

NGET consultation response related to the Grimsby to Walpole (GWNC) project

Responses below cover consultation questions 3 and 6 from Ofgem’s consultation: Accelerated Strategic Transmission Investment: Material Scope Change and Early Construction Funding - EGL3, EGL4 and GWNC, published 11 September 2025.

Question 3. Do you agree with moving the EGL3 PCF allowance from the LOTI PCF condition to the ASTI PCF condition?

In its minded-to proposal, Ofgem did not set out a position on our request for the ASTI PCF mechanism to be used for the GWNC project. As a result, we are responding to the question not only in terms of the EGL3 PCF allowance, but we are also restating our request from the GWNC MSC Submission.

We provide our views below in relation to Ofgem’s minded-to proposal set out in paragraph 3.29 of its consultation, and welcome its agreement with our proposal, outlined in paragraph 3.26, that should a new ASTI Output be set for a project, it is appropriate that PCF should be provided through the ASTI PCF mechanism rather than the LOTI PCF mechanism.

To that end, we agree that the ASTI PCF mechanism should be used for the EGL3 project. We also restate our MSC request, that Ofgem should remove the LOTI PCF PCD for GWNC and establish a new ASTI PCF PCD for the GWNC project, in alignment with its proposed approach to the treatment of PCF for EGL3.

In our MSC submission of 15 November 2024 for the GWNC project we confirmed that the impact of the scope change on the project’s PCF activities and costs is proportionately greater than the cost impact of scope change on the complete project. This is because the change in scope significantly increases the development and construction required for GWNC to meet the future needs of the network¹. We also outlined our reasons for making the request to move PCF from LOTI into ASTI for consistency with the rest of the ASTI project portfolio.

This approach would also enable the portfolio PCF reopener mechanism within ASTI to be available to the GWNC project in future, should that be required.

Aligned with Ofgem’s proposal to move the PCF allowance for EGL3 from the LOTI PCF mechanism into the ASTI PCF mechanism, we restate our ask of Ofgem to:

- Remove the existing GWNC LOTI PCF PCD from Appendix 2 to Special Condition 3.15 and update Appendix 1 accordingly to reflect this removal;
- Insert a new ASTI PCF PCD for GWNC into Appendix 2 to Special Condition 3.40 and reflect the updated PCF PCD Output and delivery date for the project to 27 February 2029 for the submission of all material planning consent applications, and update Appendix 1 accordingly; and
- Update the Special Condition 3.40 ASTI PCF allowances in NGET’s ASTI Confidential Annex.

¹ Document 015: GWNC Material Scope Change Submission – section 4. Pre-Construction Funding (15 Nov 2024).

Question 6. Do you agree with our proposal to update PCF allowances to reflect updated forecast project costs?

PCF allowance for GWNC

As per our response to question 3 above, we believe it is appropriate, in alignment with its proposed approach to the treatment of PCF for EGL3, that Ofgem should remove the LOTI PCF PCD for GWNC and establish a new ASTI PCF PCD for the GWNC project.

In confirming the value for PCF under ASTI for GWNC, we requested in our MSC submission of November 2024 that an appropriate allowance be set at the value previously assessed and provided by Ofgem for GWNC under LOTI, with the addition of the bridging funding allowance provided under RIIO-T2 for the OHL circuits in the South Humber group (the SHNS project) which is now incorporated into the GWNC scope.

SHNS (substation upgrade in the south Humber area) reinforcements, first identified in the Network Options Assessment (NOA) 2019/20, was not included in the initial scope of GWNC. The inclusion of the new Grimsby West substation into GWNC along with the need for this substation to facilitate new OHL circuits in the South Humber group has led to the integration of the SHNS project with GWNC. This integration creates a better co-ordinated and holistic Grimsby to Walpole project. SHNS involved an extension of Grimsby West substation to include a new double busbar arrangement and additional bays, which was required to facilitate GWNC circuits. The substation will be included within the DCO planning application for the wider GWNC project.

Alongside the reset of the PCF allowance, a modification is needed to the PCF PCD delivery date for GWNC to align with Ofgem's recent decision² that Pre-Construction Works will mean works undertaken for the purposes of developing a LOTI, ASTI or Delivery Track project to the point where all material planning consents have been obtained and the project is ready to begin construction. We therefore seek confirmation from Ofgem that the PCF PCD delivery date and PCF allowance will be aligned in the NGET licence.

In line with the request made in our MSC submission and our response to Q3 above, we ask Ofgem to:

- Set the ASTI PCF allowance for GWNC at that requested in our November 2024 MSC submission, which is a combination of the PCF value from Appendix 2 to Special Condition 3.15 and the RIIO-T2 bridging funding provided for the SHNS project. This would be [REDACTED].
- Update the GWNC ASTI PCF allowances and resulting revised sum of ASTI PCF in Appendix 1 to Special Condition 3.40 (and reflect these in the NGET ASTI Confidential Annex) of NGET's licence.
- Insert a new GWNC ASTI PCF PCD Output as the "Submission of all material planning consent applications for GWNC" with the delivery date set at 27 February 2029 in Appendix 2 to Special Condition 3.40 of NGET's licence.

² Decision to modify the Price Control Financial Instruments and licence conditions for electricity and gas distribution and transmission (1 July 2025)