultation is in line with our expectations. As you are aware, we welcome Ofgem's decision to retain the SO-TO Optimisation ODI for the remainder of the RIIO T2 period. As your June consultation recognised, the incentive had delivered significant customer benefit. As a result we see merit in continuation of the SO-TO incentive into the RIIO T3 price control period.

My letter of 26 July 2023 confirmed that we agreed with the draft text of the informal consultation on the proposed licence modification. As my letter indicated, we were happy that the revised formula works as intended for years 3-5.

We also recognise that, in the statutory consultation, the definition of the SO-TO Optimisation Report in Special Condition 1.1 has been deleted in line with our suggestion that it was no longer relevant given that Part C is being deleted.

This response is not confidential.

Yours sincerely,

*A. M. Clark*

Michelle Clark  
Policy & Performance Manager, ET Regulation, National Grid

(by email)