

Consultation

Statutory consultation on National Grid's Sea Link Early Construction Funding (ECF) application and corresponding proposed modification to Special Condition 3.41 of NGET's electricity transmission licence

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Contact:	Amy Freund
Team:	Major Projects – Large Transmission Project Delivery
Email:	MajorProjects.LTPD@ofgem.gov.uk

We are consulting on our minded-to position on the Early Construction Funding (ECF) application by National Grid Electricity Transmission Plc (NGET) for the Sea Link project as governed by NGET's electricity transmission licence (the Licence), Special Condition (SpC) 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)'. We are also consulting on our corresponding proposed modification to adjust the term ASTIAI referenced in Appendix 1 of Spc 3.41.

We would like views from stakeholders with an interest in new transmission infrastructure and meeting the net zero challenge. We particularly welcome responses from consumer groups, stakeholders impacted by the project, stakeholders with an interest in the costs of electricity transmission infrastructure, and transmission owners. We would also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

Consultation – Statutory consultation on National Grid’s Sea Link Early Construction Funding (ECF) application and corresponding proposed modification to Special Condition 3.41 of NGET’s electricity transmission licence

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Executive Summary

Under National Grid Electricity Transmission plc (NGET) electricity transmission licence, Special Condition (SpC) 3.41 'Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIRt)' - Part C: Early Construction Funding¹, we can provide Transmission Owners (TOs) with Early Construction Funding (ECF) to enable permitted early construction activities that are required to accelerate projects before an ASTI Project Assessment (PA) Decision. The permitted early construction activities are:²

- Strategic land purchases ;
- Early enabling works ;
- Early procurement commitments ; and/or
- Other activities approved in advance by Ofgem .

In October 2024, NGET submitted its ECF application to us in line with SpC 3.41.7³ and the ASTI Guidance and Submission Requirements Document⁴ for the Sea Link project. Following extensive engagement with Ofgem, this submission was updated in June 2025 to reflect developments in the procurement space. As part of our assessment of this ECF application we have undertaken a high-level analysis of the proposed early construction activities to determine whether they are justified and eligible. The application is above the default 20% threshold of the total forecast project cost. As per the ASTI licence referenced above, we are permitted to allow ECF in excess of this where the TOs have demonstrated to us a clear and strong benefit to acceleration of the project and that the consumer is protected in the event the project did not proceed as envisaged.

Our minded-to position is to amend the allowances set out for this project in Appendix 1 (ASTIAt) of SpC 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)' in NGET's electricity transmission licence (the Licence) to reflect NGET's full ECF expenditure request. The term will have the value

¹ [Licences and licence conditions | Ofgem](#) Electricity licences and conditions, Transmission Licence, National Grid Electric Transmission Plc – Special Conditions

² [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment | Ofgem](#) Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 4.13

³ [Licences and licence conditions | Ofgem](#) Electricity licences and conditions, Transmission Licence, National Grid Electric Transmission Plc – Special Conditions

⁴ [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment | Ofgem](#) Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 3.12

given in the corresponding updated version of the ASTI Confidential Annex. The statutory notice of our proposed modification to adjust the ASTI term as referenced in Appendix 1 of SpC 3.41 is included in Appendix 1 of this consultation. We do not undertake a detailed cost assessment at this stage and we do not form a view on whether the proposed expenditure is efficient; we undertake these assessments as part of a full cost assessment, including early construction costs, at the Accelerated Strategic Transmission Investment (ASTI) Project Assessment (PA) stage.

Next steps

We welcome responses to our consultation on the specific questions we have included in Chapter 2. If you would like to respond to this document, then please send your responses to: MajorProjects.LTPD@ofgem.gov.uk. The deadline for responses is 21 August 2025. We aim to publish our ECF decision and the decision to modify NGET's licence in October 2025.

1. Consultation

What are we consulting on

- 1.1 This document sets out our minded-to position on NGET's ECF application for the Sea Link project⁵ which has the Network Options Assessment (NOA⁶) code SCD1. The accompanying appendices outline our proposed modifications Special Condition 3.41 of the electricity transmission licence held by National Grid Electricity Transmission Plc and our notice of statutory consultation on our modification.
- 1.2 Any reference to 'Sea Link', 'SCD1' and or 'the project' in this document are referring to the Sea Link project.
- 1.3 Chapter 3 summarises our view on the ECF application for the Sea Link project and our minded-to position. Chapter 4 details how we process your response, data and confidentiality, explains the consultation stages and explains how you submit your response to the questions posed within this document.
- 1.4 Our assessment and minded-to position set out in this document are subject to our consideration of any consultation responses and we invite stakeholders to respond using the contact details set out on the front of this document.
- 1.5 Our consultation questions are:

Q1: Do you agree with our minded-to position set out in chapter 3?

Q2: Do you agree with our proposed modification to adjust ASTIA⁶ in Appendix 1 of SpC 3.41?

Related publications

- 1.6 Decision on accelerating onshore electricity transmission investment: [Decision on accelerating onshore electricity transmission investment | Ofgem](#)

⁵ [Decision on accelerating onshore electricity transmission investment | Ofgem](#)

⁶ [Network Option Assessment \(NOA\)](#)

2. Sea Link Early Construction Funding assessment

This chapter briefly outlines the scope of the Sea Link project. It also sets out our assessment of NGET's application for ECF for the Sea Link project and our minded-to position.

Questions

- Q1. Do you agree with our minded-to position set out in chapter 3?
- Q2. Do you agree with our proposed modification to adjust ASTIAI in Appendix 1 of SpC 3.41?

Brief description of the project

- 2.1 As part of the drive to meet net zero interim targets and deliver a clean power system by 2030, there will be significant growth in wind generation. The network will require a range of reinforcements to provide customer connections and to ensure that there is sufficient capacity to allow the system to be operated in an economic and efficient manner without exposing consumers to either inefficient levels of constraint or investment costs.
- 2.2 The Sea Link project proposes to reinforce the electricity transmission network between Suffolk and Kent providing needed transmission system reinforcement in the south and east region. The current proposals are for approximately 122km high voltage direct current (HVDC) offshore cable, the construction of two new converter stations within 5km of the proposed Friston substation and the existing Richborough to Canterbury overhead line and these are proposed to be connected via high voltage alternating current (HVAC) underground cables in Suffolk, and a double circuit turn to a new Minster substation in Kent.
- 2.3 The project will reduce network constraints on the heavily utilised network on the east coast. NESO's Clean Power 2030 advice identified the project as an investment required in order allow the Government's clean power objectives to be reached.⁷ It was highlighted as needing to accelerate further due to the risk of it not being delivered by 2030. NESO has estimated that failure to accelerate Sea Link to 2030 could cost consumers up £1,400m in constraint costs.

⁷ [Clean Power 2030 | National Energy System Operator](#)

ECF application

- 2.4 NGET made an application for ECF under Part C of SpC 3.41 of its licence to enable funding of early construction activities for the project.
- 2.5 The ECF funding would allow NGET to carry out activities ahead of full Project Assessment (PA) that can help accelerate the delivery of the project. We only allow those if we consider them to be in the consumers' interest. We do not assess the efficiency of the cost at this stage – this will be done during the PA stage. In the event of cancellation, the project will still be subject to a PA to ensure they only recover efficient costs. Any unspent ECF will be returned to the consumer.
- 2.6 We consider that the activities for which the funding is requested fall within the permitted activity categories as set out in the ASTI guidance, split across strategic land purchases, early enabling works and early procurement commitments.⁸ The table below highlights the activities NGET has requested funding for and which will be covered in more detail later in this document.

Strategic land purchases	Early enabling works	Early procurement commitments
<ul style="list-style-type: none"> • Purchase of land • Lease of subsea land 	<ul style="list-style-type: none"> • Canterbury to Richborough overhead line refurbishment • Friston Substation bays • Ground surveys • UKPN engagement • Marine UXO survey • Early archaeological work 	<ul style="list-style-type: none"> • Cable and converter original equipment manufacturing (OEM) <ul style="list-style-type: none"> ◦ Cancellation risk exposure of OEM (<i>no specific amounts included in upfront ECF calculations</i>)

Table 1: ECF activities

Project	Percentage of total project spend as per ASTI decision ⁹
Sea Link (SCD1)	48%

Table 2: requested ECF percentage

⁸ [Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document](#)

⁹ [Decision on accelerating onshore electricity transmission investment](#)

- 2.7 NGET is satisfied that its plans have sufficiently progressed to make this submission and it does not anticipate a need to make further ECF requests for the project.
- 2.8 In accordance with our ASTI Decision and as explained in the ASTI guidance, we can consider ECF requests above 20% of project costs in exceptional circumstances, where the expenditure is justified and necessary in order to accelerate project delivery or where not investing will increase the risk of project delay. We have considered the consumer benefit of providing additional allowances in view of the increased risk to consumers should the project not ultimately secure planning permission and whether appropriate protections are put in place on the project, including with the TO's contractors, to limit the exposure to consumers if the project in question does not secure planning consent and start construction as anticipated (i.e. is delayed, amended or cancelled).

Strategic land purchase

- 2.9 NGET is proposing to fully acquire certain parcels of land required for development of the project. It intends to secure land option agreements for the required area to minimise costs, prevent delays and derisk the project.
- 2.10 NGET also proposes to secure the seabed lease required for the project through the Crown Estate. Again, this prevents delays in the project and allows NGET to better identify and manage conflicts with future potential infrastructure as once it has secured the lease it will be notified of any potential upcoming installations that could conflict with the route.
- 2.11 If the project were cancelled NGET has provided assurances that its Land Rights Strategy includes mitigations relating to the timing of payments and future resale of the land purchased, should it no longer be required, with land rights options providing protection to the consumer from full cost exposure.¹⁰

Early enabling works

- 2.12 NGET requests ECF for the following early enabling works activities:
- Richborough to Canterbury (PC Route) Refurbishment
 - Additional Bays for Suffolk substation at Friston
 - Ground Investigations Survey (GIS) and Landowner Compensation

¹⁰ [Land Rights Strategy and Payment Schedule for Assets](#)

- UKPN Diversions
 - Marine Unexploded Ordnance (UXO) Survey, Inspection & Clearance
 - Early archaeological mitigation works
- 2.13 Broadly, we consider the proposed activities fall within the eligible ECF activities and are justified by consumer benefits as they will accelerate or derisk project delivery. We set out more detail on each activity below.
- 2.14 The OHL line that runs from Canterbury to Richborough does not currently have sufficient capacity to cater for the additional power required for Sea Link. In order to create the additional capacity, the route needs to be reconducted and as upgraded. Completing the PC route refurbishment now will help accelerate and derisk project delivery by removing this element from the critical path, avoiding the risk of supply chain constraints causing delays later in the programme.
- 2.15 The Friston substation was originally funded under RII02 as an Air Insulated Substation (AIS). Upgrades to the substation in Friston have been proposed within NGET's RII03 business plan as a Gas-Insulated Substation (GIS). We recognise that purchasing the bays for Sea Link at the same time as the rest of the substation is likely to be more efficient than revisiting the site later, regardless of technology type. It benefits the consumer by maximising economies of scale, as well as minimising the impacts of the construction on the local community.
- 2.16 At the time of this consultation, Ofgem has not yet produced its final determination on NGET's RII03 business plan. In our draft determinations we sought further justification for the selection of the proposed gas insulated switchgear design of the Friston substation.¹¹ This ECF consultation does not prejudice or fetter our discretion in relation to wider regulatory assessments, including under the RII03 process, and we would expect to take account of the strength of justification provided ahead of final determinations when undertaking our efficiency assessment on the Sea Link component of the project at Project Assessment (PA) stage.
- 2.17 Completing the ground investigation survey early is important to identify potential ground issues and solutions to help ensure the project is delivered on

¹¹ [RIIO-3 Draft Determinations - National Grid Electricity Transmission \(NGET\)](#)

- time. Ground investigation provides essential information to ensure the right solution for the project is chosen.
- 2.18 NGET has proposed early engagement work with UK Power Network (UKPN) with regards to undergrounding or diverting of their assets. The UKPN costs will cover the design and delivery of the DNO overhead line. The work needs to be completed this year due to the amount of time it takes to engage with UKPN and their supply chain and for them to carry out the works under their legal powers. This is key to ensuring that the project remains on time.
- 2.19 NGET is proposing to complete a marine UXO survey for the Sea Link project as it crosses the Thames Estuary and connects in Suffolk and Kent. All three areas have staged significant military operations in the past and therefore understanding and mitigating the UXO risk is a high priority. It is important that this work is completed as early as possible so that there is time for the safe UXO removal works to ensure the cable route is finalised to avoid delay or possible rerouting later in the project.
- 2.20 Undertaking the archaeological mitigation works early will reduce the risk of unknown archaeological remains causing delays to the project.
- 2.21 NGET has provided assurances that some network upgrades proposed as early enabling work will deliver enduring benefits for the consumer as they can be repurposed and continue to deliver value, even if the Sea Link project were to be cancelled, although some early work such as surveys may have limited residual value. Notably:
- The PC route refurbishment is work that is required to meet expected future demand and so there is no risk to the consumer by completing this work as part of this project. Even if Sea Link was cancelled, the increased capacity could be utilised by future connections.
 - NGET is also confident that it could make use of the substation bays provided on other projects, were Sea Link not to proceed.
- 2.22 We have also seen evidence that NGET has proactively sought ways to minimise costs to the consumer ahead of the expected Development Consent Order (DCO) decision by arranging for payments to be made in instalments.
- 2.23 NGET is managing the UXO work itself, rather than including it within the cable OEM scope, to reduce this cost to the consumer and retain better oversight over the quality of the work. NGET has also said it will complete the work in phases,

to limit the cost spent if the project were cancelled while enabling timely delivery.

Early procurement commitments

- 2.24 NGET requests ECF for early procurement commitment activities, constituting the majority of its ECF request. These involve entering into contracts for the purchase of the converters and cables, including making the early payment obligations under these contracts.
- 2.25 ECF will help NGET secure access to the supply chain and progress supporting works earlier to de-risk the delivery of the project ahead of our final cost assessment for the project, which is expected to align with the DCO planning approval decision, anticipated in September 2026.
- 2.26 To facilitate a delivery programme compatible with the earliest possible delivery of Sea Link, targeting a date in 2030, both cable and converter suppliers will need to progress design, procurement, manufacturing and enabling activities. This needs to happen ahead of the project's planning decision, currently anticipated in September 2026. We expect to set the final cost allowance for the project following our project assessment around the same time. We are satisfied these are eligible ECF activities, and that early progression of these activities is necessary in order to deliver the project within the timeframes required.
- 2.27 Due to the constrained supply chain market, if NGET is not able to make these procurement commitments early, then it is likely it would lose the manufacturing capacity secured for the project. Alternative procurement arrangements would result in significant waiting time making a 2030 energisation date for Sea Link unachievable.
- 2.28 We have had significant engagement with NGET regarding the cost of these activities, its procurement process and the potential risk to the consumer.
- 2.29 NGET has provided assurances that its procurement process has taken into consideration the importance of delivering the project within timeframes that would support the objectives of the Government's Clean Power 2030 Action Plan¹².

¹² [Clean Power 2030 Action Plan - GOV.UK](#)

- 2.30 It has also indicated that it has engaged with bidders and will continue to do so to ensure the cost risk to the consumer should the project face cancellation, is as low as practicable.
- 2.31 Should risks of project delays, design changes or cancellation emerge, NGET has assured us it will notify Ofgem immediately and take appropriate action to limit the risk of further cost to consumers.
- 2.32 As noted above, the scope of ECF covers only costs incurred up to September 2026, based on the projections provided to us. According to the current programme plan, the project is expected to have received its DCO decision then. We expect to deliver our final project assessment decision around the same time.

Cancellation risk exposure

- 2.33 By providing early access to funding under ECF, there is a risk that an ASTI project could be cancelled after significant levels of project funding have been spent by the TO prior to confirming the project's DCO application outcome (expected in September 2026).
- 2.34 In the case of project cancellation, under the terms of NGET contracts for Sea Link, NGET is likely to be liable to pay some cancellation costs to its contractors.
- 2.35 Since cancellation costs do not reflect an immediate payment for an activity that needs to happen for a project to progress at pace, but rather a cost associated with its early procurement commitments that might (in very specific circumstances) occur in the future, NGET has not included these costs in its ECF request. It has instead identified the expected levels of these cancellation costs which may apply, in order for them to be eligible to apply for funding through a PA in the event of project cancellation.
- 2.36 The applicable cancellation costs would vary based on the point in time, at which the project was cancelled. This is because the suppliers themselves will incur relevant costs, including but not limited to manufacturing commitments, design work as the project progresses and work done by the supplier but not yet paid for by NGET.
- 2.37 We recognise that some level of cancellation costs will be an integral condition of the Sea Link contractual arrangements. The commitment to these contracts is essential to enable a delivery programme compatible with the earliest possible delivery, targeting a date in 2030. We expect NGET to take all reasonable steps

to ensure successful and timely project delivery and minimise the risk of cancellation of the project.

- 2.38 In the event that the project was cancelled up to the point of DCO decision (currently expected in September 2026) for reasons outside of NGET's reasonable control, we propose to allow an appropriate level of funding to cover the cancellation costs ultimately incurred by NGET. In order to recover funding for cancellation costs, NGET will need to demonstrate that it has put in place sufficient consumer protection mitigations and that it has limited the cost to a level as low as reasonably practical, including through negotiations with its suppliers.
- 2.39 The appropriate level of funding would also be subject to efficiency assessment, with a review to ensure that cancellation costs are not duplicative of activities already funded.

Our minded-to position

- 2.40 We are satisfied of the merits in permitting ECF in excess of 20% of estimated project costs in this case as it is justified and necessary to achieve the degree of acceleration required to deliver the substantial consumer benefits associated with delivery of the Sea Link project by the earliest possible delivery date of 2030.
- 2.41 There are clear benefits to the acceleration of the Sea Link project, in view of NESO's forecast amount of constraint costs that consumers would face in the event of a delay, and its identification of the project as one of a few priority projects requiring acceleration to 2030.
- 2.42 Recognising the acceptance of the project's DCO application, its designation in the NESO Clean Power 2030 report ¹³ as a priority project for acceleration to help deliver Clean Power 2030 objectives and the strong needs case for transmission network reinforcements in the area due to significant growth in generation, we consider that the additional funding for the proposed ECF activities up to September 2026, when the PA is expected, is justified in this case in view of the expected consumer benefits and consumer protections put in place.

¹³ [Clean Power 2030 | National Energy System Operator](#)

- 2.43 We expect NGET to take all reasonable steps to ensure timely and successful delivery of the project. NGET has outlined that it is putting in place a range of consumer protections to mitigate consumer risks in the event the project was delayed, amended or cancelled. We will therefore expect NGET to ensure that consumer risks in every scenario are kept as low as practical, including through negotiations with its suppliers.
- 2.44 We also note that while the ECF percentage against total project spend as per the ASTI decision is significantly above the default ECF threshold of 20% of estimated project costs set out in the ASTI decision, project cost estimates show substantial increases. This is, in part caused by higher supply chain costs due to rising demand and increasing competition for supply chain services. We note the proposed ECF costs would form a significantly smaller proportion of these updated total cost estimates (27%), although still in excess of 20%.
- 2.45 Our minded-to position is therefore to approve NGET's request for ECF to the value of 48% of the total forecast project cost listed in the ASTI Confidential Annex.
- 2.46 We acknowledge that as a condition of the procurement contracts, NGET will be subject to cancellation fees should the project be cancelled. We expect NGET to take all reasonable steps to ensure successful and timely project delivery and minimise the risk of cancellation of the project. In the event of cancellation of the project up to the point of DCO decision (anticipated in September 2026), for reasons outside of NGET's reasonable control, we propose to allow an appropriate level of funding for cancellation costs, subject to efficiency assessment, ensuring that necessary consumer protections are applied and such costs are not duplicative of activities already funded, as set out above.

3. Your response, data and confidentiality

Consultation stages

The consultation will be open until 21/08/2025. Responses will be reviewed and the consultation decision will be published by October.

Alternatively, you can use a list for the stages of the consultation process.

Stage 1

Consultation opens 24/07/2025.

Stage 2

Consultation closes (awaiting decision). Deadline for responses 21/08/2025.

Stage 3

Responses reviewed and published.

Stage 4

Consultation decision/policy statement.

How to respond

- 3.1 We want to hear from anyone interested in this consultation. Please send your response to majorprojects.ltpd@ofgem.gov.uk.
- 3.2 We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 3.3 We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, your data and confidentiality

- 3.4 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 3.5 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with

you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

- 3.6 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.
- 3.7 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

- 3.8 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:
1. Do you have any comments about the overall process of this consultation?
 2. Do you have any comments about its tone and content?
 3. Was it easy to read and understand? Or could it have been better written?
 4. Were its conclusions balanced?
 5. Did it make reasoned recommendations for improvement?
 6. Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit.

ofgem.gov.uk/consultations

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Would you like to be kept up to date with *Consultation* name will appear here? subscribe to notifications:

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Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

Appendices

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Appendix 1 – Notice of statutory consultation to modify SpC 3.41

To: National Grid Electricity Transmission Plc Electricity Act 1989 Section 11A(2)

Notice of statutory consultation on a proposal to modify the Special Conditions of the electricity transmission licence held by National Grid Electricity Transmission

1. The Gas and Electricity Markets Authority ('the Authority') proposes to modify the Special Conditions (SpC) of the electricity transmission 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 an allowance value (ASTIAt) referenced in Appendix 1 (ASTI Price Control Deliverable) of SpC 3.41 (Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)).
2. In line with SpC 3.41.10 and the Accelerated Strategic Investment Guidance and Submission Requirements Document, we are proposing this modification because we are satisfied that NGET's Early Construction Funding (ECF) application:
 - a. have provided clear and convincing justification for exceeding the 20% threshold of total forecasted project cost as set by SpC 3.41.8 and have demonstrated the appropriate balance between assisting acceleration and protecting consumers from potentially excessive cost exposure in the unlikely event that the projects do not progress;
 - b. was pre-empted by a notice in writing of NGET's intention to make the application under section 3.41.7 at least 8 weeks before NGET made the application; and
 - c. there is a clear justification for why it is in consumers' interests to provide funding for the proposed activities to take place ahead of our cost assessment as part of the PA process as the early construction activities will aid in accelerating project delivery.
3. The effect of the proposed modification is to adjust the allowances contained in the ASTI Confidential Annex as referenced in Appendix 1 (ASTIAt) of Special Condition 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIAt)' and to insert "ECF" into the "ECF/PA" column for SCD1 in Appendix 1 to SpC 3.41 in NGET's electricity transmission licence to allow NGET's ECF expenditure application. The proposed modification will be reflected in what will become the latest version, v1.1, of the ASTI Confidential Annex.
4. With the exception of the ASTI Confidential Annex, a copy of the proposed modification and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from information.rights@ofgem.gov.uk
5. The full text of the proposed modification to Appendix 1 of SpC 3.41 is set out below in Appendix 2 with the new text to be inserted shown double underscored. For reasons of commercial sensitivity, details of the amended allowance are

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confidential but will be issued to NGET in the updated ASTI Confidential Annex.

6. Any representations with respect to the proposed licence modification must be made on or before 21 August 2025 to: Thomas Johns, Office of Gas and Electricity Markets, 32 Albion Street, Glasgow, G1 1LH or by email to RIIOElectricityTransmission@ofgem.gov.uk and marked for the attention of Thomas Johns
 7. 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. We prefer to receive responses in an electronic form so they can be placed easily on our website.
 8. If we decide to make the proposed modification, it will take effect not less than 56 days after the decision to modify the licence is published.
-

Thomas Johns

Deputy Director of Major Projects Delivery

Duly authorised on behalf of the Gas and Electricity Markets Authority

24 July 2025

Appendix 2 – Special Condition 3.41

Deletions are shown in strikethrough and new text is double underlined>.

Special Condition 3.41 Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR_t)

Introduction

- 1.1.1 The purpose of this condition is to specify the value of the term ASTIR_t (the accelerated strategic transmission investment Re-opener term). This contributes to the calculation of the Totex Allowance.
- 1.1.2 The effect of this condition is to:
- (a) specify the ASTI Outputs, delivery dates and allowances for the Price Control Deliverable;
 - (b) establish a Re-opener for the licensee to apply for an adjustment to the ASTI Outputs, delivery dates and allowances in Appendix 1 and the Minimum circuit availability standard after delivery in Appendix 2;
 - (c) provide for an assessment of the Price Control Deliverable; and
 - (d) establish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.
- 1.1.3 This condition also sets out the process the Authority will follow when making changes to Appendix 1 as a result of the Re-opener.

Part A: Formula for calculating the accelerated strategic transmission investment Re-opener term (ASTIR_t)

- 1.1.4 The value of ASTIR_t is derived in accordance with the following formula:

$$ASTIR_t = ASTIA_t - ASTIRA_t$$

where:

ASTIA_t means the allowances in Appendix 1; and

ASTIRA_t has the value zero unless otherwise directed by the Authority in accordance with Part G.

Part B: ASTI Outputs

- 1.1.5 The licensee must deliver the ASTI Outputs no later than 12 months after the delivery dates specified in Appendix 1.
- 1.1.6 After the ASTI Output has been delivered it must be operational and available for use by the ISOP for the period specified in Appendix 2 after application of the exclusions set out in Chapter 4 of the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.

Part C: Early Construction Funding

- 1.1.7 The licensee may, in respect of any ASTI Output, apply for an Early Construction Funding decision to adjust ASTIA_t.

Consultation - Statutory consultation on National Grid's Sea Link Early Construction Funding (ECF) application and corresponding proposed modification to Special Condition 3.41 of NGET's electricity transmission licence

- 1.1.8 Unless the Authority directs otherwise, the aggregate allowances provided under paragraph 3.41.7 for any ASTI Output may not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex.
- 1.1.9 The licensee must notify the Authority in writing of its intention to make an application under 3.41.7 at least 8 weeks before making an application, unless the Authority directs otherwise.
- 1.1.10 A modification under this Part will be made under section 11A of the Act.

Part D: ASTI Project Assessment Decision

- 1.1.11 The licensee may, in respect of any ASTI, apply for an ASTI Project Assessment Decision and an associated modification of Appendices 1 and 2 to:
 - (a) specify or amend an ASTI Output, a delivery date and associated allowances; and
 - (b) specify the minimum circuit availability standard after delivery for the relevant ASTI Output.
- 1.1.12 Unless the Authority otherwise directs, the licensee may only apply for an ASTI Project Assessment Decision after submission of all material planning consent applications.
- 1.1.13 A modification under this Part will be made under section 11A of the Act.

Part E: ASTI Cost And Output Adjusting Event

- 1.1.14 The licensee may apply for a modification to the ASTI Outputs and allowances in Appendix 1 where it considers that there has been one or more ASTI Cost And Output Adjusting Event.
- 1.1.15 The licensee may only apply under this Part to modify allowances in Appendix 1 where:
 - (a) expenditure has been caused to increase or decrease by at least the percentage specified in, or in accordance with, paragraph 3.41.17, calculated before the application of the Totex Incentive Strength, relative to the relevant allowance in Appendix 1 by the event or if there has been more than one event:
 - i. by each event;
 - ii. if the Authority has directed that the events in relation to the relevant ASTI Output should count cumulatively towards the percentage threshold; and
 - (b) the increase or decrease in expenditure is expected to be efficiently incurred or saved.
- 1.1.16 The licensee may apply under this Part to modify the ASTI Outputs in Appendix 1 only where there is a material change to the scope of the relevant ASTI project.
- 1.1.17 The percentage referred to in paragraph 3.41.15(a) is:
 - (a) 5%; or
 - (b) such other percentage as the Authority may specify by direction.

1.1.18 An application under this Part must be made in writing and must:

- (a) include detailed supporting evidence that an ASTI Cost And Output Adjusting Event meeting the requirements set out in paragraphs 3.41.15, or where applicable 3.41.16, has occurred;
- (b) set out the modifications requested to the ASTI Outputs or associated allowances in Appendix 1;
- (c) explain the basis of the calculation for any proposed modification to the allowances in Appendix 1, which must be designed to keep, so far as is reasonably practicable, the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred; and
- (d) include a statement from a technical adviser, who is external to and independent from the licensee, whether, considered in the context of the value of the ASTI Output, the proposed modification to the ASTI Output or associated allowances fairly reflects the effects of the ASTI Cost And Output Adjusting Event.

1.1.19 The Authority may make a modification under this Part where:

- (a) there has been an application under this Part;
- (b) there has been an ASTI Cost And Output Adjusting Event in relation to the relevant ASTI;
- (c) the requirements of paragraphs 3.41.14 to 3.41.18, where applicable, have been met; and
- (d) the proposed modifications to Appendix 1 have the effect so far as is reasonably practicable of keeping the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred.

1.1.20 A modification under this Part will be made under section 11A of the Act.

Part F: Modification of delivery date in Appendix 1 further to an ASTI ODI Penalty Exemption Period decision or ASTI ODI Target Date decision under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive)

1.1.21 The Authority will modify the delivery dates in Appendix 1 where it decides under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive) to make a modification to the ASTI ODI Penalty Exemption Period or ASTI ODI Target Date in Appendix 1 of Special Condition 4.9.

1.1.22 A modification under this Part will be made under section 11A of the Act.

Part G: Assessment of the Price Control Deliverable (ASTIRA_t)

1.1.23 The Authority will, in accordance with the assessment principles set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements), consider directing a value for ASTIRA_t where the licensee has not Fully Delivered an output in Appendix 1.

Part H: What process will the Authority follow in making a direction?

- 1.1.24 Before making a direction under Part G 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.
- 1.1.25 A direction in respect of Part G will set out:
- (a) the delivery status of the ASTI Output that has not been Fully Delivered;
 - (b) the value of the $ASTIR_t$ term and the Regulatory Years to which that adjustment relates; and
 - (c) the methodology and data that has been used to decide the delivery status and value of any adjustments to the $ASTIR_t$ term.

Part I: Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document

- 1.1.26 The licensee must comply with the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.
- 1.1.27 The Authority will issue and amend the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document by direction.
- 1.1.28 The Authority will publish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document on the Authority's Website.
- 1.1.29 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will make provision about the detailed requirements for Parts C, D, E and F.
- 1.1.30 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will also make provision about the detailed requirements under Special Condition 3.40 (ASTI Pre-Construction Funding Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment) and Special Condition 4.9 (ASTI output delivery incentive).
- 1.1.31 Before directing that the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document comes into effect, the Authority will publish on the Authority's Website:
- (a) the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
 - (b) the date on which the Authority intends the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect; and
 - (c) a period during which representations may be made on the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.

Consultation - Statutory consultation on National Grid's Sea Link Early Construction Funding (ECF) application and corresponding proposed modification to Special Condition 3.41 of NGET's electricity transmission licence

- 1.1.32 Before directing an amendment to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, the Authority will publish on the Authority's Website:
- (a) the text of the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
 - (b) the date on which the Authority intends the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect;
 - (c) the reasons for the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document; and
 - (d) a period during which representations may be made on the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.

Appendix 1

ASTI Price Control Deliverable

ASTI Output	Delivery Date	Allowance (ASTI _t , £m)	ECF/PA
New 400 kV double circuit in north East Anglia (NOA Code: AENC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	ECF
New 400 kV double circuit in south East Anglia (NOA Code: ATNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between Bramford and Twinstead (NOA Code: BTNO)	31 December 2029	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between Creyke Beck and the south Humber (NOA Code: CGNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)	31 December 2028	Have the values given in the ASTI Confidential Annex.	
Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)	31 December 2030	Have the values given in the ASTI Confidential Annex.	
Eastern Scotland to England 3rd link: Peterhead to the south Humber offshore HVDC (NOA Code: E4L5)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
400 kV upgrade of Brinsworth to Chesterfield double circuit and Chesterfield to High Marnham double	31 December 2029	Have the values given in the ASTI Confidential Annex.	

Consultation - Statutory consultation on National Grid's Sea Link Early Construction Funding (ECF) application and corresponding proposed modification to Special Condition 3.41 of NGET's electricity transmission licence

circuit. New High Marnham and Chesterfield 400 kV substations (NOA Code: EDEU)			
New Chesterfield to Ratcliffe-on-Soar 400 kV double circuit (NOA Code: EDN2)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between the south Humber and south Lincolnshire (NOA Code: GWNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
Uprate Hackney, Tottenham and Waltham Cross 275 kV to 400 kV (NOA Code: HWUP)	31 December 2028	Have the values given in the ASTI Confidential Annex.	ECF
New 400 kV double circuit between the existing Norton to Osbaldwick circuit and Poppleton and relevant 275 kV upgrades (NOA Code: OPN2)	31 December 2028	Have the values given in the ASTI Confidential Annex.	ECF
Pentir to Trawsfynydd cable replacement (NOA Code: PTC1)	31 December 2029	Have the values given in the ASTI Confidential Annex.	ECF
North Wales reinforcement (NOA Code: PTNO)	31 December 2030	Have the values given in the ASTI Confidential Annex.	ECF
New Offshore HVDC link between Suffolk and Kent option 1 (NOA Code: SCD1)	31 December 2031	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
Tilbury to Grain and Tilbury to Kingsnorth upgrade (NOA Code: TKRE)	31 December 2029	Have the values given in the ASTI Confidential Annex.	ECF

Appendix 2

ASTI Output availability standard

ASTI Output	Minimum circuit availability standard after delivery (%)		
	0-6m	6-12m	12-24m
New 400 kV double circuit in north East Anglia (NOA Code: AENC)			

Consultation - Statutory consultation on National Grid's Sea Link Early Construction Funding (ECF) application and corresponding proposed modification to Special Condition 3.41 of NGET's electricity transmission licence

New 400 kV double circuit in south East Anglia (NOA Code: ATNC)

New 400 kV double circuit between Bramford and Twinstead (NOA Code: BTNO)

New 400 kV double circuit between Creyke Beck and the south Humber (NOA Code: CGNC)

Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)

Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)

Eastern Scotland to England 3rd link: Peterhead to the south Humber offshore HVDC (NOA Code: E4L5)

400 kV upgrade of Brinsworth to Chesterfield double circuit and Chesterfield to High Marnham double circuit. New High Marnham and Chesterfield 400 kV substations (NOA Code: EDEU)

New Chesterfield to Ratcliffe-on-Soar 400 kV double circuit (NOA Code: EDN2)

New 400 kV double circuit between the south Humber and south Lincolnshire (NOA Code: GWNC)

Upgrade Hackney, Tottenham and Waltham Cross 275 kV to 400 kV (NOA Code: HWUP)

New 400 kV double circuit between the existing Norton to Osbalwick circuit and Poppleton and relevant 275 kV upgrades (NOA Code: OPN2)

Pentir to Trawsfynydd cable replacement (NOA Code: PTC1)

North Wales reinforcement (NOA Code: PTNO)

New Offshore HVDC link between Suffolk and Kent option 1 (NOA Code: SCD1)

Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)

Tilbury to Grain and Tilbury to Kingsnorth upgrade (NOA Code: TKRE)

Appendix 3 – Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

(Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data then make this clear. Be as specific as possible.)

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. 'six months after the project is closed')

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use "the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this".

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system. (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".