

James Dunshea
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

9 September 2024

Dear James,

National Grid Electricity Transmission plc response to Ofgem's consultation on Early Construction Funding (ECF) application for the Norwich to Tilbury North (AENC) upgrade project

This letter is National Grid Electricity Transmission plc's (NGET's) response to Ofgem's document "Statutory consultation on Norwich to Tilbury Early Construction Funding application and corresponding proposed modification to Special Condition 3.41 of NGET's electricity transmission licence", dated 13 August 2024.

Consultation response

1. Do you agree with our minded-to position to provide ECF for the project?

We agree with Ofgem's findings that the early construction activities fall within the ECF permitted activity areas.

2. Do you agree with our proposed modification to adjust ASTIAt in Appendix 1 of SpC 3.41?

Whilst we do agree with the insertion of "ECF" against the AENC project in Appendix 1 of SpC 3.41 we do not agree with the calculation used by Ofgem within the consultation document to adjust ASTIAt in the ASTI Confidential Annex to 1% of the total forecast project cost of AENC and ATNC listed in the ASTI Confidential Annex. This is because the calculation published in the consultation appears to have used a percentage based on an accumulation of the total estimated project costs for both AENC and ATNC as listed within the ASTI Confidential Annex.

The Norwich to Tilbury project is comprised of both the Northeast Anglia (AENC) and Southeast Anglia (ATNC) Enabling Works, and whilst both of these projects are being delivered together to enable efficiencies, each project has an individual ECF cap and an estimated total project cost within the ASTI Confidential Annex. NGET's ECF submission of 5 April 2024 "AENC – Norwich to Tilbury: Norwich Main Bays Advanced Design and Build" requested ECF for the AENC project only.

To ensure transparency going forwards and to ensure the correct attribution of ECF is applied to each project, the correct calculation of ECF for AENC should be 2.93% which is based on the ECF requested (as summarised in the table beginning on page 4 of the AENC ECF submission) against the total estimated project cost for AENC, as listed within the ASTI Confidential Annex.

In the subsequent section 11A licence modification direction we suggest that two modifications to the section 11A notice are made. Firstly, paragraph 2(b) should refer to "SpC 3.41.9" rather than "section 3.41.7". Secondly, in paragraph 3 we suggest that reference to the version of the ASTI Confidential Annex ("v1.1") is either removed or updated. This is because we are already up to v1.2 (13/8/24) which captures ECF for HWUP, PTC1 and PTNO.

Yours sincerely,

Richard Masterson (by email)
Regulatory Implementation Technical Lead, National Grid