

# Decision

## RIO-2 Re-opener Applications 2025 Final Determinations – ET Annex

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This document sets out our Final Determination following our assessment of re-opener applications submitted by Electricity Transmission Owners (ETOs) in 2025. We consulted on projects submitted under the Medium Sized Investment Projects (MSIP) re-opener mechanism by National Grid Electricity Transmission plc (NGET), Scottish Hydro Electric Transmission plc (SHET) and SP Transmission plc (SPT), and one project submitted under the Large Onshore Transmission Investment (LOTI) re-opener mechanism by SHET. We consulted on our Draft Determinations between 18 July 2025 and 27 August 2025 and asked stakeholders several questions. We received four responses, with one from each ETO and one from NeuConnect. We also received one from SHET and one response from SPT regarding the project under the LOTI re-opener.

Our Final Determinations on the RIO-ET2 allowances for the MSIP re-opener projects are, NGET £150.944m, SHET £5.481m and SPT £78.240m. Our Final Determinations on the RIO-ET2 allowances for the LOTI re-opener projects are SHET £95.120m.

We will publish shortly a statutory consultation proposing relevant modifications to NGET's, SPT's and SHET's electricity transmission licences to reflect the Final Determinations (FDs).

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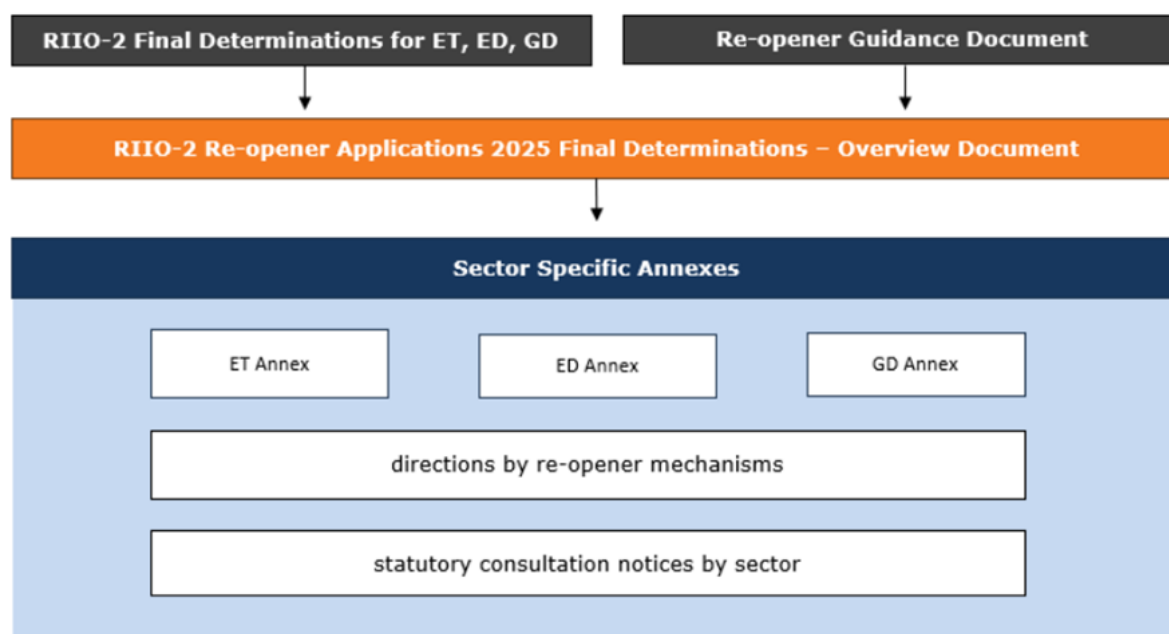
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## 1. Introduction

- 1.1 This document is one of the Annexes published alongside the RIIO-2 Re-opener Applications 2025 Final Determinations. It focuses on the re-opener mechanisms and the Final Determinations of projects submitted in the electricity transmission (ET) sector. Please refer to the RIIO-2 Re-opener Applications 2025 Final Determination – Overview Document for general information including decision making process, stages, etc.

**Figure ET1: Navigating our Final Determinations**



### Medium Sized Investment Project Re-opener

- 1.2 The Medium Sized Investment Project (MSIP) re-opener provides ETOs with an annual opportunity to request additional funding for sub £100m cost projects under the 13 activities listed in Special Condition 3.14.6 (SpC 3.14.6)<sup>1</sup> of its licence (each ETO's licence is referred to as 'the Licence' in this consultation document, unless otherwise specified), many of which may be critical for achieving Net Zero targets. It was developed to ensure that ETOs are able to undertake necessary investments in the transmission network, funding for which has not been provided in RIIO-2 price control baseline allowances.<sup>2</sup>

<sup>1</sup> The 13 MSIP activities under SpC 3.14.6 are listed in Appendix 1 for reference.

<sup>2</sup> Baseline allowance means the allowance for the Direct Expenditure for ETO in RIIO-ET2 FDs.

Large Onshore Transmission Investment (LOTI) Re-opener

- 1.3 Under the RIIO-ET2 price control we also developed a mechanism for assessing the need for, and efficient cost of, large and uncertain electricity transmission reinforcement projects for projects with a value exceeding £100m. This mechanism is called the ‘Large Onshore Transmission Investment’ (LOTI) mechanism. Once the need for and the costs of projects have become more certain, the ETOs will submit construction proposals and seek funding for them. As explained in chapter 9 of the [RIIO-2 Final proposals – Core Document \(REVISED\)](#), all projects that come forward for assessment via the LOTI re-opener mechanism during the RIIO-2 period will be considered for their suitability for delivery through one of the late competition models.

**What did we consult on?**

- 1.4 We consulted on the proposed allowances for 22 MSIPs submitted by three ETOs (NGET, SHET, SPT) in accordance with SpC 3.14 (MSIP Re-opener). In accordance with SpC 3.13 (LOTI Re-opener), we also consulted on one ETO’s (SHET) application to Ofgem to undertake a Project Assessment (PA) of one LOTI project and the main costs’ areas of the PA request as submitted by SHET into its RIIO-2 price control framework.
- 1.5 Following their submissions in January 2025, the ETOs also provided additional information to us through a combination of bilateral meetings and Supplementary Question responses.
- 1.6 We considered each proposal and the relevant justification for the funding requested in accordance with our principal objective and statutory duties. In line with the Re-opener Guidance and Application Requirement Document, our assessment covered the following three areas for each project:
- the needs case.
  - the options assessment and the justification for the proposed project.
  - the efficient costs for the proposed projects.
- 1.7 We combined this information to create our Draft Determinations on what additional allowances, if any, should be provided to each licensee to undertake the relevant project.
- 1.8 We consulted on our Draft Determinations between 18 July 2025 and 27 August 2025, including drafts of the directions or licence modification notices that would be used to implement the Draft Determination. We received four responses, one each from NGET, SPT, SHET and NeuConnect regarding the projects under the MSIP re-opener, and one from SHET and SPT regarding the project under the LOTI re-opener.

## Purpose of this document

- 1.9 This document summarises the consultation responses received from stakeholders, and an explanation of the changes made, if any, to our draft determination position since the consultation. It also sets out our Final Determinations for applications submitted under the re-opener mechanisms listed in Table ET1 below.

**Table ET1: ET re-opener mechanisms subject to this decision**

Re-opener Mechanism	Special Condition
Medium Sized Investment Project	3.14
Large Onshore Transmission Investment	3.13 & 3.15

- 1.10 Alongside this decision, we are publishing statutory consultations to amend the licences of NGET, SPT and SHET to give effect to the MSIP and LOTI projects approved in this Final Determinations.

## Related publications

- 1.11 This document is intended to be read alongside:

- [Draft Determinations on RIIO-2 Re-opener Applications 2025: Electricity Transmission, Electricity Distribution and Gas Distribution | Ofgem](#)

### MSIP applications

- [RIIO-ET2 Re-opener Guidance and Application Requirements Document \(Re-opener Guidance\)](#)
- [Special Conditions](#) (and SpC 3.14 in particular) of the Licence
- MSIP re-opener submission documents on [NGET's website](#)
- MSIP re-opener submission documents on [SHET's website](#)
- MSIP re-opener submission documents on [SPT's website](#)

### LOTI application

- [Large Onshore Transmission Investments \(LOTI\) Re-opener Guidance and Submissions Requirements Document \(LOTI Guidance\)](#)

- [Special Conditions](#) (and SpC 3.13 in particular) of the Licence
- LOTI re-opener submission document on [SHET's website](#)

## Summary of our Final Determinations

1.12 Table ET2 below summarises our Draft and Final Determinations for the ET re-openers covered in this annex. Chapters 2 - 3 discuss these in greater detail.

**Table ET2: Summary of our ET Draft and Final Determinations**

<b>Network</b>	<b>Forecast costs (£m) (1)</b>	<b>Ofgem's DD Allowances (£m) (1)</b>	<b>Ofgem's Adjustment from DD to FD (£m)</b>	<b>Ofgem's FD allowances (£m)</b>
NGET	208.468	121.078	+29.866	150.944
SHET	112.528	85.009	+15.592	100.601
SPT	79.654	74.263	+3.977	78.240

\*We refer to Draft Determinations as 'Ofgem's DD'. Projects approved also include partial approval.

(1) Where figures presented in Table ET2 differ from the equivalent figures published in our draft determinations, these are explained in the detailed tables and commentary set out in Chapters 2 - 3.

## 2. MSIP Re-opener

### Summary of our Draft and Final Determinations

- 2.1 Table ET3 below highlights summaries of our Draft and Final Determinations. Where there are differences between the equivalent figures reported in our Draft Determinations, the changes made to relevant MSIP projects are explained in footnotes to the ETO specific tables ET4-ET9.

**Table ET3: Summary of Medium Sized Investment Projects Re-opener Draft and Final Determinations (£m, 2018/19 prices)**

ETO	ETO Requested Forecast costs (1)	Ofgem's DD Allowances (2)	Ofgem's Adjustment from DD to FD	Ofgem's FD allowances
NGET	208.468	121.078	+29.866	150.944
SHET	7.912	5.659	-0.179	5.481
SPT	79.654	74.263	+3.977	78.240

(1): NGET and SPT requested forecast costs amended due to additional information provided in consultation responses.

(2): Ofgem's DD allowances reduced compared to figures published in Draft Determinations due to changes to company requested forecasts and corrections made in response to additional information provided in consultation responses.

- 2.2 Table ET4 to **Table ET9** below summarise the details for the NGET's, SHET's and SPT's MSIP Re-opener Draft and Final Determinations.

**Table ET4: Summary of NGET MSIP Re-opener Draft and Final Determinations (ET2) (£m 2018/19 prices)**

ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
NGET Central Reactive Voltage - Ironbridge	8.122	7.897	7.912
NGET Central Reactive Voltage - Willington	7.839	7.397	7.397
NGET Heysham OPS scheme for ENWL	1.323	0.703	0.922
NGET Marston Vale (Millbrook)	20.942	0.000	0.000
NGET Necton 400kV site strategy(1)	45.031	37.642	44.120



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ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
NGET Norwich 400kV site strategy	28.452	0.000	0.000
NGET OTS - East Anglia	1.606	1.726	1.726
NGET OTS - Lackenby	2.854	2.796	2.796
NGET OTS Killingholme	0.848	0.825	0.825
NGET Pathfinder - East Anglia OTS	6.800	5.158	5.158
NGET Pathfinder Yaxley	6.067	5.793	5.793
NGET Penrhos 132kV site strategy	17.034	16.221	16.221
NGET Wallend(2)	61.552	34.922	58.074
<b>Total</b>	<b>208.468</b>	<b>121.078</b>	<b>150.944</b>

(1): Total ETO forecast requested costs and FD allowances amended due to additional information provided in consultation responses. Change only applies to ET3 costs, therefore not reflected in the table above.

(2): Total ETO forecast requested costs and Ofgem's DD allowances amended compared to figures published in Draft Determinations due to additional information provided in consultation responses.

**Table ET5: Summary of NGET MSIP Re-opener Draft and Final Determinations (ET3)**  
(£m 2018/19 prices)

ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
NGET Central Reactive Voltage - Ironbridge	0.000	0.000	0.000
NGET Central Reactive Voltage - Willington	0.000	0.000	0.000
NGET Heysham OPS scheme for ENWL	0.000	0.000	0.000
NGET Marston Vale (Millbrook)	0.000	0.000	0.000

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ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
NGET Necton 400kV site strategy(1)	5.980	6.810	5.579
NGET Norwich 400kV site strategy	1.787	0.000	0.000
NGET OTS - East Anglia	0.000	0.000	0.000
NGET OTS - Lackenby	0.000	0.000	0.000
NGET OTS Killingholme	0.000	0.000	0.000
NGET Pathfinder - East Anglia OTS	2.729	2.052	2.052
NGET Pathfinder Yaxley	0.290	0.285	0.285
NGET Penrhos 132kV site strategy	56.130	53.883	53.883
NGET Wallend(2)	34.163	19.857	28.654
<b>Total</b>	<b>101.078</b>	<b>82.887</b>	<b>90.453</b>

(1): Total ETO forecast requested costs reduced and FD allowances amended due to additional information provided in consultation responses. Change only applies to ET3 costs.

(2): Total ETO forecast requested costs and Ofgem's DD allowances amended compared to figures published in Draft Determinations due to additional information provided in consultation responses.

**Table ET6: Summary of SHET Projects Re-opener Draft and Final Determinations (ET2) (£m 2018/19 prices)**

ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
SHET Constraint Management Pathfinder (B6)	0.409	0.347	0.168
SHET Lochluichart and Corriemollie	1.486	1.019	1.019
SHET North of Beaully DLR (stage 2)	1.043	0.721	0.721

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ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
SHET Tealing bypass	4.974	3.572	3.572
<b>Total</b>	<b>7.912</b>	<b>5.659</b>	<b>5.481</b>

**Table ET7: Summary of SHET MSIP Re-opener Draft and Final Determinations (ET3)  
(£m 2018/19 prices)**

ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
SHET Constraint Management Pathfinder (B6)	0.000	0.000	0.000
SHET Lochluichart and Corriemollie	0.000	0.000	0.000
SHET North of Beaully DLR (stage 2)	0.000	0.000	0.000
SHET Tealing bypass	6.169	5.077	5.077
<b>Total</b>	<b>6.169</b>	<b>5.077</b>	<b>5.077</b>

**Table ET8: Summary of SPT Projects Re-opener Draft and Final Determinations  
(ET2) (£m 2018/19 prices)**

ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
SPT Branxton 400kV Substation	51.029	48.167	49.418
SPT Extension of Sub-Synchronous Oscillation (SSO) Detection Capabilities	0.236	0.234	0.234
SPT Inch Cape Offshore Wind Farm(1)	1.968	3.701	1.932
SPT SPT-RI-1742 Cockenzie Overload Protection Scheme	0.406	0.397	0.397
SPT-RI 282 Mark Hill SGT4(2)	4.295	4.295	5.100

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ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
SPT-RI-302 Glenglass 132kV Substation	13.539	13.014	13.014
SPT-TOCO 2201 Kilmarnock South H1	8.181	4.456	8.145
<b>Total</b>	<b>79.654</b>	<b>74.263</b>	<b>78.240</b>

(1): ETO forecast requested costs reduced due to additional information provided in consultation responses.

(2): Ofgem FD allowances reflect amendments to time profile of forecast costs.

**Table ET9: Summary of SPT MSIP Re-opener Draft and Final Determinations (ET3)**  
(£m 2018/19 prices)

ETO Requested Project	ETO Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
SPT Branxton 400kV Substation	33.575	32.294	32.569
SPT Extension of Sub-Synchronous Oscillation (SSO) Detection Capabilities	0.000	0.000	0.000
SPT Inch Cape Offshore Wind Farm(1)	0.000	0.000	0.000
SPT SPT-RI-1742 Cockenzie Overload Protection Scheme	0.258	0.258	0.258
SPT-RI 282 Mark Hill SGT4(2)	4.114	4.076	3.271
SPT-RI-302 Glenglass 132kV Substation	1.608	1.580	1.580
SPT-TOCO 2201 Kilmarnock South H1	2.812	1.519	2.777
<b>Total</b>	<b>42.367</b>	<b>39.727</b>	<b>40.454</b>

(1): ETO forecast requested costs reduced due to additional information provided in consultation responses.

(2): Ofgem FD allowances reflect amendments to time profile of forecast costs.

## Summary of our Draft Determinations

2.3 In the 2025 MSIP Re-opener applications, NGET, SHET and SPT made a request for additional allowances for 13, 4 and 6 MSIP projects respectively - as listed in Tables ET4 to ET6 above. We assessed these MSIP projects, and in our Draft Determinations:

- proposed to reject NGET's Norwich project from MSIP due to ineligibility,
- proposed to accept the needs cases for all eligible MSIP projects as we considered the needs case for each of the projects to be valid,
- agreed that appropriate optioneering had been considered to address the needs cases, with the exceptions of NGET's Wallend and Marston Vale projects, and SPT's Kilmarnock project,
- proposed adjustments to project allowances by removing Closely Associated Indirect (CAI) costs as these should be funded by the Opex Escalator mechanism, setting risk allowance at the average rate of 7.5%, and other minor adjustments.

## Responses to our Draft Determinations

2.4 We received four responses, one from each of the three ETOs (NGET, SHET and SPT) and one from NeuConnect, the first connection customer for NGET's Wallend project.

2.5 We received both confidential and non-confidential responses from some parties and have published only the non-confidential ones. The following paragraphs summarise the responses related to eligibility, needs cases, optioneering, and cost assessment.

### Eligibility

2.6 In our consultation, we deemed all projects to be eligible for MSIP funding, apart from NGET's Norwich project. Our assessment on Norwich was because NGET's total forecast project cost exceeded the eligibility threshold, specified in SpC 3.14.6(a), in large part due to the risk allocation in NGET's forecasts. In our view the risk allocation was significantly higher than we would expect, and revising it to a more reasonable level reduced the estimated project cost to a value well below the threshold value. NGET disagreed with our eligibility assessment of the Norwich project. NGET argued that the use of the phrase "forecast costs" in SpC 3.14.6 can only be a comparison of the values submitted by the ETO against the thresholds defined in SpC 3.14.6. NGET also argued that the complex circumstances of the Norwich project warrants a risk allowance greater than 7.5% of direct costs, and therefore the high risk allocation in its costs is justified.

- 2.7 SHET disagreed with the eligibility assessment of the Norwich project. SHET argued that applying a uniform risk allowance doesn't take into consideration the specific characteristics of atypical projects, and a detailed assessment would produce a more informed determination of the efficient costs for the Norwich Project.
- 2.8 SPT commented that Ofgem should ensure the consistent assessment of eligibility criteria for Uncertainty Mechanisms.

Needs Cases and Optioneering

- 2.9 NGET, SHET and SPT agreed with our assessment of the needs cases on their respective MSIPs.
- 2.10 NGET agreed with our assessment of the optioneering on its MSIPs applications except for:
- Marston Vale project: NGET believed the concerns regarding future-proofing the substation development for expected demand growth should not be taken into account as the optioneering for Marston Vale was undertaken in 2018.
  - Wallend project: NGET disagreed that an indoor or outdoor AIS substation would be a viable option for the Wallend site. It also disagreed with the concerns we raised on potentially inflated costs and on the short lifespan assumptions for the AIS Options that it made in its supplemental CBA. NGET cited coastal pollution, timeliness, additional land requirements, complex topography and consenting risks as constraints that would make constructing an AIS substation on a larger footprint more challenging than pursuing a GIS solution.
- 2.11 SPT agreed with our assessment of the optioneering on its MSIPs applications, with the exception of:
- the Kilmarnock project: SPT disagreed with our assessment of Kilmarnock underground cable length, choice of routes and the interpretation of the CUSC definition of 'Connection Assets'. SPT also provided additional explanation of its optioneering for the Kilmarnock project including its statutory duties, extensive stakeholder engagement, proposed cable route and the availability of alternative cable routes.

SPT also commented on:

- NGET's Wallend project: SPT raised concerns about Ofgem's assessment of NGET's Wallend substation design, specifically on the relative merits of AIS and GIS substation designs, arguing that our assessment does not adequately consider the competing obligations of ETOs.

2.12 SHET agreed with our assessment of the optioneering on its respective MSIPs, but provided comments on:

- SPT's Kilmarnock project: SHET raised concerns about underground cable (UGC) disallowance and pointed to asset configuration (alongside cable length) affecting the classification of connection assets;
- NGET's Marston Vale project: SHET argued that delivery constraints should be balanced against consumer interests; and
- NGET's Wallend project: SHET argued that a more holistic assessment of site-specific constraints would result in a favourable assessment of the GIS configuration.

2.13 NeuConnect is the first customer expected to connect to NGET's Wallend substation. Its response relates only to this project:

- It agreed to the needs case for investment in Wallend substation.
- It expressed its concerns regarding the 22-month late delivery date of 21 November 2027 proposed in the draft licence modification. NeuConnect highlighted the key benefits of the timely delivery of NeuConnect project to consumers and proposed an earlier PCD delivery date for the Wallend project.

#### Cost Assessment

2.14 NGET's key responses are summarised in the below points.

- Marston Vale: NGET disagreed with our proposal that the project should be funded through the Generation Connection volume driver. In NGET's view the level of disallowance implied by the difference between Generation Connections volume driver funding and the MSIP application is disproportionate and risks ETOs slowing down delivery of projects throughout the remainder of ET2 and into ET3 by choosing to not spend before receiving approval of allowances from Ofgem.
- Wallend: NGET disagreed with our outdoor AIS assessment and multiple aspects of the alternative AIS costs that underpin the allowances we proposed in DDs. NGET submitted an alternative assessment and estimated costs for an indoor AIS, which are higher than its preferred GIS solution. NGET did not provide any revised outdoor AIS cost estimates, because it considers this solution to be non-feasible as an outdoor AIS is not suitable for the specific coastal operating environment.

- Heysham OPS: NGET disagreed with the disallowance of Compensation Event costs based on approximate estimates and provided further supporting information in their consultation response that was not submitted prior to the DD publication.
- Necton: NGET identified further errors in its cost model for this project and reclassified costs previously classified as contractor risk to specific work packages (e.g. access road) and contract inflation, reducing its overall funding request from £55.431m to £51.011m.
- Closely Associated Indirects (CAI): NGET disagreed with our proposal to adjust its allowances by removing defined CAI activities from the direct costs. NGET disagreed with our CAI adjustments on the basis of a different interpretation of the Regulatory Instructions and Guidance (RIGs)<sup>3</sup>, relating to reclassification of costs for surveys, site establishment, Biodiversity Net Gain (BNG), Front-End Engineering Design (FEED) and land transactions.
- Risk and contingency allowance: NGET disagreed with our treatment of contractors' risk and contingency as part of its risk and contingency. It also disagrees with the risk allocation we applied to all projects because it considered that the value of risk that is being used by Ofgem (i.e. the 7.5%) has been incorrectly derived and does not represent the average of comparable projects.

2.15 SHET's key responses are summarised in the below points.

- CAI: SHET disagreed with our reclassification of costs from direct to indirect and the application of the OE to MSIPs. SHET commented that some costs that were considered 'direct' when the OE was set, are now considered 'indirect' when funding decisions are made. This resulted in those costs being disallowed for projects funded through re-opener mechanisms. SHET did not support the OE mechanism in its current form, as it consistently results in under recovery of indirect costs and in its view is not suitable for certain projects that require substantial upfront investment in design, policy and engineering (eg the Dynamic Line Rating (DLR) project).
- Risk and contingency allowance: disagreed with the blanket application of a 7.5% risk and contingency allowance, arguing that it does not reflect the risk profile, unique characteristics and delivery complexity of specific projects.

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<sup>3</sup> [2024-25-RIGs-V1.9-RIIO-T2-ETclean-Published.pdf](#)



2.16 SPT's key responses are summarised in the below points.

- Kilmarnock: SPT disagreed with the adjustment of funding by excluding the costs associated to Kilmarnock UGC as the proposed cable routing reflects the specific circumstances of the project, independent of the classification of the infrastructure in the Connection and Use of System Code (CUSC). SPT also argue that disallowing costs relating to the UGC would require them to review cable routing design on other projects in response.
- CAI: SPT disagreed with Branxton 400kV substation reclassification of some costs from direct to indirect, specifically calling out the inclusion of land purchase costs in the NGET Wallend adjusted costs. SPT also maintained its position regarding OE application, as stated previously in the response to the [statutory consultation](#) to give effect to the 2023 SPT MSIPs.
- Risk and contingency allowance: SPT disagreed with our use of risk and claims that the use of an average value cap on risk provision is arbitrary, non-project specific and fails to consider the evidence presented on each project. SPT believed that this approach does not reflect the RIIO-ET2 framework and FDs, and thus undermines the certainty provided in the price control framework.
- Price Control Deliverables: SPT has also proposed changes to the draft licence modifications for projects completing beyond the end of ET2 and the timing of the allowances for Mark Hill SGT4.
- Community benefits: SPT supported the decision to remove the community funding costs for projects commencing construction after March 2025 and will treat separately via a pass-through mechanism in RIIO-3. SPT requested clarity on the community funding for Kilmarnock and Glenglass projects, with construction due to commence ahead of March 2025.
- Opex Escalator (OE): SPT maintained the view that Ofgem's proposed application of the OE represents an error and would result in underfunding across the portfolio of MSIPs.
- Inch Cape Platform 1 project: SPT has submitted updated detail on this project and requested to remove this project from MSIP mechanism because of the updated project cost. SPT will seek funding through the Generation Connections volume driver mechanism instead.

## Our Final Determinations

### Eligibility

- 2.17 We have reviewed the additional information relating to the Norwich project provided by NGET, SHET and SPT in their consultation responses, particularly regarding the sequencing of assessment and risk allowance. We believe that our initial assessment of eligibility was correct and that NGET's Norwich submission does not qualify for MSIP as NGET's estimated costs should not have exceeded the thresholds value set out in SpC 3.14.6(a). We maintain our view that NGET's risk estimate on the project was excessive. Had NGET included a risk allowance closer to the proportion of risk in their other MSIP submissions, the project would not have met the eligibility criteria, therefore it is appropriate for us to determine this project ineligible. It is appropriate for us to determine this project ineligible under the MSIP mechanism, as failure to do so would potentially set a precedent and make the MSIP and volume driver mechanisms susceptible to being used contrary to their intended purpose. This is because ETOs would be incentivised to inflate their project cost estimates on projects where they expect a bespoke project assessment, as on MSIP, to result in a higher allowance than through the volume driver. The correct functioning of the mechanisms relies on ETOs appropriately and accurately estimating the cost of all projects at all stages.
- 2.18 In response to SPT's comment that Ofgem should ensure the consistent assessment of eligibility criteria for Uncertainty Mechanisms: our assessment has been consistent. However, in the past we have not seen instances of excessive risk estimates that would change the eligibility assessment. There therefore has not been any need to comment on it in previous publications.
- 2.19 We therefore maintain our position set out in DDs and reject NGET's Norwich project due to ineligibility.

### Needs Cases and Optioneering

- 2.20 Except for NGET's Marston Vale and Wallend projects and SPT's Kilmarnock project, where we discuss our response to evidence presented to dispute our Draft Determinations position in subsequent paragraphs, our decision is to approve the needs case and optioneering for the MSIP projects considered in our Final Determinations.

### NGET's Marston Vale project

- 2.21 We have reviewed the additional information provided by NGET relating to the optioneering of the Marston Vale project, in particular relating to the project timeline and the changes in projected future connection demand in the region.

- 2.22 We believe that all substations should be designed with flexibility to accommodate potential future expansion wherever feasible. We do not accept NGET's argument that it chose the correct option at the time the decision was made in 2018. Even in 2018, and certainly before the design was finalised, the likely future need to expand the substation to accommodate future demand growth was foreseeable. NGET should have therefore chosen an option that future-proofed the substation to meet anticipated demand growth.
- 2.23 We consider the lack of expansion capability in NGET's chosen design to be contrary to long-term consumer interests. Therefore, we are maintaining our position set out in the DDs and reject both the optioneering of NGET's Marston Vale project and the MSIP funding application. Should NGET choose to proceed with the proposals, they may seek funding through the Generation Connections volume driver mechanism. If NGET has additional information beyond what was included in its consultation responses to support its arguments for bespoke assessment and funding, it may resubmit the project through an appropriate uncertainty mechanism in the RIIO-ET3 price control period for our consideration.

NGET's Wallend project

- 2.24 We have reviewed the additional information provided by NGET on its optioneering for the Wallend project. This additional information focuses on the operating conditions related to coastal pollution that influenced NGET's decision to choose GIS over AIS at Wallend, the potential project delays if NGET were to now switch to delivering an AIS, and the revised AIS cost estimate reflecting adjusted volumes and unit rates in comparison to our proposed DD estimate.
- 2.25 While GIS generally mitigates pollution risks, this relies on the substation building being properly maintained. Previous site visits at other substations in coastal locations have revealed corrosion on indoor GIS assets. In support of its arguments in favour of a GIS design at Wallend, NGET contends that Grain substation is not a valid example of a comparable AIS substation in a coastal area due to the extensive maintenance works undertaken there. However, our view is that a comparable level of maintenance will also be necessary for GIS substations to prevent asset deterioration.
- 2.26 We acknowledge that switching now to an AIS solution would likely delay project delivery. However, given that project planning began in 2016, had appropriate consideration been given to the AIS option at that time, then an AIS solution could have been delivered within the timeframes currently proposed for NGET's preferred GIS option.
- 2.27 In response to further information provided by NGET and NeuConnect regarding the delivery timeframes for Wallend, we plan to amend the delivery date for the

PCD of this project to 13 May 2027 in our statutory consultation on licence modifications related to these re-openers.

- 2.28 We have considered the additional information provided by NGET and have revised our estimates of the efficient cost of both AIS and GIS options at Wallend.

**Our updated AIS cost assessment**

- 2.29 We have reviewed the revised cost estimate submitted by NGET for an indoor AIS design, which is significantly higher than our DDs estimate for an outdoor AIS design of £54.778m (£34.921m in ET2). The difference is primarily due to:
- updated volumes of busbar length, disconnectors and through wall bushings
  - updated civil costs related to site activities including buildings, CB installation, physical site security, site access, substation platform, & temporary works.
- 2.30 Our DD allowances made use of available comparable data to estimate the equivalent costs for an outdoor AIS, as nearby substations using this design (Grain 400kV) have demonstrated an extended useful life beyond the equivalent expected lifespan of a GIS substation. A lack of available comparable data for additional components for an indoor AIS (e.g. through-wall bushings) limited our ability to reliably estimate the costs of this type of substation design. Site visits at other substations revealing corrosion on indoor GIS assets due to coastal pollution support the argument for an indoor substation design. However, adequate maintenance is required for any type of substation design to mitigate the effects from its surroundings; this observation does not rule out the feasibility of outdoor AIS substations in coastal areas.
- 2.31 While the updated volumes appear reasonable, the total civil works costs now account for over 62% of the total project cost. This proportion seems disproportionately high compared to industry benchmarks, where civil works typically represent 35–60% of substation construction costs. We acknowledge that Wallend faces site challenges, including potential flood mitigation measures, watercourse rerouting, and the possible need for a piled retaining wall. However, we do not expect civil costs to be at the upper end of the benchmark, as Wallend does not face other site challenges that would be characteristic of a particularly difficult location such as steep slopes or hilly terrain.
- 2.32 Assuming an efficient cost range between the average and upper quartile of the benchmark gives us an estimated efficient project cost for an AIS substation at Wallend of £77m to £89m.

### **Our updated GIS cost assessment**

- 2.33 We conducted a detailed assessment of NGET's GIS cost model and adjusted the funding by removing certain indirect costs, adjustments for inflation and reducing the risk allocation to the ET2 re-opener benchmark of 7.5%, consistent with our approach to other MSIPs. Our final assessment of the efficient cost of a GIS solution is £86.728m.

### **Final project allowances**

- 2.34 We continue to believe that the AIS option is likely to be the most cost-effective long-term solution due to the expected longer asset life and lower maintenance costs of an AIS, and in particular because of the likely future need to expand the substation. However, our revised efficient estimate for GIS at Wallend (£86.728m) is now within our estimated efficient range of an AIS at the site (£77m to £89m). We have therefore decided to increase the allowance for this project to our assessment of the efficient GIS option £86.728 (£58.074m in ET2), which will mean that NGET is efficiently funded to enable it to choose either an indoor AIS or a GIS solution.

#### NGET's Heysham OPS

- 2.35 We have reviewed the additional cost information provided and agreed that it is appropriate to include it in the project funding as part of the FDs. As a result, we have increased the allowance by £0.220m to £0.922m in the FDs.

#### NGET's Necton

- 2.36 We have reviewed the corrected cost model and updated our assessment of the efficient cost of the project. As a result, we have adjusted upward the funding by £5.248m (£6.478m in ET2)<sup>4</sup> to £49.700m in the FDs.

#### SPT's Kilmarnock

- 2.37 Having considered the responses given by SPT and SHET regarding the optioneering of the Kilmarnock project and the asset classification, we agree that SPT has considered all feasible options and selected the most suitable option for this project. Accordingly, in the FDs, we have reversed the previous exclusion of the associate cable costs and included it in the allowance of this project. As a result, we have increased the allowance by £4.947m (£3.689m in ET2) to £10.922m (£8.145m in ET2) in the FDs.

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<sup>4</sup> The increase in ET2 funding in FDs exceeding the total change in funding for the project is due to the reduction of NGET's requested costs falling entirely outside of ET2, whereas the profile of our adjustment spans both ET2 and ET3, given the change in composition of costs submitted.

SPT's Inch Cape Platform 1

- 2.38 We have reviewed the updated cost information for the project and reviewed SPT's proposal that the first connection agreement ("Connection 1") no longer meets the eligibility criteria for application under the MSIP mechanism, due to increased costs. Instead, Connection 1 should be funded through the Generation Connections volume driver mechanism. We agreed to SPT's proposal to remove Connection 1 for this project from the FDs. The updated costs submitted by SPT associated with the second connection agreement ("Connection 2") continue to meet the atypical Generation Connections MSIP eligibility criteria specified in SpC3.14.6(a). Overall, the allowance has decreased by £1.769m to £1.932m as a result of these changes.

Closely Associated Indirects

- 2.39 We reviewed the further information provided by NGET and SPT against the [Regulatory Instructions and Guidance](#) (RIGs) definitions and agree that the land acquisition cost provided in various projects should be classified as direct costs. We maintain our view that wayleave payments and the associated administration costs are indirect costs, as stipulated in RIGs<sup>5</sup>. As a result, we have made the adjustments for land acquisition cost in our FDs for NGET's Ironbridge project and SPT's Branxton project.
- 2.40 Apart from the land acquisition cost mentioned above, we maintain our view that other cost categories are correctly classified as indirect costs.
- 2.41 We confirm our proposed adjustments to project cost in the DD by taking out Closely Associated Indirect (CAI) costs as these should be funded by the OE mechanism.

Application of Opex Escalator

- 2.42 SHET's and SPT's responses on the OE is consistent with comments it has made previously. We have fully covered our rationale on the application of OE in our [previous decision documents](#) and in our [Initial Policy Consultation on Proposed OE Review Mechanism](#).

Risk and Contingency Allocations

- 2.43 We maintain our view that the risk allocation should be considered for the whole project, irrespective of which party is carrying out the project. Hence, we confirm our DD proposal to aggregate the total risk allocation for both contractors and ETO.

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<sup>5</sup> Under Table 4.3: Closely Associated Indirects (CAI) of [RIGs](#).

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- 2.44 We maintain our view that aligning the level of risk and contingency allowance in re-opener applications, i.e. at 7.5% as set out in the Draft Determinations, with that provided in the RIIO-ET2 FDs is appropriate for all RIIO-ET2 re-openers.
- 2.45 We are reviewing the suitable approach in risk and contingency allowance for projects in the future RIIO-ET3. We are working with the ETOs to finalise the approach to provide risk and contingency within projects through working group workshops and will take ETOs' representations into account in finalising the approach.

### Price Control Deliverables

- 2.46 For the projects delivered after the end of ET2 (i.e. after 31 Mar 2026), SPT proposes to specify the PCD output as "Progression of (the deliverable)" and set the PCD delivery date as 31 Mar 2026 to facilitate the closeout of ET2.
- 2.47 As the funding has been assessed and funding provided based on our assessment of the submitted whole life costs, it is preferable from a reporting and a closeout perspective to recognise it as a stand-alone PCD project that will cross between price control periods (and have an annual profile of funding across two price control periods). At closeout, the assessment will be whether it has been delivered to specification and on time. If not, there will be downward adjustments made to the funding provision, potentially to clawback the entirety of the funding in the event it is not delivered to the specifications required. There is no need to closeout out the "T2 portion" separately from the "T3 portion". We therefore do not agree to SPT's proposal, and we will set the date of a PCD beyond the end of the current price control period (i.e. a date within the ET3 period). The project will then be considered as part of the T3 closeout.
- 2.48 We have also clarified and corrected the timing of the allowances for SPT's Mark Hill SGT4 project.

### Community benefits

- 2.49 We proposed in ET3 to provide ETOs with funding to enact the government's [community benefit funding policy](#), which was published in March 2025. It will only impact on projects that started construction after the date it was introduced.
- 2.50 We maintain our view that no community funding will be provided under MSIP mechanism as only direct cost will be funded through MSIP.

### 3. SHET Gremista GSP Project under LOTI Re-opener

#### Overview of the Gremista GSP Project

- 3.1 We provisionally approved the need for the Gremista GSP project in [our Decision on SHET's 2022 MSIP submission](#) through the MSIP mechanism, agreeing with SHET's proposal to replace the aging Lerwick Power Station as the best solution for Shetland's energy needs. At the time of its MSIP submission, SHET was forecasting total costs of £83m to deliver the Gremista GSP project.
- 3.2 Following MSIP provisional needs case approval, SHET revised its project cost forecasts to £105.081m, exceeding the £100m threshold for eligibility under the MSIP mechanism. Due to the differing treatment of indirect costs between MSIP and LOTI mechanisms, the Gremista GSP project was eligible for consideration under both, and in June 2024, SHET requested that it to be moved to LOTI. We agreed to SHET's request on the basis that the overall funding outcome would be the same regardless of any procedural differences between the two mechanisms.
- 3.3 During our engagement with SHET, we informed it that should it choose to resubmit the application as a LOTI then the overall funding outcome would be the same as if it had remained within MSIP. We have applied the principle that SHET should not financially benefit from its decision to move the Gremista GSP project from the MSIP mechanism to LOTI to the relevant areas of our assessment.

#### Summary of our Draft and Final Determinations

- 3.4 SHET has requested additional funding of £105.081m (including the pre-construction costs of £2.705m) for its proposed Gremista GSP project. SHET's proposal is that enabled by the new Transmission HVDC link, the Gremista GSP project will provide Shetland consumers with a connection to the transmission system. This will allow the local electricity demand to be met primarily from renewable generation and will allow Shetland to import from mainland Great Britain grid via the HVDC link, providing security of supply to Shetland.
- 3.5 The Gremista GSP project will allow Lerwick Power Station to transition to standby mode (avoiding significant additional investment that would be needed to maintain the existing Lerwick Power Station by procuring a new enduring solution).
- 3.6 We proposed in our DD to allow £79.350m of costs for the overall delivery of Gremista GSP. This includes £67.069m on construction and procurement costs, £7.250m on indirect costs and £5.030m on risk. We also proposed a COAE threshold at 10% (£10.508m).



3.7 In total, we have decided to approve additional direct construction allowances of £78.506m (£11.437m more than we proposed in our July 2025 consultation).

3.8 The table below summarises the cost forecasts submitted by SHET and the cost allowances we have determined for the project.

**Table ET10: Summary of SHET’s Gremista GSP Total Project Costs and Draft and Final Determinations (£m 2018/19 prices)**

Cost Categories	Submitted cost	Ofgem’s DD Allowances	Ofgem’s Adjustment from DD to FD	Ofgem’s FD Allowances
Pre-construction Costs	2.240	-	+2.240	2.240
Direct Costs	78.506	67.069	+11.437	78.506
Risk and Contingency	7.037	5.030	+0.858	5.888
Indirect Costs	16.832	7.250	+1.236	8.486
<b>RIIO-ET2 Total</b>	<b>104.615</b>	<b>79.350</b>	<b>+15.770</b>	<b>95.120</b>
RIIO-ET1 Costs	0.465	-	-	-
<b>Project Total</b>	<b>105.081</b>	<b>79.350</b>	<b>+15.770</b>	<b>95.120</b>
COAE	2%	+10%	-	10%

3.9 In the following sections, we provide further detail of these allowances and the adjustments we have made to cost allowances we proposed in our July 2025 [Draft Determinations on RIIO-2 Re-opener Applications 2025](#).

## Summary of our Draft Determinations

### Proposed cost allowance

This section covers our DDs position on the PA submission for the Gremista GSP project.

3.10 SHET submitted its initial costs for delivering the project to Ofgem in November 2024, amounting to £105.081m (2018/19 prices). The figure covers costs of various activities, but for the purpose of our DDs assessment, we re-classified SHET’s submitted costs into the following categories:

- £2.705m pre-construction costs (including £0.465m incurred in RIIO-ET1);

- £78.506m direct costs;
- £7.037m risk allowance; and
- £16.832m indirect costs.

3.11 In our DDs we:

- Proposed to disallow all pre-construction costs as costs incurred prior to the start of RIIO-ET2 are out of scope, and assessed that other activities included were all CAI activities;
- Proposed to award £67.069m for direct construction costs, in our assessment we removed costs for e.g. overhead and fees, and classified certain activities as indirect activities;
- Proposed to apply the same level of risk and contingency as applied to MSIP projects, that is 7.5% of £67.069m direct allowances;
- Proposed to apply the OE rate of 10.81% of direct allowances to ensure that the same funding outcome as would have been the case had the project remained within the MSIP mechanism; and
- Proposed a COAE threshold of 10% to align with other LOTI projects (e.g. [SSEN Transmission's Shetland HVDC link project](#)).

## **Responses to our Draft Determinations**

This section provides an overview of the responses that we received to our consultation. We received one response from SHET and one mention of Gremista GSP project from SP Energy Networks (SPEN) in its response letter to our Draft Determinations.

### **Assessment Not Following the LOTI Process**

- 3.12 In its consultation response, SHET disagreed with our DDs to set allowances at the level they would have been had the project remained within MSIP. SHET's view was that as the project has been resubmitted under LOTI that it should be assessed the same as other LOTI projects, proposing that this approach departs from established process, risks incomplete cost assessment, and undermines regulatory confidence, particularly given the project's advanced delivery stage and the substantial investment already made.
- 3.13 SHET disagreed that it would financially benefit from the decision to move the Gremista GSP project to the LOTI mechanism, stating that the transition was driven by cost escalation beyond the £100m threshold and was made transparently and in collaboration with Ofgem.

- 3.14 It proposed that Ofgem reassess the risk and contingency allowance using a tailored, project-specific approach consistent with LOTI methodology and regulatory precedent. It also opposed the COAE threshold, noting its inconsistent application of MSIP and LOTI mechanisms.
- 3.15 SPEN also responded that our DDs proposed application of the Opex Escalator, diminishes its confidence in Ofgem’s regulatory practice.

### **Gremista GSP Cost Assessment**

- 3.16 SHET disagreed with Ofgem’s disallowance of certain Direct Costs, and with the reclassification of enabling works and supplier fees as Indirect Costs, proposing that these are associated with direct network construction activities.
- 3.17 It also disagreed with the DDs proposed disallowance of pre-construction costs, noting that Ofgem’s Direction permitted a funding request under Special Condition 3.15.7.
- 3.18 SHET disagreed with the application of single “most efficient” cost figures for the main work packages, proposing that this approach fails to reflect the differing scope, complexity, and risk profiles across the three construction packages and that the costs should be assessed in line with the delivery requirements of each package.
- 3.19 SHET agreed with proposed DDs position not to apply the PCD mechanism and supported the re-profiling of allowances in the event of delay, noting minimal consumer detriment if delivery extends beyond March 2026.

## **Our Final Determinations**

- 3.20 Our decision in the Final Determinations is to approve additional allowances of £95.120m for the Gremista GSP project. These allowances reflect our assessment of the economic and efficient costs of delivering the project. This section explains the rationale for our Final Determinations and how we have considered stakeholders’ responses and additional information received from SHET in its responses to supplementary questions and in bilateral meetings.
- 3.21 The RIIO-ET2 framework is designed to allow us to apply mechanisms according to an individual project’s characteristics. The cost evolution of Gremista GSP led SHET to request the project be assessed under the LOTI framework. However, the LOTI framework is designed for large projects and, following our assessment, we found Gremista GSP to fall within the scope of the MSIP reopener.

- 3.22 The approach that we proposed in DDs, and have applied for FDs, is consistent with licence conditions and re-opener guidance which underpin the regulatory framework, and follows the principles and practices established by previous decisions. This approach is proportionate and prevents unnecessary complexity in assessing a project that, while significant in scale, is similar in size and characteristics to a typical MSIP project, which it was initially intended to be.
- 3.23 Applying MSIP principles for certain cost categories does not constitute a departure from the regulatory framework, and it is a necessary step in order to maintain its integrity. This, in turn, protects the interests of consumers by ensuring that licensees are not incentivised to choose a mechanism on the basis of it being expected to deliver the largest financial return.
- 3.24 With our approach we ensure scrutiny where it is needed, whilst avoiding unnecessary complexity for a project nearing completion, allowing us to maintain regulatory confidence through efficient funding and timely delivery.

### **Pre-construction costs**

- 3.25 We reviewed the latest Regulatory Instructions and Guidance (RIGs) and concluded that certain pre-construction costs (such as engineering, various assessments and surveys) are directly attributable to the assets and therefore eligible for recovery. Accordingly, we have decided to allow a total amount of £2.240m for pre-construction costs.
- 3.26 We maintain our position to disallow the element of pre-construction costs incurred in RIIO-ET1.

### **Direct costs**

- 3.27 In our DDs we proposed allowances of £67.069m for direct construction costs. Following further engagement, SHET was able to provide additional justification clarifying the breakdown of these costs and through additional submitted evidence, were able to demonstrate how the cost figures for welfare and accommodation, supervision and administration range significantly among the three work packages due to differences in asset groups and contract awards, making uniform benchmarking inappropriate.
- 3.28 Each work package varies in terms of personnel requirements, kilometres of access tracks and number of site locations. Notably, work package C (OHL) was identified as the most resource demanding. Therefore, these differences contribute to the variation in welfare and accommodation costs, which are linked to distinct risk profiles and management needs.
- 3.29 During the consultation period, SHET acknowledged that the categorisation and descriptions of cost items related to preparation and enabling works, created ambiguity that led to their misclassification as indirect costs. It demonstrated

how these costs cover activities that involve direct physical interaction with the transmission network infrastructure assets, justifying their inclusion in the direct costs group.

- 3.30 Following our consideration of the SHET's response and the additional evidence provided by the licensee, we have revised our FDs position to allow £78.506m in overall direct construction costs.

### **Risk and contingency**

- 3.31 In our DDs we proposed that aligning the level of risk and contingency allowance in re-opener applications, i.e. at 7.5% as set out in the DDs, with that provided in the RIIO-ET2 FDs, is appropriate for all RIIO-ET2 re-openers.
- 3.32 SHET disagreed with our proposal. However, we maintain our position regarding the appropriate approach for aligning the level of risk for Gremista GSP. Accordingly, we have decided to increase the total allowance to £5.888m, reflecting the overall rise in capital cost allowances.

### **Indirect costs**

- 3.33 Our objective is to ensure the same funding outcome as would have been the case had the project had remained under the MSIP mechanism. Under MSIP, indirect costs are not directly awarded; instead, the Opex Escalator (OE) automatically provides additional indirect allowances at a fixed percentage of direct allowances.
- 3.34 The purpose of the OE is to ensure that ETOs are appropriately funded for their CAI activities across the price control. The mechanism ensures CAI allowances for additional projects are aligned with baseline CAI allowances, maintaining fairness and consistency across RIIO-ET2 and facilitates timely funding for projects under uncertainty mechanisms.
- 3.35 Therefore, we have decided to award indirect allowances of £8.486m (£1.236m increase from our DD allowances).

### **Cost and Output Adjusting Events**

- 3.36 We maintain our view that £10.508m represents a single risk of significant magnitude. This approach protects the interests of consumers while providing SHET with assurance that low probability, high value risks will be funded. It is consistent with the 10% COAE threshold we set on other LOTI projects (e.g. [SSEN Transmission's Shetland HVDC link project](#)) following project assessment.

**Large Project Delivery (LPD) mechanisms**

- 3.37 We introduced the LPD framework through our RIIO-2 Final Determinations to incentivise timely delivery and minimise the detriment to consumers of late project delivery. As part of this framework, mechanisms such as Re-profiling allowances are included. In our DDs, we proposed to use it for the Gremista GSP project, to eliminate any financial benefit to SHET from delayed project delivery.
- 3.38 SHET in its response, agreed with our proposal, acknowledging that a delay beyond the proposed delivery date (31 March 2026) would result in minimal to no detriment to consumers. While the project is approaching completion, Re-profiling allows us to reflect the actual delivery timeline and ensure that allowances are aligned with the timing of incurred costs.

**Our decision**

- 3.39 In summary, we have decided to allow £95.120m in costs for the overall delivery of Gremista GSP project. This includes £78.506m for construction and procurement costs, £8.486m for indirect costs and £5.888m for risk and £2.240m for pre-construction costs.
- 3.40 The total cost reductions amount to £9.961m and the rationale for these adjustments detailed in the previous sections.
- 3.41 Furthermore, we maintain our DD positions and confirm the application of a 10% threshold for a COAE.

## 4. Conclusions and next steps

- 4.1 We have considered all consultation responses and concluded our assessment of the 2025 MSIPs and the Gremista project under LOTI re-opener with our Final Determinations.
- 4.2 To give effect to our decision on the 2025 MSIPs, we will publish shortly a statutory consultation proposing relevant modifications to NGET's, SHET's and SPT's electricity transmission licences in accordance with section 11A of the Electricity Act 1989.
- 4.3 To give effect to our decision on the Gremista project, we will also publish shortly the consultations on our proposed modifications to SHET's licences:
  - A statutory consultation proposing relevant modifications to SHET's electricity licence as required by Special Conditions 3.13.
  - A decision on how the allowances will be implemented into the Licensees' licence via a direction, as required by Special Conditions 3.15.

## Appendices

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## Appendix 1 List of Activities under MSIP re-opener

The activities listed under MSIP re-opener in SpC 3.14.6 are:

- (a) a Generation Connection project, including all infrastructure related to that project, the forecast costs of which are at least £4.24m more or less than the level that could be provided for under Special Condition 3.11 (Generation Connections volume driver);
- (b) a Demand Connection project, including all infrastructure related to that project, the forecast costs of which are at least £4.24m more or less than the level that could be provided for under Special Condition 3.12 (Demand Connection volume driver);
- (c) a Boundary Reinforcement Project that has received a NOA Proceed Signal in the most recent NOA;
- (d) a Flooding Defence Project, the purpose of which is to follow:
  - i. updates to the Energy Networks Association’s report titled ‘Engineering Technical Report (ETR138)’ guidance on flooding; or
  - ii. a request from government, or a body which has responsibility for flood prevention, to protect sites from flooding;
- (e) an Electricity System Restoration Project following the establishment of an Electricity System Restoration Standard;
- (f) a system operability or constraint management project that has been requested by the System Operator;
- (g) projects that are needed in order to meet NETS SQSS requirements regarding security, or system operability;
- (h) Harmonic Filtering projects that are needed following:
  - i. requests from the licensee’s customers to aggregate and deliver Harmonic Filtering requirements; or
  - ii. system studies by the System Operator or the licensee showing a need for additional Harmonic Filtering on the National Electricity Transmission System;
- (i) protection projects that are needed following:

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- i. system studies by the System Operator or the licensee showing a need for changes to the protection settings or replacement of protection relay with inadequate range;
  - ii. system studies by the System Operator or the licensee showing a need for dynamic line ratings; or
  - iii. system studies by the System Operator or the licensee showing a need for an operational intertrip;
- (j) data transformation and improvement projects, to implement recommendations regarding specific outputs required to meet principles developed by industry data working groups;
- (k) SF6 asset interventions, where the licensee can demonstrate a well-justified SF6 Intervention Plan;
- (l) a project identified by NGESO as required to be delivered by 2030; and
- (m) a project required to enable delivery of an ASTI project.