

Dafydd Burton
Senior Manager, Networks
UK Government Hub Wales
10th Floor Ty William Morgan
6-7 Central Square
Cardiff / Caerdydd
CF10 1EP

16th April 2025

Dear Dafydd,

Re: NGED response to the Ofgem consultation on RIIO-ED2 Network Innovation Allowance (NIA) funding for years 2026/27 and 2027/28

I am writing on behalf of National Grid Electricity Distribution (South Wales) plc, National Grid Electricity Distribution (South West) plc, National Grid Electricity Distribution (East Midlands) plc and National Grid Electricity Distribution (West Midlands) plc, collectively known as “NGED”, in response to Ofgem’s consultation exploring the approaches to provide an additional £12m of NIA funding to NGED’s four license regions, for the remaining two years of the RIIO-ED2 price control.

We have reviewed the three options proposed by Ofgem contained within the Consultation document ‘Consultation on RIIO-ED2 Network Innovation Allowance (NIA) funding for years 2026/27 and 2027/28’ published 21st March 2025. NGED agrees with Ofgem’s preferred option, Option 1 ‘to increase the total amount of NIA funding awarded to DNOs from three to five years on a pro rata basis’.

We believe this option to be in the best interests for consumers, and aligns with Ofgem and networks NIA objective in supporting consumers in vulnerable situations and/or the energy system transition. NGED was previously awarded £18m NIA for the first three years of the RIIO-ED2 price control. The continued availability of NIA funding alongside the larger Strategic Innovation Fund (SIF), facilitates NGED to continue to work at pace in an agile and adaptable way to meet the needs of a future decarbonised whole energy system.

Yours sincerely



Paul Branston
Director of Regulation
National Grid Electricity Distribution