

### Special Condition 3.49 Volume Price Control Deliverable term ( $VPA_t$ )

#### Introduction

The purpose of this condition is to calculate the term  $VPA_t$  (the annual allowance for the Volume Price Control Deliverables). This contributes to the calculation of the Totex Allowance.

This condition specifies the ex ante allowances for the Volume Price Control Deliverables (Appendix 1) and:

- the reduction in allowances if the licensee does not deliver the baseline volume of qualifying asset interventions in the groups listed in Appendix 2.
- the increase in allowances if the licensee delivers in excess of the baseline volume of qualifying asset interventions in the groups listed in Appendix 2, up to a maximum volume for each group of qualifying asset interventions for which the licensee can be funded.

The baseline and maximum volumes for each asset intervention group are set out in the NGET Redacted Information Document.

#### Part A: Formulae for calculating the annual Volume Price Control Deliverable term ( $VPA_t$ )

For each Regulatory Year  $t$ , the value of  $VPA_t$  (the annual allowance for all Volume Price Control Deliverables) is derived in accordance with the following formula:

$$VPA_t = \sum_{n=1}^{xxx} VPA_{n,t}$$

Where  $VPA_{n,t}$  is derived in accordance with the following formula:

$$VPA_{n,t} = IF \left( \sum_{2026}^{t-1} VPD_{n,t} < [VPC_n + VPT_n], \right. \\ \left. MIN \left( MAX \left( \left[ VPC_n + VPT_n - \sum_{2026}^{t-1} VPD_{n,t} \right], 0 \right), VPD_{n,t} \right) \times VPU_{n,0} \right)$$

Where:

$VPD_{n,t}$  means the volume of qualifying asset interventions in the groups listed in Appendix 2 that the licensee has delivered or is forecasting to deliver for each group  $n$  as of the end of Regulatory Year  $t$

$VPC_n$  means the maximum volume of qualifying asset interventions in the groups listed in Appendix 2 for which the licensee is funded for each group  $n$ , as set out in the NGET Redacted Information Document

$VPT_n$  means the volume of qualifying asset interventions in the groups listed in Appendix 2 available for transfer between related asset intervention groups identified in the NGET Redacted Information Document

**Commented [A1]:** To be populated once the RID has been agreed and the number is known

**Commented [A2]:** This formula ensures that adjustments are made annually and automatically, as we understood to be the intent

**Commented [A3]:** It is important to have a single cap for each group; splitting it into Baseline and Pipeline (as proposed by Ofgem) introduces two sub-caps with different treatments, and it is not clear how to add interventions that were neither Baseline nor Pipeline at FD.

**Commented [A4]:** We are still discussing the scope of this ability to transfer between replacement and refurbishment and vice versa, but as a minimum this has been agreed as occurring in one direction and therefore the licence should make provision for this.

$VPU_n$  means the allowed unit costs for each group n, as set out in the NGET Redacted Information Document

$n$  means the Volume Price Control Deliverable asset intervention group, as set out in Appendix 2

#### Part B: What is the licensee funded to deliver?

Subject to any adjustment to funding as provided for in Part C, the licensee is funded to deliver by 31 March 2031 the volumes of qualifying asset interventions specified in the NGET Redacted Information Document for each asset intervention group n (as set out in Appendix 2).

#### Part C: Funding of asset interventions in the first year of the next price control period

This condition also adjusts revenue to fund the licensee for qualifying asset interventions in the groups listed in Appendix 2 that are commenced by the licensee in the Price Control Period and that the licensee delivers in the first year of the next price control period starting on 1 April 2031. In such a case, the formulae in Part A shall be used to calculate  $VPA_{2032}$  such that consistent funding is provided in the first year of next price control period starting on 1 April 2031.

### Appendix 1

#### Ex ante allowances for Volume Price Control Deliverables by Asset Type

	Regulatory Year				
	2026/27	2027/28	2028/29	2029/30	2030/2031
Reactors	[text redacted]	[text redacted]	[text redacted]	[text redacted]	[text redacted]
Protection & Control	[text redacted]	[text redacted]	[text redacted]	[text redacted]	[text redacted]
Overhead line fittings					
Earthing & auxiliary transformers					
Reactive compensation					
Post insulators					
Surge arresters					
Through-wall bushings					

### Appendix 2

#### Volume Price Control Deliverable Qualifying Asset Intervention Groups

n	Term	Asset Intervention Group
1	RX1	400kV Reactor Replacement
2	RX2	275kV Reactor Replacement
3	RX3	<132kV Reactor Replacement
4	PC1	Auto Switching (Auto Close and Hot Standby Units) Replacement
5	PC2	Automatic Reactive Switching (ARS) Replacement
6	PC3	Back Up Protection Refurbishment Major

<b>n</b>	<b>Term</b>	<b>Asset Intervention Group</b>
7	PC4	Cable SCADA System Replacement
8	PC5	Circuit Breaker Fail (CBF): MC & DBB Protection Refurbishment Major
9	PC6	Double Busbar Protection Refurbishment Major
10	PC7	Double Busbar Protection Replacement
11	PC8	Dynamic System Monitoring Refurbishment Major
12	PC9	Dynamic System Monitoring Refurbishment Minor
13	PC10	Feeder Protection Refurbishment Major
14	PC11	Feeder Protection Refurbishment Minor
15	PC12	Feeder Protection Replacement
16	PC13	Gas Density Monitoring (GDM) Refurbishment Major
17	PC14	Mesh Corner Busbar Protection Refurbishment Major
18	PC15	Mesh Corner Busbar Protection Replacement
19	PC16	Mesh Corner Delayed Auto Reclose (DAR) Refurbishment Major
20	PC17	Mesh Corner Delayed Auto Reclose (DAR) Refurbishment Minor
21	PC18	Mesh Corner Delayed Auto Reclose (DAR) Replacement
22	PC19	Operational Tripping Scheme (OTS) Replacement
23	PC20	Point on Wave Controlled Switching Refurbishment Major
24	PC21	QB Control Replacement
25	PC22	Reactive Equipment Mechanically Switched Capacitor (MSC) Protection Refurbishment Major
26	PC23	Reactor Protection Replacement
27	PC24	Settlement Metering Refurbishment Major
28	PC25	SGT Protection Refurbishment Major
29	PC26	SGT Protection Replacement
30	PC27	Substation Control Systems (SCS) Refurbishment Major
31	PC28	Substation Control Systems (SCS) Replacement
		etc