

Decision

Decision on Licence Modifications for Additional NIA RIIO-ED2 Funding

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Contact:	Luke Blackaby
Team:	Innovation Hub
Email:	networks.innovation@ofgem.gov.uk

We launched a statutory consultation in December 2025 regarding our proposal to amend Special Condition 5.2 of the Electricity Distribution Licence. These modifications were needed in order to facilitate the award of additional Network Innovation Allowance (NIA) to Distribution Network Operators (DNOs) for the final two years of RIIO-ED2.

All respondents supported these changes. We have decided to consequently implement our proposed changes.

References to the “Authority”, “Ofgem”, “we”, and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work

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1. Introduction

In this section we explain the context behind this decision on our statutory consultation.

Context and related publications

In RIIO-ED2, each DNO was given a NIA allowance, with the flexibility to allocate the funds across the whole price control period, provided projects were registered by 1 April 2026. At the outset, funding was approved for the first three years (2023-2026), with a commitment to review the need for further funding for the final two years (2026-2028) of the price control.

In March 2025 we launched a consultation on whether to provide more NIA funding for the final two years of RIIO-ED2. We finalised our position in October 2025 by deciding to award additional NIA to most DNOs. In response we opened a statutory consultation in December 2025 in order to propose modifications to Special Condition 5.2 of the Electricity Distribution Licence. These alterations would facilitate the award of extra NIA funding for the final two years of RIIO-ED2.

The following table shows the proposed updates to NIA values across RIIO-ED2 for each group's licensee:

Licensee	Value of TNIA (£m)
ENWL	8.4 <u>12.1</u>
NPgN	3.2 <u>5.9</u>
NPgY	4.3 <u>7.9</u>
WMID	5.6
EMID	5.6
SWALES	2.8
SWEST	4
LPN	4.7 <u>6.6</u>
SPN	4 <u>5.7</u>
EPN	6.3 <u>8.9</u>
SPD	5.9 <u>8.3</u>
SPMW	5.2 <u>7.3</u>
SSEH	3 <u>6.2</u>
SSEN	5.4 <u>11.2</u>

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Related publications:

- [RIIO-ED2 Final Determinations Core Methodology Document](#)
- [Consultation on additional Networks Innovation Allowance funding](#)
- [RIIO-ED2 Network Innovation Allowance \(NIA\) funding for years 2026 to 27 and 2027 to 28](#)
- [RIIO ED2 Network Innovation Allowance \(NIA\): additional funding decision](#)
- [Additional NIA RIIO-ED2 Funding: Licence Modifications](#)

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Licence Modification for Additional NIA RIIO-ED2 Funding

This section summarises the consultation responses and our decision to alter Special Condition 5.2 of the Electricity Distribution Licence

Statutory Consultation Overview

Response feedback

- 1.1 We received four responses to our consultation. All stakeholders supported the proposed licence changes from the statutory consultation.
- 1.2 Two respondents highlighted that any update to licences must ensure that the latest version of the licences are used.
- 1.3 One response underlined that Appendix 1 in Special Condition 5.2 of the Electricity Distribution Licence labelled one licensee as “SSEN” instead of “SSES”.

Our decision

- 1.4 We have decided to change figures to Appendix 1 of Special Condition 5.2 of the Electricity Distribution Licence as originally proposed in our statutory consultation.
- 1.5 We will change “SSEN” to “SSES” in Appendix 1 of Special Condition 5.2 of the Electricity Distribution Licence.
- 1.6 We will ensure these updates are made to the latest version of relevant licences.
- 1.7 The following table shows the changes that will be made to Appendix 1, with a new update in response to paragraph 1.3 highlighted in yellow.

Licensee	Value of TNIA (£m)
ENWL	8.4 <u>12.1</u>
NPgN	3.2 <u>5.9</u>
NPgY	4.3 <u>7.9</u>
WMID	5.6
EMID	5.6
SWALES	2.8

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SWEST	4
LPN	4.7 <u>6.6</u>
SPN	4 <u>5.7</u>
EPN	6.3 <u>8.9</u>
SPD	5.9 <u>8.3</u>
SPMW	5.2 <u>7.3</u>
SSEH	3 <u>6.2</u>
SSEN <u>SSES</u>	5.4 <u>11.2</u>

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Next Steps

- 1.8 This decision is the final step in our consultation process to alter Special Condition 5.2 of the Electricity Distribution Licence in order to award additional NIA funding for the final two years of RIIO-ED2.
- 1.9 These changes will be implemented 56 days after the publication of this decision. For avoidance of doubt, these changes will take place from 27 March 2026.
- 1.10 From this date, DNOs will have access to funds awarded for the final two years of RIIO-ED2 as decided upon in our October 2025 decision.
- 1.11 We will publish a decision on our December consultation that proposed to change the RIIO-2 NIA governance to allow DNOs to continue registering NIA projects past 31 March 2026.

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Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this decision. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

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