

# Decision on National Grid Electricity Transmission’s Early Construction Funding applications (GWNC, PTNO, PTC1, CGNC and EDN2,) and modification to Special Conditions of the electricity transmission licence

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This document confirms our decision on the provision of Early Construction Funding (ECF) for four National Grid Electricity Transmission’s (NGET) construction projects and the five corresponding Network Options Assessment (NOA) codes: GWNC, PTNO, PTC1, CGNC and EDN2. This decision is taken in line with NGET electricity transmission licence (the Licence), Special Condition (SpC) 3.41 ‘Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIRt)’<sup>1</sup>.

This document outlines our consultation position, the responses to the consultation, our view of the responses and our final position. This decision document and corresponding Statutory Decision Notice of Modification published alongside it confirms our decision to proceed to modify the SpC by adjusting the ASTIA term and allowances referenced in Appendix 1 of SpC 3.41.

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<sup>1</sup> [NGET Electricity Transmission Licence Consolidated Special Conditions](#)

**Decision on National Grid Electricity Transmission’s Early Construction Funding applications (GWNC, PTNO, PTC1, CGNC and EDN2,) and modification to Special Conditions of the electricity transmission licence**

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## **Decision on National Grid Electricity Transmission’s Early Construction Funding applications (GWNC, PTNO, PTC1, CGNC and EDN2,) and modification to Special Conditions of the electricity transmission licence**

### **Executive summary**

In November 2025, we consulted on our minded-to position to adjust allowances (ASTIAt) set out in the ASTI Confidential Annex that is referenced in Appendix 1 of Special Condition (SpC) 3.41 ‘Accelerated Strategic Transmission Investment Reopener and Price Control Deliverable term (ASTIRt)’<sup>2</sup>.

The consultation was carried out under NGET’s electricity transmission licence (Part C: Early Construction Funding of SpC 3.41) to reflect the ECF request for four NGET projects (NOA codes: GWNC, PTNO, PTC1, CGNC and EDN2). These projects have been approved for inclusion in our ASTI framework because the network reinforcements they propose are crucial for the safe, resilient and efficient transmission of electricity through the energy system. They will also help alleviate constraint costs that increase consumer energy bills.

In our consultation, we also included a statutory notice of our proposed modification to adjust the ASTIAt term as referenced in Appendix 1 of SpC 3.41 to give effect to our minded-to position.

### **Decision**

This document confirms our decision to adjust the allowances set out in Appendix 1 (ASTIAt) of SpC 3.41 ‘Accelerated strategic transmission investment Reopener and Price Control Deliverable term (ASTIAt)’ in NGET’s electricity transmission licence to allow NGET’s ECF expenditure request. The term will have the value given in the corresponding updated version of the ASTI Confidential Annex issued to NGET.

We will also provide a summary of the views given within the responses to our consultation and our response to this feedback.

### **Next steps**

In accordance with section 11A of the Electricity Act 1989, the licence modification will take effect 56 days after the publication of the decision to proceed with the modification. We will undertake a full cost assessment, including ECF costs, at the ASTI PA stage and will review the efficiency of ECF expenditure.

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<sup>2</sup> A copy of SpC 3.41 can be found in Annex II. We note that the number of the condition and relevant paragraphs may differ in the new price controls window starting 1 April 2026

## **Decision on National Grid Electricity Transmission’s Early Construction Funding applications (GWNC, PTNO, PTC1, CGNC and EDN2,) and modification to Special Conditions of the electricity transmission licence**

### **1. Context**

This document confirms our decision on NGET’s ECF request for the projects with NOA codes GWNC, PTNO, PTC1, CGNC and EDN2. The consultation on this early construction funding was carried out in conjunction with separate consultations for NGET’s projects with NOA codes “EDEU” and “ATNC and AENC”. The licence changes set out in Annex II will also be reflective of all projects.

Chapter 2 includes a brief description of the projects, NGET’s ECF application, and our consultation minded-to position.

Chapter 3 summarises the responses to our consultation questions and our response to this feedback. We will also address the feedback that was out of scope of the consultation.

Chapter 4 sets out our decision following consideration of the consultation responses. Alongside this decision, we are also publishing the amendments to SpC 3.41, which will give effect to our decision. In accordance with section 11A of the Electricity Act 1989, the licence modification will take effect 56 days after the publication of the decision to proceed with the modification.

### **Related publications**

NGET portfolio for six construction projects: Early Construction Funding: [NGET portfolio for six construction projects: Early Construction Funding | Ofgem](#)

Decision on accelerating onshore electricity transmission investment: [Decision on accelerating onshore electricity transmission investment | Ofgem](#)

Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment: [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment | Ofgem](#)

North-West Wales – Decision on Early Construction Funding and Modification to special conditions of the electricity transmission licence: [North West Wales Decision on Early Construction Funding](#)

Decision on North-West Wales Pre-Construction Funding [Decision on the Pre-Construction Funding application for the North-West Wales Project in accordance with Special Condition 3.15 | Ofgem](#)

Decision on Material Scope Change for GWNC [Accelerated Strategic Transmission Investment: Material Scope Change and Early Construction Funding - EGL3, EGL4 and GWNC](#)

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**Decision-making stages**

**Stage 1** Consultation open:

**Stage 2** Consultation closes. Deadline for responses:

**Stage 3** Responses reviewed, and decision published:

**Stage 4** Licence modification takes effect 56 days after the publication of the licence modification decision

## Decision on National Grid Electricity Transmission’s Early Construction Funding applications (GWNC, PTNO, PTC1, CGNC and EDN2,) and modification to Special Conditions of the electricity transmission licence

### 2. Our Assessment of NGET’s Early Construction Funding Request for GWNC, PTNO, PTC1, CGNC and EDN2

The questions we consulted on were:

- Q1. Do you agree with our minded-to position set out in Chapter 3?
- Q2. Do you agree with our proposed modification to adjust ASTIA in Appendix 1 of SpC 3.41?

#### Brief description of the projects

- 2.1 GWNC is a 400kV double circuit of approximately 140km of overhead lines (OHL) between the Grimsby West and Walpole substations via the Lincolnshire Connection Substation-A (LCS-A), Lincolnshire Connection Substation-B (LCS-B) and Weston Marsh substation. We note that there has been a material scope change to GWNC, which we explained in our consultation of 11 September 2025.<sup>3</sup> The original recommendation as featured in NESO’s Holistic Network Design<sup>4</sup> for a 400kV OHL double circuit between South Humber and South Lincolnshire has been replaced with a new route from Grimsby West to Walpole via a series of new substations, including Weston Marsh and the Lincolnshire Connection Node (LCN).
- 2.2 We agreed that this integrated network reinforcement creates a better coordinated and holistic Grimsby to Walpole project compared to the original design. We therefore supported the revised network designs and issued our decision on the project’s Material Scope Change request on 9 December 2025.<sup>5</sup> We considered NGET’s request for early construction funding in the context of the updated scope of the project and deliverables, as outlined in our December 2025 decision. NGET has confirmed that the activities described in their ECF submission for GWNC would be required as per the categories described in their ECF submission and that the benefits of carrying out these works remain the same.
- 2.3 PTC1 and PTNO will reinforce the existing 400kV circuit between Pentir and Trawsfynydd and create a second 400kV circuit to increase capacity in North Wales. This is part of a group of wider network transmission upgrades required within the North West region to enable a combined total of 5.48GW of offshore generation to connect. In our ECF consultation, we noted that whilst PTC1 and

<sup>3</sup> [Material Scope Change And Early Construction Funding GWNC EGL3 and EGL4](#)

<sup>4</sup> [NESO Holistic Network Design 2022](#)

<sup>5</sup> [Decision on Material Scope Change GWNC EGL3 ad EGL4](#)

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PTNO have separate NOA codes, they make up a single construction project. It is more practical to deliver them as a joint construction project because a significant proportion of the projects comprise the alternate sides of a single set of transmission towers.

- 2.4 CGNC runs from North Humber to High Marnham and is designed to increase power transfer capability by creating a new 90km 400kV double circuit between the new Birkhill Wood 400kV substation and the new High Marnham 400kV substation.
- 2.5 EDN2 is designed to increase power transfer capability by creating a new 60km 400kV double circuit between a new Chesterfield 400kV substation (being delivered through EDEU) and the existing Willington substation in South Derbyshire.

### Summary of NGET’s request

- 2.6 In September 2025, NGET made a consolidated application for ECF under Part C of SpC 3.41 of its licence to enable funding of early construction activities for the projects. The request seeks to utilise early construction funding up to the permitted cap of 20% of each project’s respective estimated cost as set out in NGET’s licence.

Project	Percentage Of ECF previously approved	Percentage of ECF requested in this submission
GWNC	n/a	20%
PTC1 / PTNO	6% <sup>6</sup>	14%
CGNC	n/a	20%
EDN2	n/a	20%

Table 1: requested ECF percentage

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<sup>6</sup> [North West Wales ECF decision](#)

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2.7 The activities covered in this ECF request fall within the following categories: strategic land purchase, early enabling works, and early procurement commitments.

	<b>Strategic land purchases</b>	<b>Early procurement commitments</b>	<b>Early enabling works</b>
<b>GWNC</b>	<ul style="list-style-type: none"> <li>• Purchase of land</li> </ul>	<ul style="list-style-type: none"> <li>• Instrument transformers</li> <li>• Overhead line (OHL) conductor and fittings</li> <li>• Insulator</li> <li>• Air Insulated Switchgear (AIS)</li> </ul>	<ul style="list-style-type: none"> <li>• Design, enabling and construction works to divert or underground existing Distribution Network Operator (DNO) infrastructure intersecting route</li> <li>• Low power voltage supplies</li> <li>• Design and engineering activities</li> <li>• Access works</li> <li>• Third-party interface works</li> <li>• Logistic and storage solutions</li> <li>• Staff costs</li> </ul>
<b>PTC1 / PPTNO</b>	<ul style="list-style-type: none"> <li>• Purchase of land</li> <li>• Operational compounds lease</li> </ul>	<ul style="list-style-type: none"> <li>• OHL conductor and fittings</li> <li>• OHL structures</li> <li>• Insulator</li> <li>• AIS</li> <li>• HV cable</li> <li>• Horizontal Directional Drill (HDD) reservation</li> </ul>	<ul style="list-style-type: none"> <li>• Design work</li> <li>• Eryri Visual Impact Provision (EVIP)</li> <li>• Logistic and storage solutions</li> <li>• Staff costs</li> </ul>
<b>CGNC</b>	<ul style="list-style-type: none"> <li>• Purchase of land</li> <li>• Option agreement payments</li> <li>• Lease payments</li> </ul>	<ul style="list-style-type: none"> <li>• OHL conductor and fittings</li> <li>• Insulator</li> <li>• Modular foundation components</li> <li>• OHL structures</li> </ul>	<ul style="list-style-type: none"> <li>• Design and engineering activities</li> <li>• Access works</li> <li>• Third-party interface works</li> <li>• Biodiversity Net Gain (BNG) site establishment</li> <li>• Logistic and storage solutions</li> <li>• Staff costs</li> </ul>
<b>EDN2</b>	<ul style="list-style-type: none"> <li>• Option agreement payments</li> <li>• Operational compounds lease</li> </ul>	<ul style="list-style-type: none"> <li>• OHL conductor and fittings</li> <li>• OHL structures</li> <li>• Insulator</li> <li>• Modular foundation components</li> </ul>	<ul style="list-style-type: none"> <li>• Design and engineering activities</li> <li>• Access works</li> <li>• Third-party interface works</li> <li>• Logistic and storage solutions</li> <li>• Staff costs</li> <li>• Environmental consents</li> </ul>

Table 2: ECF activities

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### Consultation position

2.8 We consulted on our minded-to position to approve NGET’s ECF applications for all four construction projects (and the corresponding five NOA codes).

2.9 We explained that the requested activities fell within the scope of eligible ECF funding and there was a clear benefit to the consumer in early progression of these projects for the following reasons:

- **Strategic land purchases** – the activities proposed include acquisition of land or access options and will be carried out in accordance with NGET’s Land Rights Strategy<sup>7</sup>. Carrying these out in advance can minimise cost to the consumer in the longer term and present opportunities to progress the projects at pace by allowing early preparatory work to be carried out accordingly.
- **Early Enabling Works** – activities include permitted survey, design and engineering works as well as coordinated work with other infrastructure providers (DNOs and British Telecom) to underground assets where proposed routes intersect them. These activities will allow NGET to progress construction activity at pace as soon as the projects obtain relevant planning permissions. NGET are also proposing to put in place an innovative solution for logistics and storage of materials, which aims to minimise disruption in the areas around the projects and make the transportation of materials to sites more efficient and cost effective.
- **Early procurement commitments** – the items that NGET proposes to procure early are known to be in high demand on the global market with prices likely to increase and delivery timings likely to be challenging if not secured suitably in advance.

2.10 We detailed the consumer protections that NGET had put in place to protect consumers from exposure to financial loss. These include:

- Plans to recover funds through re-sale of land or procured items if projects are cancelled.
- Minimising exposure to advance payments where possible via staggered payments and entering financial commitments in accordance with the projects’ respective timelines, ensuring costs are incurred at the optimal time and no earlier than necessary.

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<sup>7</sup> [NGT Land Rights Strategy and Payment Schedule for Assets](#)

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- Where cost recovery or transferability is not possible, ensuring that the projects retain sufficient flexibility to accommodate evolutions of design or requirements that may arise as a result of the consenting process.

2.11 We set out our expectation that NGET would take reasonable steps to ensure timely and successful delivery of each project. Should any of the projects be cancelled, we expect NGET to ensure that consumer exposure in every scenario is as low as practical and to exhaust every option to recover funds or repurpose assets.

## Decision on National Grid Electricity Transmission's Early Construction Funding applications (GWNC, PTNO, PTC1, CGNC and EDN2,) and modification to Special Conditions of the electricity transmission licence

### 3. Consultation responses

- 3.1 We received three consultation responses that provided feedback relevant to all three consultations that were conducted concurrently, including our consultations on ECF funding for the Brinsworth to High Marnham<sup>8</sup> and Norwich – Tilbury<sup>9</sup> projects. We welcome the diverse views expressed and thank respondents for their submissions and the time spent on them.
- 3.2 In the remainder of this section, we provide a summary of the responses and respond to views expressed in the submissions. We can confirm that no responders have requested anonymity and the responses are available on our website.
- 3.3 Safe Skies for Swans did not comment on the eligibility of the proposed activities for ECF funding but raised awareness on the potential impact of power lines on swans and other bird species. Their feedback proposed that all projects receiving early construction funding carry out an independent environmental impact assessment, which should feature an assessment of the skies as an environment. The response also proposed measures that National Grid should put in place to mitigate potential hazards to the health of swans and other birds resulting from contact with overhead lines.
- 3.4 We have shared this response with NGET and encouraged them to take this feedback and the accompanying briefing into account when considering the environmental impact of the project and the associated mitigating actions. NGET has informed us that their position on bird management is aligned to the protection of all wild bird species, their eggs and nests in law as per the Wildlife and Countryside Act 1981.
- 3.5 The early construction funding mechanism has been set up to provide funding for permitted activities where these will be in the interest of the consumer, for example, by providing an opportunity for accelerated delivery. As an economic regulator, Ofgem would not be the appropriate authority to mandate or oversee specific requirements related to environmental impact. We can confirm that environmental surveys are considered an eligible activity for early construction funding under the Early Enabling Works category.
- 3.6 We received feedback from RWE, a generation developer, who supported Ofgem's minded-to-position to grant early construction funding. RWE highlighted the need for substantive expansion of the grid in order to facilitate the connection of renewable energy and agreed that early construction funding will be beneficial for

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<sup>8</sup> [NGET Early Construction Funding application for EDEU - Consultation](#)

<sup>9</sup> [NGET Early Construction Funding application for Norwich to Tilbury - Consultation](#)

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the timely delivery of the projects under consultation. As a developer in related areas impacted by NGET’s network enhancements, RWE provided a valuable insight about the projects’ contribution to the wider energy system and confirmed that the activities NGET intends to carry out should be carried out early.

3.7 NGET also provided a response to our consultation. NGET confirmed its commitment to take all reasonable steps to ensure the timely and successful delivery of the project whilst keeping consumer risk as low as practicable. NGET agreed with Ofgem’s minded-to position and confirmed that no activities requested in this ECF submission had been funded previously. NGET sought clarification on a number of matters related to this consolidated ECF application regarding to:

- Whether the value of the ECF allowance for GWNC will be calculated based on the updated project cost following our decision to adjust ASTI allowances in line with our Material Scope Change decision in December 2025
- Whether allowance for PTC1 and PTNO will be reflected as a combined value in the ASTI Confidential Annex

3.8 We address these matters in our decision in Chapter 4.

3.9 NGET also requested the formal name of the project under NOA code EDN2 be amended in NGET’s licence so that it acknowledges the adjustment of the project title from “Chesterfield to Ratcliffe-on-Soar” to “Chesterfield to Willington”. When EDN2 was initially included in NGET’s licence, the project proposed Ratcliffe-on-Soar as the preferred connection option. Following further project development, NGET identified that Willington would present a more advantageous connection option balancing costs, technical performance, environmental and socio-economic impact. NGET’s options assessment process and strategic options report can be found on NGET’s website.<sup>10</sup>

3.10 We sought NESO’s view on whether the change in connection point would impact the benefits identified in NESO’s NOA and Clean Power 2030. NESO confirmed that the benefits remain the same. The two options falls within the same transmission system boundary, so the change in connection point would not represent a material change in the scope of the project. We consulted on the assumption that the connection point for this project is Willington and therefore agree that the name under project EDN2 should reflect the accurate description of the project in NGET’s licence.

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<sup>10</sup> [Our proposals | National Grid](#)

## Decision on National Grid Electricity Transmission's Early Construction Funding applications (GWNC, PTNO, PTC1, CGNC and EDN2,) and modification to Special Conditions of the electricity transmission licence

### 4. Our decision

- 4.1 As identified in NESO's Network Options Assessment 2021-22<sup>11</sup> and the Holistic Network Design<sup>12</sup>, GWNC, PTNO, PTC1, CGNC and EDN2 will significantly contribute to the safe, resilient, and efficient transmission of electricity through the energy system. These reinforcements will also help alleviate constraint costs that the consumer is currently billed for. It is therefore in the consumers' interest for these reinforcements to progress at pace, subject to the relevant planning permissions being granted.
- 4.2 The projects considered as part of this ECF application have been identified by NESO as key enabling works to achieve the Government's net zero 2030 targets as set out in NESO's Action Plan<sup>13</sup>. The capacity provided by these network upgrades will allow the system to operate in an economic and efficient manner.
- 4.3 We maintain our consultation position that the activities identified by NGET fall within the ECF permitted activity categories as defined in our ASTI Guidance and NGET's licence.
- 4.4 We are satisfied that it is in consumers' interests for the costs requested under this ECF submission to be incurred at an early stage as this will facilitate efficient and timely delivery of the projects. We expect NGET to make all reasonable efforts to accelerate the delivery of these projects while being mindful of the need to minimise consumer exposure to cost as described in Chapter 3.
- 4.5 Our decision is to maintain our consultation position to approve NGET's full ECF request for funding up to the ECF cap of 20% of project cost as set out in NGET's licence for the projects with NOA codes GWNC, PTNO, PTC1, CGNC and EDN2.
- 4.6 For GWNC, we confirm that the value of the ECF allowance shall be calculated based on the updated total project costs in accordance with our decision to approve the request for Material Scope Change in December 2025<sup>14</sup>. This is consistent with the re-calibration of the ASTI allowances as set out in the Material Scope Change decision.
- 4.7 Since PTC1 and PTNO is a single construction project delivered under two NOA codes, that are captured separately with NGET's licence, we expect NGET to allocate the appropriate portion of cost to each NOA code for activities that may serve both.

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<sup>11</sup> [Network options assessment 2021-22](#)

<sup>12</sup> [Holistic Network Design](#)

<sup>13</sup> [NESO Clean Power 2030 Plan - Annex 2](#)

<sup>14</sup> [Material Scope Change And Early Construction Funding GWNC EGL3 and EGL4](#)

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- 4.8 To reflect the accurate description of the project under NOA code EDN2, we will amend its name in the ASTI licence, as suggested in NGET’s response to this consultation. We note that the formal name of the project under NOA code EDN2, previously known as “Chesterfield to Ratcliffe-on-Soar” will change to “Chesterfield to Willington” as described in Annex 2 of this document.

## **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](mailto:stakeholders@ofgem.gov.uk).

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**Annex I: Notice of statutory consultation to modify SpC 3.41**

**To: National Grid Electricity Transmission Plc Electricity Act 1989 Section 11A(2)**

**Electricity Act 1989**

**Section 11A(1)(a)**

**Modification of the Special Condition (SpC) 3.41 of the electricity transmission licence held by National Grid Electricity Transmission Plc**

1. National Grid Electricity Transmission Plc is the holder of an electricity transmission licence (‘the Licence’) granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (‘the Act’).
2. Under section 11A(2) of the Act, the Gas and Electricity Markets Authority (‘the Authority’)<sup>15</sup> gave notice on 14 November 2025 (‘the Notice’) that we propose to modify Special Condition (SpC) 3.41 ‘Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)’ of the Licence. We stated that any representations to the modification proposal must be made on or before 20 December 2025.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received 3 responses to the Notice, which we carefully considered. We have published those on our website and addressed the feedback in our decision document.
5. We are making these licence change(s) because we are satisfied that NGET’s Early Construction Funding (ECF) applications:
  - a. have demonstrated the appropriate balance between assisting acceleration and protecting consumers from potentially excessive cost exposure in the unlikely event that the projects do not progress;
  - b. were pre-empted by a notice of NGET’s intention to make the application under section 3.41.7 at least 8 weeks before NGET made the application; and
  - c. there is a clear justification for why it is in consumers’ interests to provide funding for the proposed activities to take place ahead of our cost assessment as part of the Project Assessment (PA) process as the early

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<sup>15</sup> The terms “the Authority”, “we” and “us” are used interchangeably in this document.

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construction activities will aid in accelerating project delivery and/or prevent potential cost increases.

7. The effect of the modification(s) will be to adjust the allowances contained in the ASTI Confidential Annex as referenced in Appendix 1 (ASTI Price Control Deliverable) of Special Condition 3.41 ‘Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIAt)’ in NGET’s electricity transmission licence to allow NGET’s ECF expenditure application. The proposed modification will be reflected in what will become the latest version of the ASTI Confidential Annex.
8. For reasons of commercial sensitivity, details of the amended allowance are confidential but will be issued to NGET in the updated ASTI Confidential Annex. Therefore, with the exception of the ASTI Confidential Annex, a copy of the modification and other documents referred to in this notice have been published on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively, they are available from [information.rights@ofgem.gov.uk](mailto:information.rights@ofgem.gov.uk)
9. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules <sup>16</sup>requires that the appellant must send to any relevant licence holders a non-sensitive notice setting out the matters required in Rule 5.2. In this case, the relevant licence holder is National Grid Electricity Transmission. Section 11A(10) of the Act sets out the meaning of ‘relevant licence holder’.
10. Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the Special Condition (SpC) 3.41 of the electricity transmission licence held by NGET in the manner specified below. This decision will take effect from 31 March 2026.
11. This document is notice of the reasons for the decision to modify the electricity transmission licence held by NGET as required by section 49A(2) of the Act.

**Thomas Johns**

**Deputy Director of Major Projects Delivery**

**Duly authorised on behalf of the Gas and Electricity Markets Authority**

**3 February 2026**

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<sup>16</sup> [Energy licence modification appeals rules: CMA70 - GOV.UK](https://www.gov.uk/government/consultations/energy-licence-modification-appeals-rules)

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## Annex II: Special Condition 3.41

Deletions are shown in strikethrough and new text is double underlined>.

### **Special Condition 3.41 Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR<sub>t</sub>)**

#### **Introduction**

- 3.41.1 The purpose of this condition is to specify the value of the term ASTIR<sub>t</sub> (the accelerated strategic transmission investment Re-opener term). This contributes to the calculation of the Totex Allowance.
- 3.41.2 The effect of this condition is to:
- (a) specify the ASTI Outputs, delivery dates and allowances for the Price Control Deliverable;
  - (b) establish a Re-opener for the licensee to apply for an adjustment to the ASTI Outputs, delivery dates and allowances in Appendix 1 and the Minimum circuit availability standard after delivery in Appendix 2;
  - (c) provide for an assessment of the Price Control Deliverable; and
  - (d) establish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.
- 3.41.3 This condition also sets out the process the Authority will follow when making changes to Appendix 1 as a result of the Re-opener.

#### **Part A: Formula for calculating the accelerated strategic transmission investment Re-opener term (ASTIR<sub>t</sub>)**

- 3.41.4 The value of ASTIR<sub>t</sub> is derived in accordance with the following formula:

$$ASTIR_t = ASTIA_t - ASTIRA_t$$

where:

*ASTIA<sub>t</sub>* means the allowances in Appendix 1; and

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

#### **Part B: ASTI Outputs**

- 3.41.5 The licensee must deliver the ASTI Outputs no later than 12 months after the delivery dates specified in Appendix 1.
- 3.41.6 After the ASTI Output has been delivered it must be operational and available for use by the ISOP for the period specified in Appendix 2 after application of

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the exclusions set out in Chapter 4 of the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.

**Part C: Early Construction Funding**

- 3.41.7 The licensee may, in respect of any ASTI Output, apply for an Early Construction Funding decision to adjust ASTIA<sub>e</sub>.
- 3.41.8 Unless the Authority directs otherwise, the aggregate allowances provided under paragraph 3.41.7 for any ASTI Output may not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex.
- 3.41.9 The licensee must notify the Authority in writing of its intention to make an application under 3.41.7 at least 8 weeks before making an application, unless the Authority directs otherwise.
- 3.41.10 A modification under this Part will be made under section 11A of the Act.

**Part D: ASTI Project Assessment Decision**

- 3.41.11 The licensee may, in respect of any ASTI, apply for an ASTI Project Assessment Decision and an associated modification of Appendices 1 and 2 to:
- (a) specify or amend an ASTI Output, a delivery date and associated allowances; and
  - (b) specify the minimum circuit availability standard after delivery for the relevant ASTI Output.
- 3.41.12 Unless the Authority otherwise directs, the licensee may only apply for an ASTI Project Assessment Decision after submission of all material planning consent applications.
- 3.41.13 A modification under this Part will be made under section 11A of the Act.

**Part E: ASTI Cost and Output Adjusting Event**

- 3.41.14 The licensee may apply for a modification to the ASTI Outputs and allowances in Appendix 1 where it considers that there has been one or more ASTI Cost And Output Adjusting Event.
- 3.41.15 The licensee may only apply under this Part to modify allowances in Appendix 1 where:
- (a) expenditure has been caused to increase or decrease by at least the percentage specified in, or in accordance with, paragraph 3.41.17, calculated before the application of the Totex Incentive Strength, relative to the relevant allowance in Appendix 1 by the event or if there has been more than one event:
    - i. by each event;

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- ii. if the Authority has directed that the events in relation to the relevant ASTI Output should count cumulatively towards the percentage threshold; and
  - (b) the increase or decrease in expenditure is expected to be efficiently incurred or saved.
- 3.41.16 The licensee may apply under this Part to modify the ASTI Outputs in Appendix 1 only where there is a material change to the scope of the relevant ASTI project.
- 3.41.17 The percentage referred to in paragraph 3.41.15(a) is:
  - (a) 5%; or
  - (b) such other percentage as the Authority may specify by direction.
- 3.41.18 An application under this Part must be made in writing and must:
  - (a) include detailed supporting evidence that an ASTI Cost And Output Adjusting Event meeting the requirements set out in paragraphs 3.41.15, or where applicable 3.41.16, has occurred;
  - (b) set out the modifications requested to the ASTI Outputs or associated allowances in Appendix 1;
  - (c) explain the basis of the calculation for any proposed modification to the allowances in Appendix 1, which must be designed to keep, so far as is reasonably practicable, the financial position and performance of the licensee the same as if the ASTI Cost and Output Adjusting Event had not occurred; and
  - (d) include a statement from a technical adviser, who is external to and independent from the licensee, whether, considered in the context of the value of the ASTI Output, the proposed modification to the ASTI Output or associated allowances fairly reflects the effects of the ASTI Cost And Output Adjusting Event.
- 3.41.19 The Authority may make a modification under this Part where:
  - (a) there has been an application under this Part;
  - (b) there has been an ASTI Cost and Output Adjusting Event in relation to the relevant ASTI;
  - (c) the requirements of paragraphs 3.41.14 to 3.41.18, where applicable, have been met; and
  - (d) the proposed modifications to Appendix 1 have the effect so far as is reasonably practicable of keeping the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred.

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3.41.20 A modification under this Part will be made under section 11A of the Act.

**Part F: Modification of delivery date in Appendix 1 further to an ASTI ODI Penalty Exemption Period decision or ASTI ODI Target Date decision under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive)**

3.41.21 The Authority will modify the delivery dates in Appendix 1 where it decides under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive) to make a modification to the ASTI ODI Penalty Exemption Period or ASTI ODI Target Date in Appendix 1 of Special Condition 4.9.

3.41.22 A modification under this Part will be made under section 11A of the Act.

**Part G: Assessment of the Price Control Deliverable (ASTIR<sub>t</sub>)**

3.41.23 The Authority will, in accordance with the assessment principles set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements), consider directing a value for ASTIR<sub>t</sub> where the licensee has not Fully Delivered an output in Appendix 1.

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

3.41.24 Before making a direction under Part G 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 not be less than 28 days.

3.41.25 A direction in respect of Part G will set out:

- (a) the delivery status of the ASTI Output that has not been Fully Delivered;
- (b) the value of the ASTIR<sub>t</sub> term and the Regulatory Years to which that adjustment relates; and
- (c) the methodology and data that has been used to decide the delivery status and value of any adjustments to the ASTIR<sub>t</sub> term.

**Part I: Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document**

3.41.26 The licensee must comply with the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.

3.41.27 The Authority will issue and amend the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document by direction.

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- 3.41.28 The Authority will publish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document on the Authority's Website.
- 3.41.29 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will make provision about the detailed requirements for Parts C, D, E and F.
- 3.41.30 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will also make provision about the detailed requirements under Special Condition 3.40 (ASTI Pre-Construction Funding Re-opener, Price Control Deliverable and Use It or Lose It Adjustment) and Special Condition 4.9 (ASTI output delivery incentive).
- 3.41.31 Before directing that the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document comes into effect, the Authority will publish on the Authority's Website:
- (a) the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
  - (b) the date on which the Authority intends the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect; and
  - (c) a period during which representations may be made on the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.
- 3.41.32 Before directing an amendment to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, the Authority will publish on the Authority's Website:
- (a) the text of the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
  - (b) the date on which the Authority intends the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect;
  - (c) the reasons for the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document; and
  - (d) a period during which representations may be made on the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.

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**Appendix 1**

**ASTI Price Control Deliverable**

<b>ASTI Output</b>	<b>Delivery Date</b>	<b>Allowance (ASTI<sub>t</sub>, £m)</b>	<b>ECF/PA</b>
New 400 kV double circuit in North East Anglia (NOA Code: AENC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	ECF
New 400 kV double circuit in South East Anglia (NOA Code: ATNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>
New 400 kV double circuit between Bramford and Twinstead (NOA Code: BTNO)	31 December 2029	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between Creyke Beck and the South Humber (NOA Code: CGNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)	31 December 2028	Have the values given in the ASTI Confidential Annex.	
Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)	31 December 2030	Have the values given in the ASTI Confidential Annex.	ECF
Eastern Scotland to England 3rd link: Peterhead to the South Humber offshore HVDC (NOA Code: E4L5)	31 December 2031	Have the values given in the ASTI Confidential Annex.	PA

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<b>ASTI Output</b>	<b>Delivery Date</b>	<b>Allowance (ASTIA<sub>t</sub>, £m)</b>	<b>ECF/PA</b>
400 kV upgrade of Brinsworth to Chesterfield double circuit and Chesterfield to High Marnham double circuit. New High Marnham and Chesterfield 400 kV substations (NOA Code: EDEU)	31 December 2029	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>
New Chesterfield to <u>Willington</u> <del>Ratcliffe-on-Soar</del> 400 kV double circuit (NOA Code: EDN2)	31 December 2031	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>
New 400 kV double circuit between the South Humber and South Lincolnshire (NOA Code: GWNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>
Uprate Hackney, Tottenham and Waltham Cross 275 kV to 400 kV (NOA Code: HWUP)	31 December 2028	Have the values given in the ASTI Confidential Annex.	ECF
New 400 kV double circuit between the existing Norton to Osbaldwick circuit and Poppleton and relevant 275 kV upgrades (NOA Code: OPN2)	31 December 2028	Have the values given in the ASTI Confidential Annex.	ECF
Pentir to Trawsfynydd cable replacement (NOA Code: PTC1)	31 December 2029	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>
North Wales reinforcement (NOA Code: PTNO)	31 December 2030	Have the values given in the ASTI Confidential Annex.	<u>ECF</u>

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<b>ASTI Output</b>	<b>Delivery Date</b>	<b>Allowance (ASTI<sub>t</sub>, £m)</b>	<b>ECF/PA</b>
New Offshore HVDC link between Suffolk and Kent option 1 (NOA Code: SCD1)	31 December 2031	Have the values given in the ASTI Confidential Annex.	ECF
Eastern subsea HVDC Link from east Scotland to South Humber area (NOA Code: TGDC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	ECF
Tilbury to Grain and Tilbury to Kingsnorth upgrade (NOA Code: TKRE)	31 December 2029	Have the values given in the ASTI Confidential Annex.	ECF

## Appendix 2

### ASTI Output availability standard

<b>ASTI Output</b>	<b>0-6m</b>	<b>6-12m</b>	<b>12-24m</b>
New 400 kV double circuit in North East Anglia (NOA Code: AENC)			
New 400 kV double circuit in South East Anglia (NOA Code: ATNC)			
New 400 kV double circuit between Bramford and Twinstead (NOA Code: BTNO)			
New 400 kV double circuit between Creyke Beck and the South Humber (NOA Code: CGNC)			
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)			

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<b>ASTI Output</b>	<b>0-6m</b>	<b>6-12m</b>	<b>12-24m</b>
Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)			
Eastern Scotland to England 3rd link: Peterhead to the South Humber offshore HVDC (NOA Code: E4L5)			
400 kV upgrade of Brinsworth to Chesterfield double circuit and Chesterfield to High Marnham double circuit. New High Marnham and Chesterfield 400 kV substations (NOA Code: EDEU)			
New Chesterfield to <del>Willington</del> <del>Ratcliffe-on-Soar</del> 400 kV double circuit (NOA Code: EDN2)			
New 400 kV double circuit between the South Humber and South Lincolnshire (NOA Code: GWNC)			
Uprate Hackney, Tottenham and Waltham Cross 275 kV to 400 kV (NOA Code: HWUP)			
New 400 kV double circuit between the existing Norton to Osbaldwick circuit and Poppleton and relevant 275 kV upgrades (NOA Code: OPN2)			
Pentir to Trawsfynydd cable replacement (NOA Code: PTC1)			
North Wales reinforcement (NOA Code: PTNO)			
New Offshore HVDC link between Suffolk and Kent option 1 (NOA Code: SCD1)			
Eastern subsea HVDC Link from east Scotland to South Humber area (NOA Code: TGDC)			
Tilbury to Grain and Tilbury to Kingsnorth upgrade (NOA Code: TKRE)			