

**Note to Ofgem:** This is a document that captures all recommended changes from NGET's perspective required to give effect to the policy intent for SpC 3.15. This should be read in conjunction with the detailed License comments tab for SpC 3.15 within 'NGET T3 Comments FINAL.xlsx'. A few salient points below:

- Original text from the SpC 3.15 drafting shared as part of statcon is in black font. Any change suggested by NGET (strikethroughs, new wording, etc.) is in blue font.
- Among other changes, the true up at PA point is essential to be implemented well in the license to make RIIO-T3 PCF workable and cater to low initial % (8.2%), expected more than double the allowance trigger for PCF Reopener and the volatile + hard-to-predict Early Enabling Works that is now part of PCF. So clause 3.15.23 is crucial to be implemented as is, to ensure efficiently incurred costs on Pre-construction works are assessed and trued up at Project Assessment which is roughly the transition point between pre-construction and construction phases.
- Our recommended edits take into account the discussion during 'ET Specific LDWG' held on 13/01/2026 where the preferred approach to manage formulae and appendices was to have a single appendix that contains all projects that can be amended or added to. We have also proposed to remove the Appendix 1 in original draft containing £m as it lumps the PCF funding across several framework areas such as T3, tCSNP2, CSNP, etc.

### **Special Condition 3.15 Pre-Construction Funding Re-opener and Price Control Deliverable (PCFt and PCFREt)**

#### **Introduction**

3.15.1 The purpose of this condition is to calculate the terms PCFt (the Pre-Construction Funding Price Control Deliverable term) and PCFREt (the Pre-Construction Funding Re-opener term). These contribute to the calculation of the Totex ~~a~~Allowance.

3.15.2 The effect of this condition is to:

- (a) specify the outputs, delivery dates, and associated allowances for the Price Control Deliverable;
- (b) establish a Re-opener for the licensee to apply where it expects to incur additional costs for Pre-Construction Works in relation to ~~any existing Load Related Expenditure~~ to the projects set out in Appendix 1 associated with the term PCFAt;
- (c) establish a Re-opener for the licensee to apply for costs for Pre-Construction Works in relation to any new Load ~~or shared driver projects Related Expenditure~~ designated under Special Condition 3.18 (~~Load Re-opener and Price Control Deliverable (LRT)~~);

- (d) establish a process for ~~the Authority to make a direction providing~~ Pre-Construction Funding ~~to be provided~~ for ~~proposed~~ CSNP Re-opener ~~Outputs~~ designated under Special Condition 3.19 (~~CSNP Re-opener and Price Control Deliverable (CSNPRT)~~);
- (e) establish a process for ~~Second~~ Transitional Centralised Strategic Network Plan ~~2~~ delivery track projects to receive an ~~PCF~~ uplift ~~from~~ to their ~~original~~ Pre-Construction Funding allowances ~~provided in~~ during RIIO-ET2;
- (f) establish a process for ~~Second~~ Transitional Centralised Strategic Network Plan ~~2~~ development track projects to receive a Pre-Construction Funding allowance if through the ~~Refresh~~ ~~Second Transitional Centralised Strategic Network Plan Refresh~~ process the project receives a Maintain or Critical designation by the ISOP;
- (g) provide ~~for a the~~ process in the event that the load component of a Shared Drivers project falls away; and
- (h) provide for an assessment of the Price Control Deliverable.

3.15.3 This condition also sets out the process the Authority will follow when directing any changes under ~~3.15.8, and 3.15.11, 3.15.14 and 3.15.18~~ this condition.

**Part A: Formula for calculating the Pre-Construction Funding Price Control Deliverable term (PCF<sub>t</sub>) and the Pre-Construction Funding Re-opener term (PCFRE<sub>t</sub>)**

3.15.4 The value of PCF<sub>t</sub> is derived in accordance with the following formula:

$$PCF_t = PCFA_t - PCFRA_t$$

where:

*PCFA<sub>t</sub>* means the ~~baseline~~ allowances in Appendix 1 ~~associated with the term PCFA<sub>t</sub>~~; and

*PCFRA<sub>t</sub>* has the value zero unless otherwise directed by the Authority in accordance with Part H.

3.15.5 The value of PCFRE<sub>t</sub> is derived in accordance with the following formula:

$$PCFRE_t = PCFO_t - PCFRO_t$$

where:

*PCFO<sub>t</sub>* means the sum of allowances ~~directed by the Authority as a result of the Re-openers established by Part C, D and E~~ associated with the term *PCFO<sub>t</sub>* in Appendix 1; and

$PCFRO_t$  has the value zero unless otherwise directed by the Authority in accordance with Part F, Part G, and Part H.

**Part B: What the licensee is funded to deliver**

~~3.15.6 Appendix 1 specifies the total baseline allowance the licensee has been funded to deliver the project outputs set out in Appendix 1~~

3.15.6 Appendix 21 specifies the project outputs that the licensee is funded to deliver, the delivery dates for those outputs and the ~~baseline~~ allowances provided.

**Part C: Pre-Construction Funding Re-opener ~~for existing projects for the projects set out in Appendix 1 associated with the term PCFAt~~**

3.15.8 This Part relates to projects set out in ~~Appendix 2 of Special Condition 3.18 Load Re-opener and Price Control Deliverable~~ Appendix 1 associated with the term PCFAt.

3.15.9 The licensee may apply to the Authority for a direction amending the outputs, delivery dates, or ~~associated~~ allowances ~~associated with the term PCFAt in Appendix 21 of this condition~~ where:

- (a) the licensee expects that the costs of Pre-Construction Works ~~for an output specified as outputs in Appendix 21~~ will be more than double the allowance provided for those Pre-Construction Works; or
- (b) the licensee expects one of the outputs ~~or delivery dates~~ specified in Appendix 21 must be changed ~~or otherwise~~ the output will not be deliverable.

3.15.10 An application under paragraph 3.15.9 must be made in writing and include:

- (a) ~~a breakdown of what additional Pre-Construction Works are expected to be undertaken;~~ an overview of the existing project for which the allowances for the additional Pre-Construction Works are sought;
- (b) ~~a~~A breakdown of any costs ~~for Pre-Construction Works~~ already incurred and the expected costs for ~~any~~ additional Pre-Construction Works;
- (c) ~~an overview of the existing project for which the allowances for the additional Pre-Construction Works are sought;~~ a breakdown of what additional Pre-Construction Works are expected to be undertaken
- (d) ~~a justification for of why the Pre-Construction Works and/or allowances and/or amended output are required;~~ any amendments requested to the outputs, delivery dates or allowances set out in Appendix 21; and

- (e) ~~any amendments requested to the outputs, delivery dates or allowances set out in Appendix 21.~~ a justification for ~~of~~ why the Pre-Construction Works and/or allowances and/or amended output are required.

#### **Part D: Second Transitional Centralised Strategic Network Plan Delivery Track Pre-Construction Funding Re-opener**

3.15.11 This Part relates to existing Second Transitional Centralised Strategic Network Plan Delivery Track Projects that had ~~PCF Pre-Construction Funding~~ of 2.5% approved during RIIO-ET2.

3.15.12 The licensee may, in respect of any Delivery Track Project, apply to the Authority for a modification to the allowances, ~~outputs,~~ delivery dates, and outputs in Appendix 1 where:

- (a) the licensee expects that the costs of Pre-Construction Works specified as outputs in Appendix ~~1~~ ~~2~~ will be more than double the allowance provided for those Pre-Construction Works; or
- (b) the licensee expects one of the outputs ~~or delivery dates~~ specified in Appendix ~~21~~ must be changed ~~otherwise or~~ the output will not be deliverable; or
- (c) the licensee expects to incur costs for Pre-Construction Works that are not already specified as outputs in Appendix ~~21~~.

3.15.13 An application under paragraph 3.15.12 must be made in writing and include:

- (a) an overview of the project that Pre-construction Works allowances ~~are~~ ~~is~~ being sought for;
- (b) a breakdown of what Pre-Construction Works have been undertaken or are expected to be undertaken;
- (c) a breakdown of costs already incurred or expected to be incurred for the Pre-Construction Works;
- (d) the specification of any outputs, delivery dates and/or allowances that the licensee considers should be added to Appendix ~~21~~; and
- (e) ~~a~~ justification ~~of~~ ~~for~~ why the Pre-Construction Works and allowances ~~and/or~~ ~~amended output~~ are required.

#### **Part E: Pre-Construction Funding Re-opener for new projects**

3.15.14 This Part relates only to projects that did not have funding approved on 1 April 2026 and ~~with which do not have~~ outputs, delivery dates or associated allowances listed in Appendix ~~2~~ ~~1~~.

3.15.15 The licensee may, in respect of a Second Transitional Centralised Strategic Network Plan 2-Development Track Projects that has received Development Funding in RIIO-ET2, apply under this Part for a direction amending the outputs, allowances and delivery dates in Appendix 1 RHO-ET3-PCF Pre-Construction Funding where:

- (a) if they that project are is given the a Maintain or Critical proceed signal by the ISOP as “maintain” or “critical” in the Second Transitional Centralised Strategic Network Plan 2 Refresh; and
- (b) either the licensee makes an application under:
  - i. the licensee makes an application under Special Condition 3.18 (Load Re-opener and Price Control Deliverable (LRt)); or
  - ii. the Authority makes a direction under Part F.

3.15.16 In respect of new Load Re-opener Outputs, the licensee may apply to the Authority for a direction amending the outputs, delivery dates, or and associated allowances in Appendix 21 for that output when submitting an Eligibility Letter for the relevant Load Re-opener as set out in under Part D of Special Condition 3.18 (Load Re-opener and Price Control Deliverable (LRt)) unless or at such other time as the Authority directs that the licensee may apply another time.

3.15.17 An application under paragraphs 3.15.15 or 3.15.16 must be made in writing and include:

- (a) an overview of the project that Pre-construction Works allowances are being sought for;
- (b) a breakdown of what Pre-Construction Works have been undertaken or are expected to be undertaken;
- (c) a breakdown of costs already incurred or expected to be incurred for the Pre-Construction Works;
- (d) the specification of any outputs, delivery dates and/or allowances that the licensee considers should be added to Appendix 21; and
- (e) a justification of why the Pre-Construction Works and allowances and/or amended output are required.

## **Part F: Authority triggered Re-opener**

3.15.18 In respect of any proposed CSNP Re-opener Output, in accordance with Special Condition 3.19 (CSNP Re-opener and Price Control Deliverable (CSNPRt)), the Authority will direct an amendment to the outputs, delivery dates or allowances set out in Appendix 21 without an application being made by the licensee where the Authority approves the CSNP under Condition 17.17a of the ISOP Electricity System Operator Licence.

## **Part G: Cancellation of the ~~L~~oad component of a Shared Driver project**

3.15.19 In the event that the load component of a Shared Drivers project is cancelled, the Authority will make a direction adjusting the value of the output in the Appendix ~~2~~1.

3.15.20 In making a direction to adjust the value of an output in Appendix ~~2~~1 under paragraph 3.15.19, the Authority will assess the efficient spend of the output and the licensee may apply for ~~an~~ any additional allowances for the Non-Load Related Expenditure component of the project under Special Condition 3.10 (Non-Load Re-opener (NLRt)).

## **Part H: Assessment of ~~outputs~~ Price Control Deliverable (PCFRAt and PCFROt) and efficient costs incurred for Pre-construction Works**

3.15.21 The Authority will, in accordance with the assessment criteria set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements) and the criteria in paragraph 3.15.22, consider directing a value for PCFRAt and PCFROt where the licensee has not Fully Delivered an output in Appendix ~~2~~1.

3.15.22 In considering whether a licensee has not Fully Delivered an output in Appendix ~~2~~1, ~~under 3.15.9~~ the Authority will adjust the value for PCFRAt and PCFROt using the following criteria:

- (a) where the licensee has not submitted its Material Planning Consents or the licensee has applied for either a Project Assessment Decision or CSNP Re-opener Project Assessment Decision, a minimum of 20% of the allowance for the relevant Pre-Construction Works will be allowed;
- (b) where the licensee has submitted its Material Planning Consents or the licensee has applied for either a Project Assessment Decision or CSNP Re-opener Project Assessment Decision, but has not obtained all Material Planning Consents or a Project Assessment Decision or CSNP Re-opener Project Assessment Decision, a minimum of 60% of the allowance for the relevant Pre-Construction Works will be allowed; and
- (c) where the licensee has obtained all Material Planning Consents or the Authority has made a Project Assessment Decision or CSNP Re-opener Project Assessment Decision, 100% of the Pre-Construction Works PCD allowance will be allowed.

3.15.23 Where in respect of an output specified in Appendix 1 the licensee applies to the Authority for:

- (a) Project Assessment Decision under Part C of Special Condition 3.18 (Load Re-opener and Price Control Deliverable (LRt)); or
- (b) CSNP Re-opener Project Assessment Decision under Part D of Special Condition 3.19 (CSNP Re-opener and Price Control Deliverable (CSNPRt)),

the Authority will undertake an assessment of all costs incurred on Pre-Construction Works in respect of that output and any efficiently incurred costs not already provided under Appendix 1 to this condition or through the assessment undertaken in accordance with paragraph 3.15.22 will be provided as part of that Project Assessment Decision or CSNP Re-opener Project Assessment Decision.

### **Part I: What process will the Authority follow in making a direction?**

3.15.24 Before making a direction under paragraph 3.15.9, 3.15.12, 3.15.15, 3.15.16, 3.15.18, 3.15.19 and 3.15.21, the Authority will publish on the Authority's Website:

- (a) the text of the proposed direction;
- (b) the reasons for the proposed direction; and
- (c) a period during which representations may be made on the proposed direction, which will be up to no less than 28 days.

3.15.25 A direction under paragraphs 3.15.9, 3.15.12, 3.15.15, 3.15.16, 3.15.18 and 3.15.19 will set out any amendments to Appendix 21.

3.15.26 A direction under paragraph 3.15.21 will set out:

- (a) the delivery status of the output that has not been Fully Delivered;
- (b) the value of the PCFRAt and PCFROt terms and the Regulatory Years to which those adjustments relate; and
- (c) the methodology and data that has been used to decide the delivery status and value of any adjustments to the PCFRAt and PCFROt terms.

### **~~Appendix 1~~**

#### **~~Pre-Construction Funding allowance (PCFAt) (£m)~~**

~~Total: 288.46~~

### **Appendix 1 Pre-Construction Funding Price Control Deliverable Allowance (PCFAt and PCFROt) (£m)**

<b>Project</b>	<b>Licence term (PCFAt or PCFOt)</b>	<b>Output</b>	<b>Deliver y date</b>	<b>2026/ 27</b>	<b>2027/2 8</b>	<b>2028/29</b>	<b>2029/3 0</b>	<b>2030/3 1</b>	<b>Total Allowanc e See NGET FDQ 059 for values</b>
Barking	PCFAt		31st March 2031						
East Claydon Rebuild	PCFAt		31st March 2031						
Fawley and Fawley S/S)	PCFAt		31st March 2031						
KEGWORT H 400KV S/S	PCFAt		31st March 2031						
Kirkstall 'A' - Skelton Grange Cable Replacement	PCFAt		31st March 2031						
Llandyfaelog (Camarthan) New Build	PCFAt		31st March 2031						
New Navenby 400kv S/S	PCFAt		31st March 2031						
Pembroke 400kV S/S	PCFAt		31st March 2031						
Sizewell 400kV Rebuild	PCFAt		31st March 2031						



<b>Project</b>	<b>Licence term (PCFAt or PCFOt)</b>	<b>Output</b>	<b>Deliver y date</b>	<b>2026/ 27</b>	<b>2027/2 8</b>	<b>2028/29</b>	<b>2029/3 0</b>	<b>2030/3 1</b>	<b>Total Allowanc e See NGET FDQ 059 for values</b>
St Johns Wood 275 kV Rationalisatio n	PCFAt		31st March 2031						
West London Cables Strategy (Ealing - Laleham, Iver - North Hyde, Ealing Willesden)	PCFAt		31st March 2031						
WILLINGTO N EAST 400KV S/S	PCFAt		31st March 2031						
OHL_Portfol io_NGET	PCFAt		31st March 2031						
Ickenham HS2	PCFAt		31st March 2031						
Middleton 400kv S/S	PCFAt		31st March 2031						
NS Hinksey Cable	PCFAt		31st March 2031						
Quainton HS2	PCFAt		31st March 2031						

<b>Project</b>	<b>Licence term (PCFAt or PCFOt)</b>	<b>Output</b>	<b>Deliver y date</b>	<b>2026/ 27</b>	<b>2027/2 8</b>	<b>2028/29</b>	<b>2029/3 0</b>	<b>2030/3 1</b>	<b>Total Allowanc e See NGET FDQ 059 for values</b>
Imperial Park - Melksham and Cilfynydd - Whitson - Seabank - Construction	PCFAt		31st March 2031						
ZZ Exeter Taunton	PCFAt		31st March 2031						
LPT2 Decommissio ning	PCFAt		31st March 2031						
Bulls Lodge	PCFAt		31st March 2031						
T2 projects that will flow into SpC 3.15 in the T3 license									
New projects under D, E or F	PCFOt								