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By email to:
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Dear Network Price Controls Team,

Response to Ofgem's RIIO-3 Draft Determinations consultation

Please find enclosed the response of SSE's market facing businesses¹ to Ofgem's RIIO-3 Draft Determinations consultation. Please note that SSEN Transmission, in which SSE plc has 75% ownership, will be submitting a separate detailed response.

We appreciate the opportunity to contribute to this consultation, given the critical importance of RIIO-3 as the regulatory framework that will help Great Britain accelerate its transition to a clean power system by 2030 and support the delivery of the infrastructure identified through national strategic planning.

We welcome Ofgem's recognition that both new network build solutions and non-network solutions will be needed to deliver clean power cost-effectively, and that the right incentives must be in place to ensure their timely and successful delivery. This balanced approach is essential to deliver the scale of infrastructure required for the energy transition, while making the best use of existing assets and managing the costs for consumers. To achieve this, close collaboration between NESO and TOs will be essential, and we support Ofgem's commitment to encourage constructive joint working.

Overall, we welcome the many positive steps set out in the RIIO-3 Draft Determinations. In this response we comment on these in more detail and highlight areas where we believe there is scope for further improvement. In particular, we see opportunities in constraints management, network utilisation, improved data transparency and faster roll-out of proven innovations, among other areas. Our detailed views are set out in the sections that follow.

¹ This includes SSE Energy Markets, SSE Renewables, SSE Thermal and SSE Energy Customer Solutions.

Constraints

Constraints are often viewed as primarily a Scottish problem but, in reality, they represent a GB-wide challenge. This is clear from NESO's recent Balancing Costs forecast² which shows that with all planned network investment in place, annual constraint costs across the whole GB system could be reduced from around £8 billion to £3 billion by 2030, delivering approximately £5 billion of consumer savings.

This is clearly highlighted within Ofgem's RIIO-3 Draft Determinations Impact Assessment by the impacts of the reinforcements in East Anglia alone (AENC, ATNC, SCD1) expected to provide around £4 billion of these benefits, approximately 80% of total constraint reduction savings across RIIO-3. Alongside interconnector driven constraints at the SC1 boundary on the South Coast, this demonstrates that constraints should not be treated as a problem limited to Scotland and accelerated investment in transmission reinforcements in the wider GB network is equally critical.

At the same time, the scale of generation and network infrastructure needed under RIIO-3 and Clean Power 2030 (CP30) will require extensive outages which in turn will inevitably increase system constraints. These will be driven by the volume of new generation connecting, not existing sites, and are therefore an unavoidable feature of the clean energy transition, which as highlighted by Ofgem is expected to deliver net consumer benefits. However, the impact of network outages should be mitigated as far as practicable. We underline the urgency of timely collaboration between NESO and TOs to strengthen network access planning, improve coordination of outages and minimise unnecessary or avoidable constraint costs. To deliver on this effectively, the right incentive framework and resourcing should be in place to ensure NESO and TOs are actively engaged in developing and implementing solutions to support the cost-effective delivery of the clean power mission.

We support Ofgem's decision to retain the SO:TO incentive and agree it is in the interest of consumers for TOs to work constructively with NESO to reduce constraint costs. Our views align with the feedback to Ofgem's call for evidence which highlighted the value of the SO:TO incentive in improving performance and reducing constraints during outages. However, beyond the SO:TO incentive, TOs currently lack short-term incentives to actively address short-term constraints, including deployment. Therefore, we encourage Ofgem to consider whether targeted additional incentives in RIIO-3 could play a role in incentivising TOs to take proactive actions to manage congestion and deliver material consumer savings.

Looking ahead, it is important that the SO:TO framework is further strengthened to encourage broader solution deployment and embed these approaches into BAU. Moreover, timely implementation of the identified solutions is essential to maximise the benefits for consumers.

Network utilisation

We support Ofgem's decision to retain the Energy Not Supplied (ENS) incentive and the proposal to introduce the CSNP-F Delivery incentive for RIIO-T3. We are of the view that tracking network availability through ENS and CSNP metrics is a positive step toward reducing constraints and improving overall

² [2025 Annual Balancing Costs Report | NESO](#)

system reliability. While valuable, these metrics do not capture how fully and efficiently the network is being utilised. We would therefore encourage Ofgem to consider introducing utilisation metrics with appropriate incentives that reward TOs for maximising the use of existing infrastructure and reducing constraint costs for consumers.

However, the introduction of such metrics would need to go hand in hand with a more established working relationship between NESO and TOs. At present, the absence of incentives for TOs to respond to the available information limits the efficient use of network capacity and the effective management of constraints.

Data/modelling

In addition to greater transparency on boundaries and power flows, addressing system constraints also requires wider industry access to transparent and timely data from NESO to enable more informed insights and proactive engagement. In particular, the inputs, outputs and assumptions behind constraint benefit forecasts should be published. We would welcome Ofgem putting in place requirements to ensure NESO provides timely and accurate data via the NESO data portal, aligned with the transition to the Data Sharing Infrastructure (DSI).

Non-network solutions

We strongly believe that new network build solutions should be implemented in line and at pace with non-network solutions. It is therefore encouraging to see a focus on non-network solutions in Ofgem's long-term planning. Past approaches, such as "Connect and Manage", where generation connected ahead of wider works that were delayed or undelivered, showed the risk of increased constraint costs and inefficiencies. Future strategies must learn from these experiences to mitigate the risk that the network does not keep up with the projects seeking to connect.

To address this, it is important that a broader range of solutions is considered. We welcome Ofgem's commitment to see wider implementation of Dynamic Line Rating (DLR) as set out in the RIIO-3 Draft Determinations – ET Annex. While DLR provides clear benefits for network utilisation and these are already becoming evident, it should not be the sole focus. Other technologies, such as Active Network Management (ANM) and Smart Wires, can also deliver significant benefits and should be part of the solution. We believe there is scope for a mechanism developed for TOs to encompass a broad range of innovative solutions. Our views on Innovation are outlined below.

Innovation

We welcome Ofgem's commitment to introduce incentives that improve TOs delivery of network investments in a way that speeds up delivery and provides value to consumers. The Innovative Delivery Incentive is a positive step and having a clear threshold will help ensure it works as intended. However, we are mindful that given the scale of most capital projects, the proposed £10 million consumer benefit

threshold may primarily encourage incremental improvements. We believe a higher threshold would better incentivise substantial and transformative innovations.

It is important to accelerate the adoption of proven innovations to maximise consumer benefits by reaping the rewards of investment in innovation to date, for example, through DLR. At the same time, pipelines of new innovations must continue to be developed to secure long-term benefits.

Targets vs long-term system needs

We fully recognise that clear delivery targets are important for keeping momentum, but focusing too much on deadlines could take attention away from the longer-term system needs. In particular, this target-focused industry approach risks encouraging TOs to prioritise deadlines over longer-term network operability or optimal environmental outcomes. For example, in the HND (tCSNP1) and HND FUE (tCSNP2) exercises, simpler point-to-point links were favoured over more interconnected solutions. A more balanced approach would still maintain focus on delivery timescales but would also enable a strategic view of how optimised long-term solutions can deliver greater overall benefit.

We hope our response will assist Ofgem in refining the RIIO-3 framework to ensure it enables timely delivery, efficient use of existing assets and the successful transition to a clean power system by 2030. Should you wish to discuss any aspect of this response, please do not hesitate to get in touch.

Yours sincerely,

Dora Gencheva

Senior Regulation Analyst