

Guidance

RIO-ET3 Independent Technical Adviser (ITA) Guidance Document

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The Independent Technical Adviser (ITA) is responsible for providing assurance to Ofgem on design decisions, procurement processes, cost, and overall project delivery of selected load projects across all Transmission Owners (TOs).

This document provides further guidance on Ofgem's appointment process for the ITA and how project eligibility will be determined.

It is the responsibility of each licensee to understand the provisions of this ITA Guidance Document and how those provisions apply to it.

This document is version 1 of the ITA Guidance Document referred to under Special Condition 6.2 of the Electricity Transmission licence. It will take effect from 1st April 2026.

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1. Introduction

Background

- 1.1 Ofgem¹ is the Office of Gas and Electricity Markets which regulates the electricity and gas industries in Great Britain. The Authority's principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems.
- 1.2 The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases in the security of the supply of gas and electricity to them and in the fulfilment by the Authority, when carrying out its functions as the designated regulatory authority for Great Britain, of the objectives set out in Article 40 (a) to (h) of the Gas Directive and Article 36 (a) to (h) of the Electricity Directive.
- 1.3 We work in various ways to protect the interests of current and future consumers, such as by regulating the network companies through the RIIO price controls. We set price controls to specify the services and level of performance that the electricity transmission (ET) Transmission Owners (TOs) must provide for users and consumers and to restrict the amount of money that the network companies can recover through network charges over the length of a price control period.
- 1.4 In our Final Determinations we set out the key elements of RIIO-3 to allow us to quickly designate typically NESO-recommended projects as price control outputs, and to fund and facilitate the delivery of these projects in a timely

¹ In this document we use the terms 'Ofgem' and 'the Authority' as well as the terms 'we', 'us' and 'our' interchangeably. Ofgem is the Office of the Gas and Electricity Markets. The Authority is the Gas and Electricity Markets Authority and is the governing body of Ofgem, consisting of non-executive and executive members.

manner. One of the aspects of this decision was the appointment of an ITA to provide us with third party, independent assurance.

- 1.5 Government plans for the decarbonisation of the energy system will require high levels of network investment and efficient action. Ofgem’s abilities to display prompt and accurate decision-making are vital. We therefore have a need to introduce the ITA in RIIO-ET3. The ITA will act on projects both within RIIO-ET3 and likely in future price controls as it oversees delivery of relevant projects and related infrastructure.

Role of the ITA

- 1.6 The ITA is responsible for providing assurance to Ofgem on design decisions, procurement processes, cost, and overall project delivery of selected load projects across all Transmission Owners (TOs).
- 1.7 The full scope of services required of the ITA from Ofgem is outlined in the ITA Terms of Reference document published on the Ofgem website.
- 1.8 The specific activities required of the ITA on any given project is decided by Ofgem on a per-project basis (within the boundaries of the scope outlined in this Terms of Reference) and formalised in the ITA Contract. Ofgem decision-making on the ITA’s scope will follow the completion of the project eligibility process outlined in this guidance document.
- 1.9 The ITA itself does not hold any decision-making responsibility; the accountability for this remains with Ofgem. It also does not ‘reperform’ or ‘approve’ technical solutions or outcomes; the accountability for these remains with the TO.
- 1.10 Ofgem will continue to exercise its full discretion in relation to decisions on the approval of specific projects, with the ITA being an additional, but not the only, source of information that it takes into account in the exercise of its functions.

Scope of the ITA Guidance Document

- 1.11 Special Condition 6.2 in the TO's Electricity Transmission license sets out the requirements on the licensee to enable the ITA to fulfil its role. The condition outlines that Ofgem will carry out an eligibility assessment on the TOs' in-scope projects to determine whether the ITA will assure them or not. This guidance document provides further information regarding Ofgem's decision-making process.
- 1.12 Also included in this guidance document is further information regarding the appointment of the ITA, information sharing practises between Ofgem, TOs and the ITA and a summary of the ITA Terms of Reference.

Document review

- 1.13 Ofgem may from time to time, following consultation with interested parties, amend this ITA Guidance Document by direction, in accordance with Special Condition 6.2.

Related publications

- 1.14 This document is to be read in conjunction with Special Condition 6.2 of each of the TOs' electricity transmission licences and the following related documents:
- **RIIO-3 Final Determinations – ET Annex** – sets out our decision to implement the ITA in RIIO-ET3.
 - **ITA Terms of Reference** - details the scope of the ITA role and processes that may change scope for any given project in the RIIO-3 Price Control Period.
 - **ITA Contract** – means the contractual agreements between the Authority, the licensee and the party(ies) appointed as the Independent Technical Adviser in respect of the appointment of the ITA.

- 1.15 See Special Condition 1.1 (Interpretation and definitions) of the electricity transmission licence and Appendix 2 of this document for the description of defined terms included in this document.

2. Appointment of the ITA

- 2.1 Ofgem will appoint one or more organisations as the ITA as part of a Framework Agreement. Each party appointed by the Authority will provide independent assurance on the aspects of the design, procurement, cost and overall delivery of selected load projects delivered by Transmission Owners (TOs).
- 2.2 Ofgem has sole responsibility for the procurement of the ITA, meaning procurement will be administered in accordance with the Procurement Act 2023 and civil service best practises. The parties appointed as the ITA will have a duty of care to Ofgem.

Appointment process

- 2.3 The Framework Agreement will be for a set Appointment Period. The first Appointment Period will be the RIIO-ET3 price control period (ie 2026-2031). During an Appointment Period, all load projects determined eligible by Ofgem may be assured by one of the appointed parties that is the ITA.
- 2.4 The ITA will typically provide assurance for eligible projects until their construction is complete. Given the nature of load projects, this will mean it is likely that projects are completed following the conclusion of the Appointment Period. There may be circumstances in which assurance is not needed for the entirety of the project lifecycle, which will be determined by Ofgem.
- 2.5 Our intention is that at the conclusion of the first Appointment Period, Ofgem will (if necessary) carry out a new procurement exercise to appoint subsequent ITAs for the next set period of time. This will be without prejudice to on-going call-off contracts with existing ITAs. All new load projects eligible for ITA assurance during this subsequent set period of time will be allocated to the parties that form the new ITA. As in the previous Appointment Period, our intent will be for ITA assurance to typically last until eligible project construction is complete.
- 2.6 This appointment approach means that although there may be concurrent ITA parties operating (ie carrying out assurance on a project via a call-off contract) following the completion of the first Appointment Period, there cannot be more

than one ITA Framework Agreement being allocated new eligible projects at any time. This operational framework is outlined in Figure 1 below.

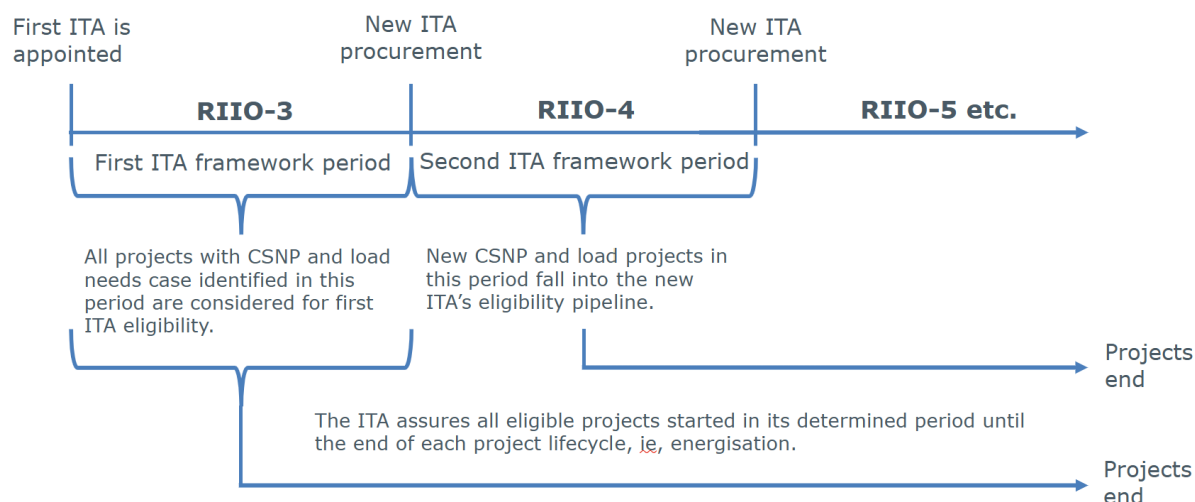


Figure 1: Indicative appointment process and term periods of the ITA

- 2.7 The outlined appointment process will continue until Ofgem considers it unnecessary to appoint a new ITA or there is a change in policy. Such eventualities regarding the ITA policy would be formally consulted on.
- 2.8 If any issue is to arise regarding the approach, Ofgem may consider it necessary to update this guidance in accordance with the process outlined in Special Condition 6.2.

Appointment governance and next steps

- 2.9 Ofgem will be solely responsible for the management of the ITA.
- 2.10 Ofgem and the ITA will agree to a performance management framework, which will be set out in the ITA Contract. As part of this framework, Ofgem will work with the appointed parties in the ITA Framework Agreement to produce high quality and consistent reporting outcomes.
- 2.11 If the appointed ITA is deemed by Ofgem to have breached its obligations and performance requirements, Ofgem may pursue early termination of the organisation's contract and pursue a new appointment earlier than as outlined above.

Funding

- 2.12 The ITA is funded by the TOs, with the cost recoverable through the price control, as set out in Special Condition 6.2 in the electricity transmission licence.
- 2.13 The payment process from the TO to the ITA is set out in the ITA Contract. TO's may recover their payment of the ITA's services as a pass-through cost. TO's will be asked to provide a forecast in-year (ie in July with the Regulatory Reporting Packs (RRPs)), which may be reconciled against the actuals after the Regulatory Year. TOs cannot recover costs that are due to their own negligence or breach.

3. Project eligibility

Project types eligible for ITA assurance

- 3.1 The ITA may (at Ofgem's request) assure a range of eligible projects. The types of electricity transmission load projects eligible for ITA assurance are CSNP Outputs, tCSNP2 Refresh outputs, selected non-CSNP load projects from the Load Re-opener and the Accelerated Strategic Transmission Investment (ASTI) portfolio, and CSNP projects that experience a COAE or Delay Event.
- 3.2 If a CSNP project which is not determined for ITA assurance experiences a COAE or Delay Event, Ofgem may reassess its eligibility assessment if the project was not originally determined eligible.

Ofgem's process to determine ITA project eligibility

- 3.3 It is intended that ITA eligibility decision-making will primarily take place in the immediate period following NESO's publication of the CSNP (including any planned annual updates and the tCSNP2 Refresh in 2026). Our decision-making as to eligibility will be holistic across all project types, meaning it will include decisions on other selected load projects not included in the CSNP. This is because to determine the strategic importance of other load projects to the CSNP, full clarity of what is in the CSNP is required.

3.4 Ofgem will informally consult with the TOs on which projects the ITA will assure prior to making a decision and as soon as reasonably possible following NESO's publication. This engagement will be to:

- Outline our minded to position on which TO projects the ITA assure.
- Demonstrate the reasoning behind our minded to position – including assessment of individual project characteristics (based on the considerations in this document) as well as the overall portfolio of potentially eligible projects.
- Provide an indicative view on what scope the ITA will have on any proposed project (in accordance with the ITA Terms of Reference).
- Receive feedback from TOs on any project specific practicalities that may impact the ITA in fulfilling its role, as well as any views on which projects they would recommend for ITA assurance and why.

3.5 Ofgem will retain all final decision-making responsibility for ITA eligibility. The TO's do not have an option to trigger ITA assurance on a project.

3.6 Ofgem may also consult with the TOs on ITA project eligibility decision-making outside of the typical period following CSNP publication. Consultation could lead to the addition of new projects for ITA assurance or removal of existing projects previously deemed eligible. Such engagement will follow the same informal consultation process outlined in [paragraph 3.5]. Circumstances to trigger such engagement include:

- In response to updates made by NESO to the CSNP outside of the standard publication and review cycle and/or other NESO-led centralised planning processes.
- In response to TO engagement regarding developments to a project that mean it believes ITA assurance is required.

- When wider business plan developments lead to a change in circumstance than that of the previous eligibility assessment. It is not possible to create an exhaustive list of such developments, however, examples may include:
 - High-level policy changes impactful to the energy system transition (eg Net Zero, CP2030 and connections reform).
 - Developments regarding projects in the Load Re-opener (eg submissions out of sync to CSNP publications, changes to projects, or delivery issues).
 - Delivery delays to load projects related to the CSNP and other strategic priorities.
- Where a TO submits or notifies Ofgem of an COAE or Major Projects ODI-F Delay Event for a project the ITA is not already agreed to assure.

3.7 We shall continually assess the portfolio of eligible projects and the ITA's output to ensure the value of ITA assurance. This will be primarily determined by the performance management framework agreed in the ITA Contract, that will ensure the ITA remains in the interests of energy consumers. Dependent on the outcome of performance review, there may be impact for project eligibility (eg an extreme circumstance could see the ITA removed from eligible projects due to performance issues).

ITA variable scope and project eligibility

- 3.8 Given the ITA scope may vary dependent the different characteristics of eligible projects, our engagement regarding eligibility with the TOs will aim to also provide insight into the intended scope of ITA involvement on any project (ie full scope or limited).
- 3.9 The full details of the particular ITA scope on a project confirmed eligible will be set and agreed in the ITA call-off contract. There may be judgement made by Ofgem to adjust ITA scope once project assurance has begun to ensure optimal and efficient output of the ITA. Any changes in scope would be communicated to the TOs in advance as part of engagement regarding the ITA Contract. The scope may cover the range of areas in the ITA Terms of Reference.

4. Data and information practices

- 4.1 The licence sets out the requirement on the TOs to share data and information as soon as reasonably practicable with the ITA to enable it to fulfil its role. The ITA Contract sets out the confidentiality rules that dictate how this data will be protected.
- 4.2 The ITA will be required to develop systems, processes and protocols to ensure data security, to protect confidential information, and manage conflicts of interest (eg internal firewalls and individual confidentiality agreements).

Data and information sharing in practice

- 4.3 We believe for the ITA to fulfil its role effectively, Ofgem should not play a role as data facilitator (eg providing requested data from the TO to the ITA). To fulfil its role effectively, the ITA must be able to access the information it needs as seamlessly as possible – both for its own purposes as well as to minimise impact on the TO.
- 4.4 To facilitate effective data sharing between the TO and the ITA we do not intend to dictate the method in which data and information is shared (if the rules set out in the ITA Contract are followed). We believe each TO and the parties that form the ITA itself will be best placed to determine how this can be effectively done.

Ofgem use of ITA outputs

- 4.5 Where an output of the ITA is used in our decision-making, we will provide details of what the output is and how it has affected our decision-making (ie discussion and attachment of documentation within the relevant publication). As such, the output will form part of any formal consultation, with opportunity for TOs to provide feedback if deemed necessary. As such, an ITA output will be provided in the context of our decision-making, not necessarily directly from ITA to TO before this process takes place.
- 4.6 Not all ITA outputs may factor into our decision-making, meaning we do not consider it necessary to share all ITA outputs with TOs.

Send us your feedback

We are keen to receive your feedback about this guidance. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this guidance?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

Appendices

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Appendix 1 Terms of Reference summary

- A1.1 The Terms of Reference details the scope of the ITA role and processes that may change scope for any given project in the RIIO-ET3 Price Control Period.
- A1.2 The ITA will provide Ofgem with assurance on the design, procurement, cost and overall delivery of selected load projects delivered by Transmission Operators (TOs). As such, the ITA will provide Ofgem with confidence that the TO's management controls are properly designed and being used effectively, along with confidence regarding overall project delivery.
- A1.3 The ITA role will involve the following activities:
- i) Assurance of design proposals.
 - ii) Assurance of cost plans and periodic cost statement assurance.
 - iii) Assurance of procurement strategy, tender process and contract award.
 - iv) Assurance of schedules and associated programmes.
 - v) Assurance of change control governance and process, including cost and schedule impact.
 - vi) Portfolio (of assured projects) risk assessment and assurance of risk management.
 - vii) Independent assurance of all project delivery timings, including works and testing.
 - viii) Quality management system audits.
- A1.4 The ITA may be required to attend meetings or make site visits as deemed appropriate to carry out its role.
- A1.5 The specific activities required of the ITA on any given project will be dictated by Ofgem on a per-project basis (within the scope set out in the ITA Terms of Reference). The ITA may also be required to undertake ad hoc activities in addition.
- A1.6 The full scope of services and activities required of the ITA from Ofgem is outlined in the ITA Terms of Reference document, published on the Ofgem website.

Appendix 2 Glossary

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| Appointment Period | means the set period of time defined by Ofgem during which all new projects determined eligible by Ofgem are allocated to the parties appointed as part of the ITA Framework Agreement at the time. |
| Call off contract | means any agreement entered into by the Parties pursuant to the ITA Framework Agreement. |
| Framework Agreement | means the overall framework of terms and conditions agreed between Ofgem and the organisations appointed as the ITA. |
| Independent Technical Adviser | means the party appointed by the Authority to provide assurance on the design, procurement, cost and overall delivery of selected load projects delivered by the Transmission Owners in RIIO-3. It may be used to inform Authority decisions, by providing assurance of the information on which a decision is being taken. |
| ITA Contract | means the contractual agreements between the Authority, the licensee and the party(ies) appointed as the Independent Technical Adviser in respect of the appointment of the ITA. |
| ITA Guidance Document | Means the document issued by the Authority under Part B of Special Condition 6.2 Independent Technical Adviser. |
| ITA Terms of Reference | Means the text of that name published by the Authority that contains the description of the services required by Ofgem from the ITA. |