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To: National Grid Electricity Transmission Plc

Electricity Act 1989
Section 11A(1)(a)

Modification of Special Conditions of the Electricity Transmission Licence held by National Grid Electricity Transmission Plc to incorporate RIIO[1]-1 closeout provisions.

1. National Grid Electricity Transmission Plc ('NGET'), is the holder of an electricity transmission licence ('the Licence') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Act').

2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')[2] gave notice on 13 December 2023[3] ('the Notice') of its proposal to modify Special Conditions ('SpC') of the Licence, through modification of:

   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))

   f) Table 1 of SpC 3.38 (The RIIO-ET1/RIIO-ET2 offset adjustment (T10At)), and

   g) The 'NGET Redacted Information Document' under SpC 1.1.16 (Interpretations and Definitions) to replace the current version in force and update the RIIO-2 list of Price Control Deliverables ('PCD') and baseline allowance profiles under Appendix 1 of SpC 3.9 that are redacted from the Licence.

3. The proposed modifications sought to implement elements of the closeout methodology decision for the previous onshore electricity transmission price control period (RIIO-ET1)[4] and to enact revisions required under each of the areas noted above. 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'[5] and 'RIIO-ET1 Close out: Decision on Proposed Adjustments'[6].

4. The Authority stated that any representations to be made in respect of the proposed modifications must be made on or before 22 January 2024.

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

5. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act. The Authority has not received a direction that the change should not be made.

6. The Authority received one representation with respect to the proposed modifications from an onshore electricity transmission licensee (NGET).[7]

7. The Authority has properly and comprehensively taken account of all representations.

8. We have set out our responses to the representations received and indicated where we have deviated from our original position and why in Appendix 1 to this Direction.

9. The reasons for the decision to make the further amendments are:

    a) to remove typographical errors and replace incorrect references within the project specific detail of the PCDs contained in the 'NGET Redacted Information Document'; and

    b) to improve the clarity of specific Licence text.

10. The modifications to the Licence decided upon by the Authority are set out in Schedules 1 and 2 to this Notice.

11. The effect of the modifications decided upon by the Authority is:

    a) to accurately reflect the outcome and intent of the ET1 closeout process (as detailed in 'RIIO-ET1 Closeout: Decision on the proposed adjustments'); and

    b) to enable the updating of the 'NGET Redacted Information Document' and for the information to accurately incorporate the detail of NGET's RIIO-ET2 PCD projects.

12. The modifications will have effect from 12 April 2024.

13. This document constitutes notice of the Authority's reasons for the Direction as required by section 49A of the Act.

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Jourdan Edwards
Interim Deputy Director, Onshore Networks
Duly authorised on behalf of the
Gas and Electricity Markets Authority **15 February 2024**

[7] The non-confidential response has since been published on the Authority's website.

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Appendix 1 to the Authority's Direction dated 15 February 2024

Responses to the licence modification statutory consultation

We received one response to the consultation from NGET.

The response raised the following points:

1. Identification of a typographical error in paragraph 11 of the Notice published on 13 December 2023.

2. Correction of errors identified in the supporting detail of two PCDs outlined in Appendix 1 of SpC 3.9 (as detailed in Annex 1 of the Notice).

3. Disagreement with the proposed wording to support the introduction of the term 'TP Regulatory Year' (as detailed in Annex 2 and Annex 3 of the Notice), suggesting that it did not provide sufficient clarity that costs incurred back to 1 April 2013 are included, and proposed alternative wording.

   The respondent also proposed additional amendments to the wording of defined terms TPG_t and $TPRG_t$ in SpC 3.11 and TPD_t and $TPRD_t$ in SpC 3.12 of the Licence for consideration where the term 'TP Regulatory Year' is applied.

4. Identification of a typographical error in the labelling of the column and row titles of the tables that provide 'Profiling factors' in Appendix 1 of SpC 3.11 and SpC 3.12 (Annex 2 and Annex 3 of the Notice).

5. Agreement with introduction of the new defined term for 'TP Regulatory Years' (Annex 4 of the Notice).

6. Disagreement with the proposed wording in paragraph 8 in SpC 3.30, noting that it did not include specific text to confirm that pre-construction costs can be included within a TPWW claim in the RIIO-ET2 period, and proposed alternative wording (Annex 5 of the Notice).

7. Agreement with updated values included for the offset adjustment licence term, $T10A_t$ (Annex 6 of the Notice), and

8. Proposed update to two Wider Works projects in the 'NGET Redacted Information Document' to correct typographical errors in the delivery dates of separate projects.

We discuss each point in turn point below and set out our responses to the representations received and indicated where we have deviated from our original position and why.

In reaching our decision on changes to the Licence, we have had regard to, and promoted, our principal objective to protect the interests of existing and future consumers, as well as to wider statutory consumer interests, functions, duties, considerations and needs, as variously set out under section 3A of the Act.

Our Views

We have carefully considered all the points raised in the response and taken them into account.

The following paragraphs set out our views on and contain our responses to the points summarised above.

1. Typographical error in the Notice

The respondent correctly highlighted an error in the wording in paragraph 11 of the Notice, specifically the reference to a delivery date "between 31st March 2023". We note that the text should have stated "beyond 31st March 2023".

2. Errors in the supporting detail of PCDs of SpC 3.9

We have updated the specific details of the two PCD projects identified by the respondent.

3. Revision to the defined term 'TP Regulatory Year' in SpC 3.11 and SpC 3.12

We note the concern raised by the respondent that the proposed application of the defined term 'TP Regulatory Year' can potentially be interpreted to mean it is just a single year that is permitted within claims made under SpC 3.11 and SpC 3.12. The respondent proposed alternative wording to remove the ambiguity and confirm that multiple TP Regulatory Years are permitted to be included in future claims, including efficient costs incurred in the previous price control period (i.e. to 1 April 2013).

We have revised the definition wording of the following terms to clarify that multiple TP Regulatory Years are included:

- TPG_t
- $TPRG_t$
- TPD_t
- $TPRD_t$

4. Update to table headings in Appendix 1 of SpC 3.11 and SpC 3.12

We have updated the specific table headings in the manner proposed by the respondent.[8]

5. Application of the defined term 'TP Regulatory Years' in SpC 3.30

We note the respondent's agreement to the proposed amendment.

6. **Proposed wording in paragraph 8 in SpC 3.30**

While we acknowledge the comment raised by the respondent, we do not propose to incorporate the proposed wording to include reference to pre-construction spend. We reiterate our confirmation, expressed in the Notice, that efficiently incurred pre-construction costs can be included within a TPWW claim in the RIIO-2 period.[9]

7. Offset adjustment licence term in SpC 3.38

We note the respondent's agreement to the proposed amendment.

[8] We note that there was an error in the reproduction of the table entitled "Profiling factors ($PWW_{t,p}$)" in Appendix 1 of SpC 3.30 of the Notice. The left hand column representing the rows was erroneously labelled as "t" and not "p" as set out in the Licence. We have corrected this presentational error in the text of Schedule 2.
[9] To recognise that pre-construction spend is funded differently in RIIO-T1 (pre-construction costs for IWW projects were separately provided in NGET's baseline allowance) and RIIO-T2 (via a combination of project-specific baseline funding and volume drivers).

8. Revisions to the 'NGET Redacted Information Document'

We have updated the specific project information details in the manner proposed by the respondent to the redacted document, incorporating the revisions noted in point two above and to also correct an anomaly identified in the title of one project identified through further bilateral engagement with the Licensee.

Our Decisions

Following careful consideration of the consultation response we have decided to:

- apply the changes to amend the Licence as set out in Annexes 4 and 6 of the Notice (i.e. no change to the amendments proposed).

- apply the changes to amend the Licence as set out in Annex 5 of the Notice (i.e. no change to the amendments proposed). However, we acknowledge the comment raised by the respondent on pre-construction costs and reiterate our confirmation, expressed in the Notice, that efficiently incurred pre-construction costs can be included within a TPWW claim in the RIIO-2 period.

- make further amendment to the changes to amend the Licence as set out in Annex 2 and 3 to clarify the application of the defined term 'TP Regulatory year'; and

- update the 'NGET Redacted Information Document' to reflect the revisions identified by the respondent. We confirm that the iteration of the document that has been produced by the Authority, and circulated alongside this publication, is the version in force.

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Schedule 1:

Special Condition 1.1. Interpretations and Definitions

"NGET Redacted Information Document" means the latest version of the document of that name sent by the Authority to the licensee containing information redacted from the Licence.

The updated version issued alongside this Decision (dated 'February 2024') is intended to replace the current version in force (dated 'April 2023').

Schedule 2:

Modifications to the Licence held by National Grid Electricity Transmission Plc.

For the modifications in this Decision, new text is double underscored and text removed is struck through. Amendments made since the proposed modifications in the Notice are highlighted in cyan.

Special Condition 3.9 Wider works Price Control Deliverable (WWt)

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 (NOA code: SER1)	B14: 390MW SC1: 1970MW Installation of a larger rated	31 March 2024	Have the values given in the NGET Redacted Information Document.					

	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 2026~~7~~	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~~	~~31 March 2023~~	~~Have the values given in the NGET Redacted Information Document.~~

~~(NOA code: BRRE)~~	~~the 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 2023~~2~~	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 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.~~
Modify the existing circuit that runs from Pelham to	SC1: 369MW B14e: 415MW Creation of two circuits from	31 March 2024	Have the values given in the NGET Redacted Information Document.

Sundon, turning it in to connect at Wymondley Substation. (NOA Code: WYT1)	Pelham to Wymondley and from Wymondley to Sundon, a new bus coupler and three new bays at Wymondley substation.		
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 1~~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.

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~~each TP Regulatory Year by the licensee in respect of Generation Connections where the Users reduce Generation Connection Capacity or terminate the relevant bilateral agreements prior to commencing use of the Generation Connection, with "t" representing the year in which the adjustment is recovered;
$TPRG_t$	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~~each TP Regulatory Year, with "t" representing the year in which the adjustment is recovered; 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
p~~t~~=2021/22	1	0	0	0	0	0	0
p~~t~~ =2022/23	0.84	0.16	0	0	0	0	0
p~~t~~ =2023/24	0.525	0.315	0.16	0	0	0	0
p~~t~~ =2024/25	0.21	0.315	0.315	0.16	0	0	0
p~~t~~ =2025/26	0	0.21	0.315	0.315	0.16	0	0
p~~t~~ =2026/27	0	0	0.21	0.315	0.315	0.16	0
p~~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$_p$ (#)	~~61~~	~~51~~	~~56~~	~~67~~	~~45~~	0	0

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~~each 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, with "t" representing the year in which the adjustment is recovered;
$TPRD_t$	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~~each TP Regulatory Year, with "t" representing the year in which the adjustment is recovered; 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
p~~t~~ =2021/22	1	0	0	0	0	0	0
p~~t~~ =2022/23	0.84	0.16	0	0	0	0	0
p~~t~~ =2023/24	0.525	0.315	0.16	0	0	0	0
p~~t~~ =2024/25	0.21	0.315	0.315	0.16	0	0	0
p~~t~~ =2025/26	0	0.21	0.315	0.315	0.16	0	0
p~~t~~ =2026/27	0	0	0.21	0.315	0.315	0.16	0
p~~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)	1,020~~0~~	700~~0~~	480~~720~~	480	0	0	0
BLOHLRD$_p$ (km)	0	0	0	0	0	0	0
BLCBLSD$_p$ (km)	0.792~~0~~	1.827~~0.24~~	0.6	0	0	0	0
BLCBLLD$_p$ (km)	0~~1~~	0	0	0	0	0	0
BDCON$_p$ (#)	4~~0~~	4~~0~~	1~~2~~	1	0	0	0

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.'

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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
p =2021/22	1	0	0	0	0	0	0
p =2022/23	0.79	0.21	0	0	0	0	0
p =2023/24	0.42	0.37	0.21	0	0	0	0
p =2024/25	0.16	0.26	0.37	0.21	0	0	0
p =2025/26	0	0.16	0.26	0.37	0.21	0	0
p =2026/27	0	0	0.16	0.26	0.37	0.21	0
p =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

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 $T10A_t$ (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 ($T10A_t$)

3.38.3 The value of $T10A_t$ is set out in Appendix 1.

Appendix 1
RIIO-ET1/RIIO-ET2 offset adjustment ($T10A_t$, £m)

Regulatory Year	$T10A_t$
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