

Consultation

RIO-2 Visual Impact Mitigation Re-opener Draft Determination: National Grid Electricity Transmission's Cotswolds VIP Project

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We¹ are consulting on our Draft Determination (DD) following our assessment of National Grid Electricity Transmission's (NGET) Visual Impact Mitigation Re-opener application for its Cotswolds project, as governed by Special Condition (SpC) 3.10 (Visual Impact Mitigation Re-opener and Price Control Deliverable and Enhancing Pre-existing Infrastructure Projects allowance (VIMRE_t and EPI_t)) of NGET's electricity transmission licence (the Licence). We are proposing to reject NGET's £177.56m project funding request to deliver a new Visual Impact Mitigation Price Control Deliverable (PCD) under its RIO-2 price control.

We particularly welcome responses from people with an interest in electricity transmission (ET) networks. We would also welcome responses from other stakeholders and the public.

This document outlines the scope and purpose of the consultation, our DD in relation to NGET's Visual Impact Mitigation Re-opener application, the consultation questions and explains how you can get involved. Once the consultation is closed, we will consider all responses.

¹ The terms 'we', 'us', 'our' refer to the Gas and Electricity Markets Authority (the Authority). Ofgem operates under the direction and governance of the Authority.

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1. Introduction

- 1.1 Network companies are natural monopolies. Effective regulation of privatised for-profit monopolies is essential to ensure they cannot unfairly exercise their monopoly power to the detriment of their customers. This is particularly important in the case of essential utilities, such as energy, where consumers have no choice over whether or not to pay what they are charged. It is therefore crucial that an effective regulator protects energy consumers by controlling how much network companies can charge their customers. Ofgem does this through periodic price controls that are designed to ensure network companies are properly incentivised to deliver the best possible outcomes for current and future energy consumers. This includes ensuring that consumers only pay for investments that are needed and do not overpay for those investments.
- 1.2 As part of the RIIO-1 price control, we introduced a new policy for electricity transmission owners to reduce the visual impact of pre-existing transmission infrastructure in nationally designated areas and their settings.² This policy was subsequently extended as part of our RIIO-2 price control framework in 2021. The policy applies to the following designated areas: National Parks, Areas of Outstanding Natural Beauty (AONB), and National Scenic Areas.³
- 1.3 Re-openers exist so that our price controls can be flexible and adapt to changing circumstances over the 5-year period. Since we set RIIO-2 there have been significant shifts in the energy landscape. Given the sustained upward pressure on consumer energy bills, and the substantial programme of work required from network companies against a backdrop of global supply chain and labour constraints, we do not consider it is in the best interest of GB consumers to continue to prioritise spending on visual amenity for existing infrastructure where there is no additional system benefit. This position is consistent with the principles underpinning the RIIO-ET2 Final Determinations (FDs) and aligns with the forward-looking approach set out in the [RIIO-3 Sector Specific Methodology Decision](#) (SSMD).

The Visual Impact Mitigation Re-Opener Mechanism

- 1.4 The RIIO-2 price control framework provided for funding of up to £465m (2018/19 prices) for Electricity Transmission Operators (ETOs) to mitigate the visual impacts of existing infrastructure in designated areas across Great Britain (GB).⁴ An electricity transmission licensee can propose a new Visual Impact Mitigation

² Pre-existing transmission infrastructure is defined as transmission infrastructure assets forming part of the licensee's Transmission System as of April 2013.

³ Area of Outstanding Natural Beauty means an Area of Outstanding Natural Beauty designated under section 82 of the Countryside and Rights of Way Act 2000.

⁴ [RIIO-2 Final Determinations Electricity Transmission System Annex \(REVISED\). Set into the Licence in SpC 3.10 Appendix 2](#)

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PCD and request funding for these under its price control, as long as the proposals are in line with a policy it has in place for working with stakeholders on the selection of visual impact improvements projects within their transmission area. This policy is referred to as the Visual Impact Provision (VIP) Policy.⁵

- 1.5 Under SpC 3.10, Ofgem can direct amendments to NGET's RIIO-2 licence to add a new Visual Impact Mitigation PCD and associated allowance to Appendix 1, where no allowance has been awarded as part of the baseline allowance.⁶ Projects within the scope of that licence condition may be submitted to be considered and scrutinised by Ofgem, who will determine whether there is a needs case to justify the project funding request and to establish level of efficient costs to be remunerated through consumer bills.
- 1.6 Through our network price controls, Ofgem has supported ETO's proposals to deliver visual and landscape enhancements that benefits local communities and visitors of relevant national parks. Under the Visual Impact Mitigation Re-opener mechanism, ETO's have been awarded an estimated £715m of additional allowances between RIIO-1 and RIIO-2 (2018/19 prices).

Consultation and assessment approach

- 1.7 In line with SpC 3.10 of NGET's RIIO-2 licence and the Re-opener Guidance and Application Requirement Document, NGET provided Ofgem with supporting evidence on its implementation of its VIP policy. This included explanation of how it has worked with stakeholders to identify and prioritise the Cotswolds VIP project to deliver a Visual Impact Mitigation PCD output, as well as explanatory narrative to support why it considers consumers should continue to prioritise funding of visual improvement projects in the remainder of RIIO-2. It also provided details of its proposed solution, technical project scope, forecasted project costs and associated cost benefit analysis (CBA) that compares the project delivery options that NGET has considered.
- 1.8 This document summarises our assessment of NGET's Visual Impact Mitigation Re-opener application for the Cotswold VIP project and explains our rationale to support our DD. Our initial assessment involved review of NGET's application and consideration of its responses to supplementary questions (SQs) that we issued for clarification.

⁵ The term Visual Impact Provision (VIP) policy is a term used to refer to the "Mitigating Pre-existing Infrastructure Policy" as set out in SpC 3.10 Part C of NGETs transmission licence.

⁶ The policy, introduced in the RIIO-1 electricity transmission price control, for addressing the impacts of existing transmission infrastructure in designated areas that was continued in RIIO-2. The RIIO-2 licence condition SpC 3.10 is largely based on the RIIO-1 licence condition SpC 6G but was amended to include a provision on how the regulatory approval process would work in the RIIO-2 price control period for project proposals submitted before the end of RIIO-1.

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- 1.9 We considered NGET's proposal in accordance with our principal objective and statutory duties.
- 1.10 We welcome responses to our consultation, in particular on the specific question we have included in Chapter 3. The deadline for responses is 28 April 2026.

Purpose of this consultation

- 1.11 We are consulting on our assessment of a £177.56m⁷ project funding request made by NGET to deliver a new Visual Impact Mitigation PCD as part of its RIIO-2 price control.
- 1.12 On 16 May 2025, NGET submitted its re-opener application under SpC 3.10 (Visual Impact Mitigation Re-opener and Price Control Deliverable and Enhancing Pre-existing Infrastructure Projects allowance (VIMREt and EPIt)), requesting for a direction to add a new Visual Impact Mitigation PCD and associated allowance to Appendix 1 of SpC 3.10 of its licence.
- 1.13 The Cotswolds National Landscape⁸ contains five sections of transmission overhead line (4TE, 4YX, XL, ZF, and ZFB), at a total length of 110.13km and with a total of 288 transmission towers (pylons) within the designated area.
- 1.14 The proposed project intends to replace 7.4km section of the existing ZF overhead line,⁹ that runs north-south from Feckenham in Worcestershire to Minety in Wiltshire, with an underground cable. NGET's proposal will replace 6% of the 110.13km of transmission line that passes through the boundaries of Cotswolds National Landscape with an underground cable and remove 16 (approximately 6%) of the transmission towers (pylons) within the designated area. NGET's forecast project cost is £177.56m, and the purpose is to enhance the views surrounding the Cotswolds National Landscape area. NGET proposes to deliver the Cotswold VIP project and other associated works by 2030.
- 1.15 We are proposing to reject NGET's funding request. In the time since the funding provision was put in place, energy bills have risen and households are increasingly looking for ways to manage costs. At the time of publication, the conflict in the Middle East has also led to expectations of added financial pressures for households. We therefore do not think it is in the best interest of GB consumers to continue to prioritise spending on visual amenity projects for existing

⁷ Unless otherwise stated, all values are in 2018/19 prices (to align with the original RIIO-2 price base).

⁸ The term 'Cotswolds National Landscape' was adopted in 2020: [The Cotswolds AONB gets a new look and a new name - Cotswolds National Landscape](#)

All AONBs in England and Wales were re-branded as "National Landscapes" in November 2023, though the legal name and designation remain "Area of Outstanding Natural Beauty" under the Countryside and Rights of Way Act 2000.

⁹ 400kv double circuit overhead line.

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infrastructure, where associated system or asset resilience benefits do not in themselves justify the additional cost.

Context and related publications

1.16 The scope of this consultation is limited to NGET's Visual Impact Mitigation Re-opener application. This document is intended to be read alongside:

- [NGET's Cotswolds Visual Impact Mitigation Re-opener application](#)
- [RIIO-2 Final Determination – Core Document \(REVISED\)](#)
- [RIIO-2 Final Determination – ET Annex \(REVISED\)](#)
- [RIIO-2 Final Determinations – NGET Annex \(REVISED\)](#)
- [National Grid Electricity Transmission Special Conditions](#)
- [Re-opener Guidance and Application Requirements Document: Version 3 | Ofgem](#)

Consultation stages

1.17 This consultation will run for 28 days and will close on 28 April 2026. We will endeavour to review responses before finalising and publishing our decision in Summer 2026. Our priorities are ensuring that we give full consideration to all responses and that we make final decisions that are in the best interests of consumers.

Stage 1 Consultation open: 01 April 2026

Stage 2 Consultation closes (awaiting decision). Deadline for responses: 28 April 2026

Stage 3 Responses reviewed and published

Stage 4 Consultation outcome (decision or policy statement)

How to respond

1.18 We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

1.19 We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

1.20 We will publish non-confidential responses on our website.

Your response, data, and confidentiality

1.21 You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example,

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under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

- 1.22 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.
- 1.23 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.
- 1.24 We will not link confidential responses to respondents. However, we may publish a summary of the responses and will evaluate each response on its own merits without undermining your right to confidentiality.
- 1.25 We will also consider requests to withhold or redact information from publication in accordance with the Redaction Policy as set out in Appendix 12 to the [Re-opener Guidance and Application Requirements Document](#).

How to track the progress of a consultation

1. Find the web page for the call for input you would like to receive updates on.
2. Click 'Get emails about this page', enter your email address and click 'Submit'.
3. You will receive an email to notify you when it has changed status.

A consultation has three stages: 'Open', 'Closed (awaiting decision)', and 'Closed (with decision)'.

2. National Grid's proposals and funding request

- 2.1 NGET submitted its re-opener application on 16 May 2025 under Special Condition (SpC) 3.10 (Visual Impact Mitigation Re-opener). The application is seeking additional funding of £177.56m to deliver a new Visual Impact Mitigation PCD as part of NGET's RIIO-2 price control under SpC 3.10.11 of its licence.
- 2.2 In line with SpC 3.10.6, NGET submitted its revised VIP policy in 2024, which sets out how NGET will work with relevant stakeholders to identify visual impact improvement projects and to maximise the benefits of these for consumers.¹⁰ NGET developed its proposals (outlined below) to underground a 7.4km section of the ZF overhead line running through the Cotswolds in accordance with its VIP Policy.

The ZF Overhead Line and the Cotswolds National Landscape

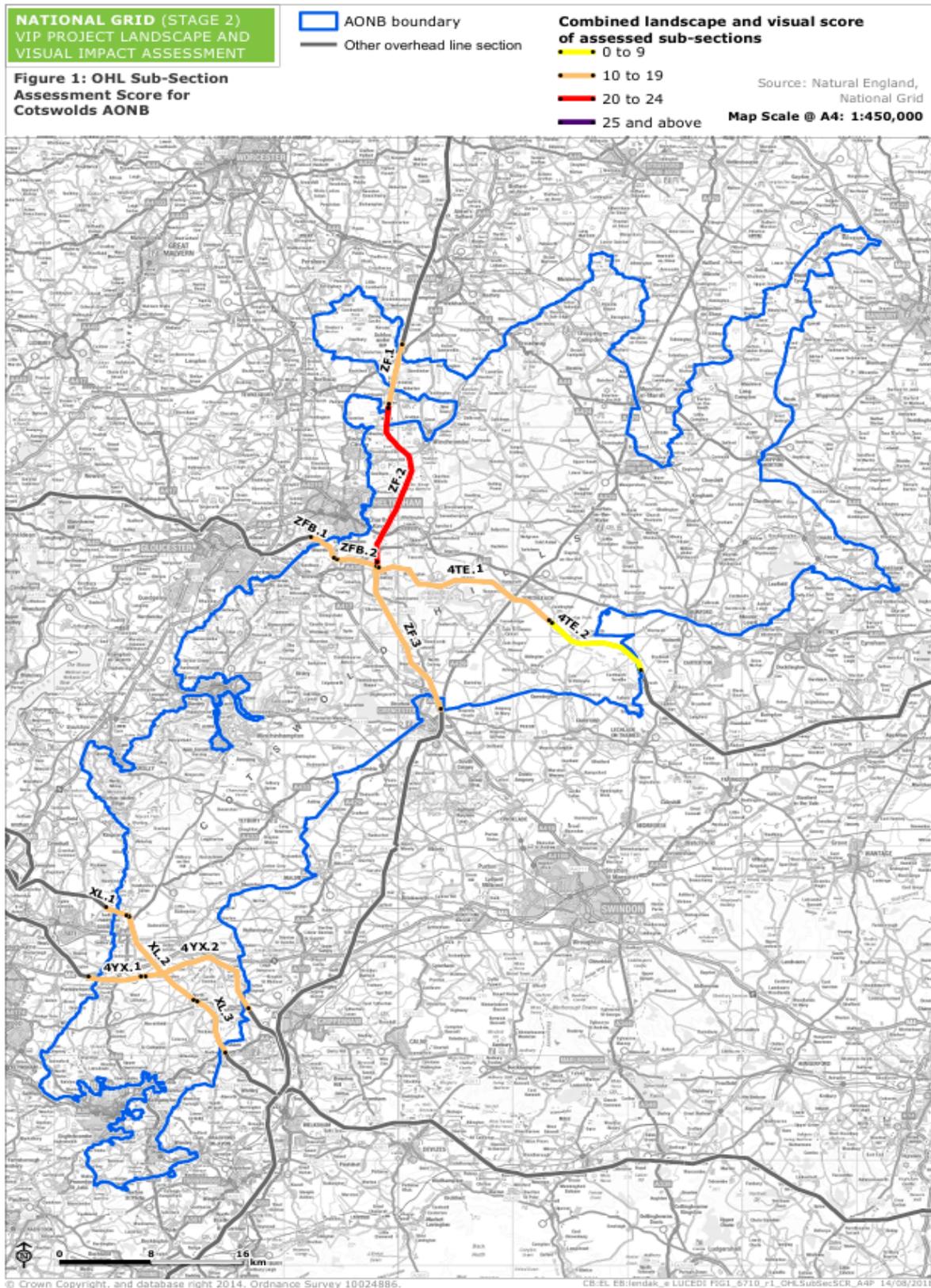
- 2.3 The Cotswolds National Landscape¹¹ is a 2,000 km² area stretching roughly from just south of Stratford-upon-Avon to just south of Bath. Because it has been designated a National Landscape it is important that special efforts are made to conserve and enhance the natural beauty of the area.
- 2.4 Five sections of transmission overhead line (4TE, 4YX, XL, ZF, and ZFB) run through the Cotswold National Landscape, as shown on **Figure 1** below, at a total of 110.13km and with a total of 288 transmission towers (pylons) within the designated area.

¹⁰ The Authority's review of NGET revised VIP policy can be found on the Ofgem website: [Consultation on National Grid Electricity Transmission \(NGET\) North Wessex Downs – Visual Impact Mitigation Re-Opener | Ofgem](#)

¹¹ Formerly known as an Area of Outstanding Natural Beauty (AONB)

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Figure 1: NGET transmission overhead line within the boundaries of Cotswolds National Landscape



- 2.5 The ZF Route is a 400kV transmission overhead line that runs north-south from Feckenham in Worcestershire to Minety in Wiltshire. It has a total length of 79km, directly serves four transmission substations,¹² and is supported by 505 transmission towers (pylons). The ZF overhead line is essential for providing secure supply to a large number of customers in the region, including residential and commercial customers in Gloucester, Herefordshire, Worcestershire, Swindon, and the Cotswold District.

Necessary upgrade works and potential for visual impact mitigation

- 2.6 NGET is undertaking interacting upgrading works on the Feckenham to Minety (ZF) and Feckenham to Walham (ZFB) double circuit overhead line, which runs through a section of the Cotswolds National Landscape. These programmes of work are driven by wider system reinforcement needs identified through the Transitional Centralised Strategic Network Plan (tCSNP) framework and customer connection requirements.¹³ The planned upgrading works are expected to be delivered by 2029.
- 2.7 Ordinarily these upgrading works would involve the replacement of the existing overhead lines with higher rated overhead lines. However, there is a potential opportunity to mitigate the visual impact of the circuit on the Cotswolds National Landscape by undergrounding all or some of the sections passing through it. Rather than replace the full ZF (79 km) overhead line with an upgraded overheadline, NGET is instead proposing to underground a small portion of that route section running through the Cotswolds National Landscape.
- 2.8 To identify the sections that it proposes to underground, NGET carried out a Landscape and Visual Impact Assessment (LVIA) of the overhead lines in the Cotswolds National Landscape. The LVIA identified a subsection of the ZF route (ZF.2) as causing significant visual impact. Application of the method and scoring set out in NGET's VIP Policy initially placed subsection ZF.2 outside of the 12 shortlisted subsections of transmission line in terms of highest level of landscape and visual impacts. However, following further reassessments in 2018,

¹² Feckenham Grid Supply Point (GSP), Minety GSP, Walham GSP, Seven Springs Substation

¹³ The tCSNP framework focuses on strengthening the capability of the transmission system in a coordinated manner. The upgrading of Feckenham – Minety (FMR2 in tCSNP2) will require the replacement of existing conductors with higher-capacity alternatives. The Feckenham – Walham circuit upgrading is driven by a customer connection requirements.

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subsection, ZF.2, was later recommended to NGET by its Stakeholder Advisory Group (SAG)¹⁴ as one of the projects to prioritise in RIIO-ET2.¹⁵

- 2.9 It was recognised by NGET that undergrounding the entire length of the Cotswolds ZF.2 subsection (17km) would involve excessive cost (exceeding the overall £465m RIIO-ET2 funding cap for RIIO-ET2) and would therefore not be affordable for consumers. In order to investigate what could be achieved for lower costs, within the funding cap, NGET commissioned a more detailed Cotswolds Appraisal study in 2020. The study suggested splitting the ZF.2 section into three smaller subsections for appraisal purposes and concluded that undergrounding subsection ZF.2(B) would deliver the greatest visual improvement (see **Figure 2**).¹⁶
- 2.10 The ZF.2(B) sub-section is approximately 7.4km long and forms part of the existing 400kV Feckenham – Walham and Feckenham – Minety double circuit overhead electricity transmission line. The subsection NGET proposes to underground is approximately 6% of the 110.13km of transmission line that runs through the boundaries of Cotswolds National Landscape and would mean the removal of 16 of the total 288 pylons within the designated area.

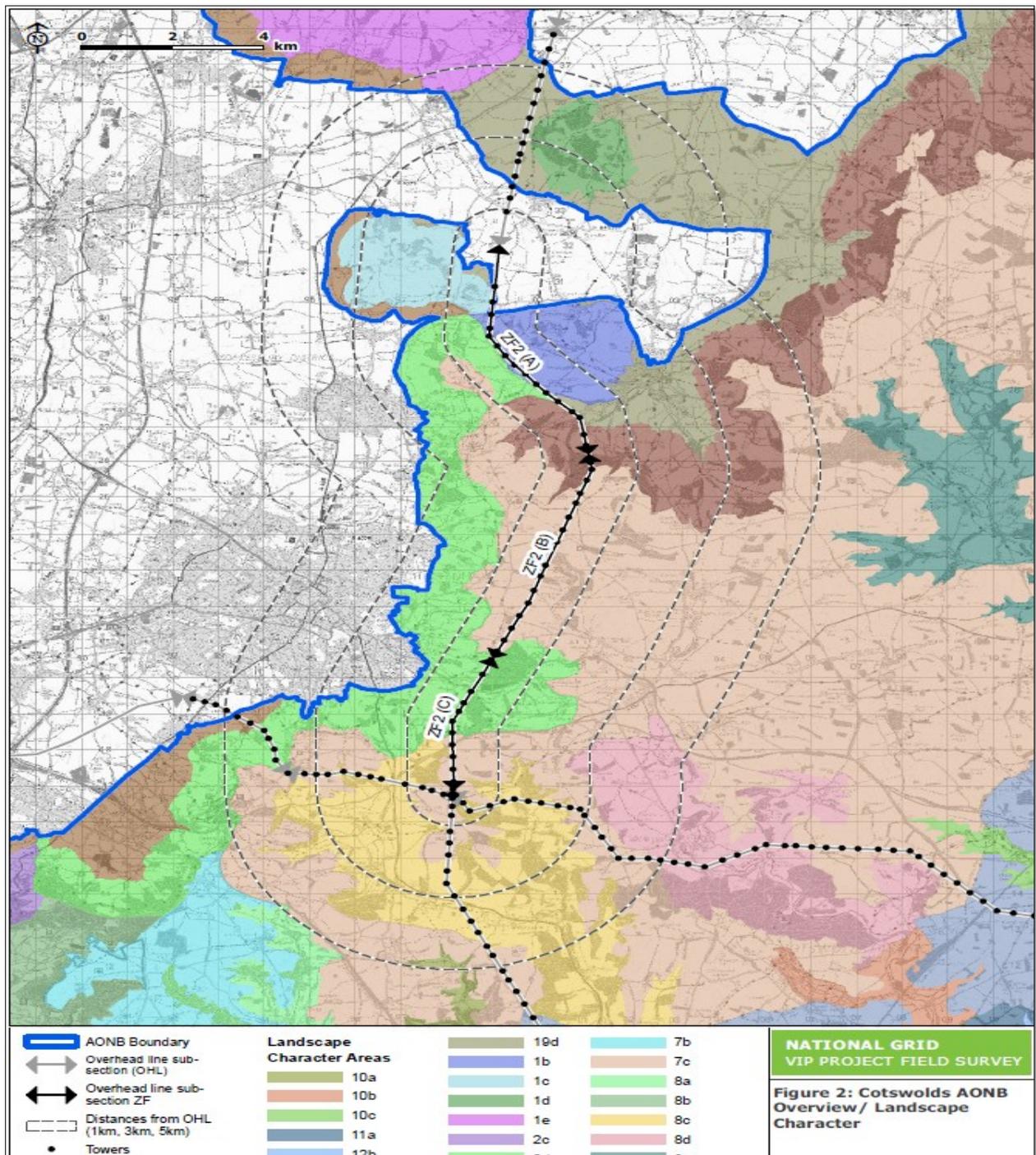
¹⁴ Stakeholder Advisory Group comprises of senior representation from 15 stakeholder bodies, namely: Cadw, Campaign for National Parks, Campaign to Protect Rural England (CPRE), The Campaign for the Protection of Rural Wales, Historic England, the Landscape Institute, the National Association for Areas of Outstanding Natural Beauty (AONBs), National Parks England, National Parks Wales, the National Trust, Natural England, Natural Resources Wales, The Ramblers, Visit England and Visit Wales.

¹⁵ During RIIO-1, Ofgem approved NGET's funding requests for EPI projects in [Dorset](#) and the [Peak District](#), and also adjusted allowances for NGET to recover the efficient costs incurred on development work for the New Forest EPI project up to the point the project was mothballed due to environmental challenges posed by the EU Habitats Regulations. The other overhead line section prioritised for visual impact improvements in RIIO-2 was [North Wessex Downs VIP project](#) (Section YYM.1).

¹⁶ Landscape consultants, Gillespie, were commissioned to carry out a high level, desk-based appraisal of the ZF.2 transmission line.

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Figure 2: Cotswolds National Landscape subsection ZF.2



Options considered

2.11 As part of its strategic delivery optioneering, NGET presented five delivery options, including a 'do nothing' option. The CBA was designed to reflect its decision to undertake the plans to align the delivery of planned uprating works with the Cotswold VIP project. As such, NGET initially developed two of these options (Options 3 and 4) in its submitted CBA and proposed Option 3 as the preferred option.

2.12 As part of the supplementary questions (SQ's) process, NGET submitted to Ofgem a revised CBA incorporating further analysis on the costs and benefits associated with Option 2 and Option 6.

- **Option 1** (Do nothing) – ie do not uprate the ZF route.
 - Estimated capital cost: Zero
 - NGET rejected this option as it does not deliver tCSNP driven system upgrades.
- **Option 2** - Replace the full ZF route with uprated overhead line (no undergrounding) by 2029.
 - Estimated capital cost: £155.39m¹⁷
 - NGET rejected this option as, although it does deliver tCSNP driven system upgrades, it does not deliver visual impact mitigation benefits.
- **Option 3 (NGET's preferred option)** - Replace 71.6km (90%) of the ZF route with uprated overhead line and underground the remaining 7.4km (ZF.2(B) sub-section) through the Cotswold by 2030.
 - Estimated capital cost: £335.71m (£177.56m for undergrounding 7.4km and £158.15m to uprate the remainder)¹⁸
 - NGET's preferred option, as it delivers tCSNP driven system upgrades, and delivers visual impact mitigation benefits.

¹⁷ The ZF uprating cost estimates provided in NGET CBA is based on high-level cost book figures for overhead line (OHL) refurbishment.

¹⁸ Option 3 cost estimate consists of the combined total cost estimates for the Cotswolds visual impact mitigation interventions and the planned system improvements on the ZF double circuit overhead line only. All capex estimates are derived from the NGET Project Development Cost Book (August 2024 with 2018/19 prices), which is based on historical tender returns and project data. The cost estimations at this stage were based on pre-tender award estimates and are subject to change, based on actual tendered solutions. It should be noted that Under SpC 3.10, NGET is currently seeking additional allowances to undertake visual impact mitigation elements.

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- **Option 4 – Phase 1:** Replace the full ZF route with uprated overhead line (no undergrounding) by 2029 (as Option 2); **Phase 2:** Replace and underground 7.4km (ZF.2(B) sub-section) through the Cotswold by 2033.
 - Estimated capital cost: greater than £335.71m¹⁹
 - NGET rejected this option as although it will deliver tCSNP driven system upgrades, and delivers visual impact mitigation benefits, the visual impact mitigation interventions will be delayed and at higher cost.
- **Option 5 –** Underground the existing 7.4km (ZF.2(B) sub-section) through the Cotswold. No uprating of the circuit.
 - Estimated capital cost: £177.56m
 - NGET rejected this option as it does not meet system requirements.
- **Option 6 –** Uprate the entire circuit, undergrounding the entirety of the sections within the Cotswold National Landscape (110.13 km) and replacing the remainder with higher rated overhead line.
 - Estimated capital cost: much greater than the £465m RIIO-2 VIP funding cap.
 - NGET rejected this option because, although it does deliver tCSNP driven system upgrades, and delivers maximum visual impact mitigation benefits in the Cotswold, the cost would be excessive.

Options rejected by NGET

- 2.13 NGET rejected options 1 and 5 on the basis that they either failed to meet established system needs under the tCSNP framework and customer connection drivers or did not deliver the visual enhancement benefits and therefore negatively impacted stakeholder relationships.
- 2.14 Option 2 was initially rejected and not brought forward to more detailed CBA on the basis that it would not meet its stakeholder's expectations of delivering visual and landscape enhancements that are benefiting to local community and visitors to the Cotswolds National Landscape.
- 2.15 Option 6 was rejected due to the scale of the costs, which would have far exceeded the total Visual Impact Mitigation Re-opener provision for RIIO-ET2.

NGET's final options

- 2.16 NGET took options 3 and 4 forward for more detailed consideration and CBA on the basis that these options delivers both visual enhancement objectives and

¹⁹ NGET did not provide full costings for this option.

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essential uprating works. The key distinction between both options is timing and degree in which NGET coordinate its proposed visual impact mitigation interventions with wider network works.

- 2.17 NGET ultimately rejected Option 4 as it did not provide value for money for consumers and would introduce material early asset write-off costs. Under this scenario, conductors and associated uprated equipment installed on subsection ZF.2(B) in 2029 would be decommissioned and removed a few years later to facilitate undergrounding in 2033.
- 2.18 Rejection of Option 4 left Option 3 as NGET's preferred option.

NGET's final proposal and justification

- 2.19 NGET's proposal (Option 3) is to replace a 7.4km section (ZF.2(B)) of the existing 79km 400kV ZF double circuit overhead line that runs from Feckenham to Minety and 16 pylons, with an underground cable tunnel and associated infrastructure. NGET proposes to deliver the Cotswold VIP project and other associated works by 2030.
- 2.20 NGET proposes delivering the undergrounding and uprating works concurrently. It considers this alignment to be in the best interest of consumers as it allows for shared system access and minimises the number of outages required. As a result, there are no additional constraint costs. NGET explains that it is more efficient for the cable asset ratings to match the capability of the upgraded ratings of the (ZF) uprating project.
- 2.21 As part of its re-opener application submission, NGET provided explanatory narratives to support its proposal and justification for investment. NGET argues that the needs case is underpinned by stakeholders' support for extending the visual impact mitigation framework into RIIO-T2. It confirmed that the Cotswolds VIP project forms part of a portfolio of projects it selected to be delivered under its RIIO-T2 VIP policy and is reflective of local and environmental priorities. NGET considers that the main investment driver for this project is stakeholders' expectations for NGET to deliver visual and landscape enhancements that benefits local communities and visitors of the Cotswolds National Landscape.
- 2.22 NGET also considers that the delivery of Cotswolds VIP project should act as a strategic enabler for the successful delivery of certain RIIO-T3 portfolio outcomes. This includes new electricity transmission reinforcement works and forecasted underground cable replacement projects. According to NGET, the completion of the Cotswold VIP project contributes to its supply chain capabilities and future readiness by ensuring that the supply chain is adequately skilled, resourced and equipped to undertake large scale and complex underground cabling works.

3. Our Assessment and Draft Determinations

Questions

Q1. Do you agree with our assessment of NGET’s visual impact mitigation re-opener application for its Cotswolds VIP project and proposal to reject NGET’s application?

Considerations for funding visual impact mitigation projects

- 3.1 While we acknowledge the landscape benefits that visual impact improvement projects for existing electricity transmission infrastructure can deliver, the projects are to a large extent discretionary, as they are not essential for the current or future operation of the electricity system, or critical for energy decarbonisation.
- 3.2 Since the visual amenity re-opener mechanism was introduced, the context of cost and deliverability has shifted significantly. Energy bills have risen and households are increasingly looking for way to manage costs. In addition, supply chains have become more constrained, which is impacting the delivery of large infrastructure projects. At the time of publication, the conflict in the Middle East is adding pressure to energy markets, increasing uncertainty about future costs. It is our responsibility to ensure that consumer funding for energy infrastructure represents value for money and efficient investment that will benefit consumers. In setting RIIO-2, we highlighted the need to strike the right balance between the delivery of visual amenity outputs that are valued by some consumers against competing demands of net zero and the financial position of some energy consumers.²⁰
- 3.3 Then, in our 2024 decision on NGET’s project funding request for its [North Wessex Down VIP project](#)²¹ and in our 2024 [RIIO-3 SSMD](#),²² we expressed our concerns on the appropriateness of prioritising funding of discretionary projects such as visual amenity projects in context of already rising energy bills, and highlighted the need to prioritise projects required to support the decarbonisation of the energy system. In those decisions, we emphasised the need to take into consideration the changing energy landscape when it comes to making decisions to award funding of such projects.
- 3.4 The delivery of 2030 Clean Power objectives and achieving UK government’s net zero targets will require significant investment in the transmission networks and unprecedented mobilisation of ETO’s resources. Prioritising the build of new

²⁰ ET Annex. Chapter 2, paragraph 2.138 and 2.145 - 2.147

²¹ Chapter 2, paragraph 2.38 – 2.40

²² ET Annex. Chapter 3, paragraph 2.302 -2.314

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infrastructure at an efficient cost to the consumer is imperative, as is the need to ensure continual investment in the maintenance and resilience of existing assets.

- 3.5 Large capital projects to address visual impacts of existing infrastructure would create further upward pressure on energy consumers' bills. We do not think that this is a priority for consumer funding at this time. In addition, these projects rely on the same expertise and resources that are required to undertake projects that are critical to the net zero transition or directly deliver wider system improvements. In our view, these discretionary projects could exacerbate existing supply chain issues and resource availability.
- 3.6 Subsequent to our publication of the North Wessex Downs decision, we provided clarification to the ETOs, through meetings and email correspondence, on the principles we intended to apply in our assessment of any future requests to fund large visual amenity projects for existing infrastructure. In those engagements, we were clear that in order to approve future project funding requests of this nature, we would expect an ETO to demonstrate, independent of any visual impact mitigation benefits and costs, that the system benefits themselves justify undergrounding investment in RIIO-ET2. NGET's Cotswolds visual impact mitigation re-opener application is the only application we have received since we provided this clarification.

Assessment of NGET's Cotswold Visual Impact Mitigation Re-opener application

- 3.7 We have assessed NGET's application with the above considerations in mind. We agree that NGET is correct to reject options that do not deliver the required tCSNP driven system upgrades (Option 1 and Option 5). It is also correct in rejecting Option 6 as the benefits delivered would not be commensurate with the cost that consumers would need to pay.
- 3.8 Option 4 clearly delivers no additional benefits, either system benefits or visual impact mitigation benefits, over Option 3 (NGET's preferred option), but would be at a significantly higher cost. It is therefore not clear to us why NGET took this option forward for further consideration, as the outcome of any comparative assessment is immediately evident.
- 3.9 Of the original five options that NGET considered, two viable options remain:
- **Option 2:** Replace the full ZF route with updated overhead line (no undergrounding) by 2029 at an estimated cost of £155.39m, or
 - **Option 3:** Replace 71.6km (90%) of the ZF route with updated overhead line and underground remaining 7.4km (ZF.2(B) sub-section) through the Cotswold by 2030 at an estimated cost of £335.71m.

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- 3.10 Both Option 2 and Option 3 provide the same system benefits. We therefore do not consider that, independent of any visual impact mitigation benefits and associated costs, that the system benefits themselves justify the investment required to underground the existing infrastructure as proposed in Option 3.
- 3.11 NGET has argued that, additional to the system benefits, the completion of Cotswold VIP project contributes to its supply chain capabilities and future readiness by ensuring that the supply chain is adequately skilled, resourced and equipped to undertake large scale and complex underground cabling works. We disagree with this view. NGET has a very large programme of works across its portfolio and it's not clear why these particular benefits would not come from those core projects already planned and in flight.
- 3.12 Finally, NGET's justification for its project funding request is principally based on delivering its stakeholder expectations that were established in RIIO-1 and development activities carried out at the beginning of RIIO-2 price control period. However, the submission did not sufficiently address our concerns related to affordability, value for money, and cost to consumers.
- 3.13 In light of sustained pressures on consumer energy bills, we remain focused on ensuring that all funding decisions deliver clear value for money and are in the best interests of consumers. While discretionary projects such as visual amenity for existing infrastructure have merits, it is our duty to ensure all decisions we make in relation to additional funding requests satisfy our principal objective of protecting the interest of existing and future energy consumers. The significant changes since the start of the RIIO-2 price control period underline why re-opener mechanisms exist – to allow us to adapt to changing circumstances and information. This approach ensures that allowances awarded are efficient, proportionate, and aligned with the evolving energy landscape.
- 3.14 Given that Option 2 delivers the required system benefits, we do not think that it would be appropriate to allow consumer funding for an additional estimated £177.56m for the visual amenity benefits associated with the removal of 16 of the 288 pylons, and undergrounding of 7.4km of the total 110.13km overhead line which runs through the Cotswolds National Landscape. We especially do not think that this is good value for money for consumer funding, including when considered within the broader energy and affordability context.
- 3.15 Our assessment therefore is that, of the two realistic options considered, Option 2 is the better option as it delivers the same system benefits but at significantly lower cost.

Our Draft Determination

- 3.16 We have assessed NGET's Visual Impact Mitigation Re-opener application for its Cotswold VIP project in accordance with our principal duty under the Electricity

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Act 1989. For the reasons explained above, our Draft Determination is to reject NGET's application.

- 3.17 NGET may seek funding through the relevant RIIO-3 mechanism for the necessary upgrading of the ZF route.

4. Next Steps

- 4.1 We welcome your responses to this consultation, both generally, and in particular on the specific question in Chapters 3. Please send your response to: reopenerconsultations@ofgem.gov.uk. The deadline for response is **28 April 2026**.
- 4.2 We will endeavour to conclude our assessment of NGET's re-opener application submission for its Cotswolds VIP project, with a decision in Summer 2026.

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 consultation. 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.

Appendix 1. Privacy policy

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We will not share your personal data with any other person or organisation.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for 12 months after the project is closed.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically

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- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas.

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information.

For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".