

Decision

Modifying the Electricity Transmission Regulatory Instructions and Guidance and the Regulatory Reporting Pack

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This document confirms our¹ decision to modify the Regulatory Instructions and Guidance (RIGs) and annual data Regulatory Reporting Packs (RRP).

These changes are intended to support the onshore Electricity Transmission (ET) licensees in completing the annual reporting requirements, in accordance with the provisions under ET Standard Licence Condition B15 (Regulatory Instructions and Guidance), relating to year five of the RIIO² price control framework.

This document provides guidance on best practice for conducting and reporting cost, volume, allowed expenditure and output delivery information, to ensure complete, accurate and timely data is submitted to Ofgem. It also specifies the format, content, scope, and timing of reporting to Ofgem on regulatory reporting activities and plans.

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² This is the second electricity transmission price control using the Revenue = Incentives + Innovation + Outputs (RIIO) model.

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Background

On 2 March 2026, we issued a consultation³ seeking views on proposed amendments to the RIGs for the three onshore Electricity Transmission licensees: National Grid Electricity Transmission plc (NGET), SP Transmission Limited (SPT) and Scottish Hydro Electric Transmission plc (SHET).

The updates were informed by developments in the RIIO-2 price control framework, licensee proposed changes and general updates to the RIGs and RRP data reporting templates.

We are issuing our decision under Electricity Transmission Standard Licence Condition B15 (Regulatory Instructions and Guidance) in relation to the following documents for Electricity Transmission licensees:

- RIIO-ET2 RRP data template,
- RIIO-2 PCFM Guidance, and
- RIIO-ET2 RIGs document.

Decision-making stages

The key stages of our decision-making process is summarised below.

Stage 1 Consultation open: 2nd March 2026

Stage 2 Consultation closed. Deadline for responses: 30th March 2026

Stage 3 Responses reviewed and further engagement with stakeholders: 31st March 2026 to 15th April 2026

Stage 4 Decision: 17th April 2026 (consultation responses published)

Responses to Our Consultation

We have summarised the substantive comments and issues raised by respondents in Table 1 on the following page. In addition, where respondents identified modifications to the annual RRP data template, or corrections typographical or other minor errors, we have made the appropriate corrections in tracked versions of the relevant documents included in this publication, but these are not specifically included in the responses table.

Respondents' views were largely focussed on the new informational elements introduced into the reporting template in the areas of Community Funding (CF), the Advanced Procurement Mechanism (APM) and the pipeline log. The key themes in each area are set out in the table below alongside our response explanation, decision and associated action (where necessary).

³ <https://www.ofgem.gov.uk/consultation/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-2-year-5-electricity-transmission>

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Table 1: Summary of respondents’ views and our response

Issue	Respondent	Overview of issue or proposal	Ofgem response & Action
Structure and proportionality of the CF reporting requirements	All TOs	<p>TOs consider that elements of the proposed RRP tables and guidance are:</p> <ul style="list-style-type: none"> • Overly granular, especially delivery-cost itemisation at project level. • Not aligned with how projects are structured, e.g., where a single project involves multiple asset types, multiple partners, or linear assets spanning many communities. • Not proportionate for a pass-through mechanism, where spend must be justified but should not impose disproportionate administrative burdens. <p>TOs therefore requested:</p> <ul style="list-style-type: none"> • A clearer portfolio-level focus for the 10% delivery cap. • Flexibility around grouping asset types, listing partners/beneficiaries, and capturing delivery spend. • Clear differentiation between transmission projects (which “earn” CF availability) and community projects (which deliver benefits). • Clarity on forecast vs outturn data requirements. 	<p>It is important to reiterate that our approach:</p> <ul style="list-style-type: none"> • implements Government guidance in a way that is workable, aligns with licence obligations, and provides clear transparency for consumers. • recognises the need for additional flexibility for TOs during 2025/26 reporting year as processes mature, and • is proportionate and aligned with past regulatory practice for mechanisms introduced during a price control period. <p>TOs highlighted that some elements of the draft tables, particularly the requirement to itemise delivery costs at project level, did not align well with how CF programmes are delivered in practice.</p> <p>Respondents also noted that projects may involve multiple asset types, partners and beneficiaries, and that delivery activities are often resourced centrally or shared across multiple projects. They also emphasised that delivery costs are subject to a portfolio-level cap under the licence condition.</p> <p>In response, we have engaged directly with the TOs and made refinements to the tables and accompanying guidance to ensure the reporting structure is proportionate, minimises unnecessary duplication, and reflects the portfolio-level framework set out in the ET3 licence.</p>

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Issue	Respondent	Overview of issue or proposal	Ofgem response & Action
<p>Areas of CF reporting ambiguity requiring clarification in the RIGs</p>	<p>All TOs</p>	<p>While TOs broadly supported the policy intent, feedback was received that several points in the guidance need clearer definitions to ensure consistent reporting, including:</p> <ul style="list-style-type: none"> • What constitutes “project achievement”, “outputs”, “outcomes”, and “milestones”. • The meaning of start dates, expected end dates, and which identifiers to use (Ofgem Scheme Reference vs internal reference vs public CF reference). • How to treat early-year delivery costs, centrally resourced teams, or shared costs. • How forecast CF reporting and annual CF availability/disbursement are to be shown. 	<p>We recognise the need for clearer explanations of key concepts such as “project achievement”, “outputs”, “outcomes”, start and end dates, and the distinction between transmission projects that determine CF availability and community projects funded through the CF.</p> <p>TOs also requested clearer signposting around the treatment of forecast and outturn expenditure, reporting identifiers, and the values to be applied for CF calculations.</p> <p>In response, we have engaged directly with the TOs and made refinements and updates to the RIGs to provide these clarifications, including worked examples where this supports consistent reporting.</p>
<p>Internal consistency and correctness of the APM tables and RIGs</p>	<p>All TOs</p>	<p>TOs reported inconsistencies between the APM RRP tables and the accompanying RIGs instructions, including:</p> <ul style="list-style-type: none"> • Columns referenced in the RIGs not appearing in the tables. • Formula errors. • Typographical errors and mismatched column references. • Incorrect references to RIIO-1, even though the APM mechanism begins in RIIO-2. <p>It was noted that these issues create uncertainty about how to complete the APM sheets reliably</p>	<p>We agree that accuracy and clarity are essential for a new reporting mechanism.</p> <p>In response, we have made refinements and updates to the APM tables and RIGs to correct formula errors, align column references, reinstate or clarify required fields, and rectify typographical issues. We have also developed clearer instructions on definitions and data requirements to ensure consistent completion across TOs.</p> <p>These refinements do not change the underlying purpose of the APM reporting but ensure that the framework is internally consistent, proportionate, and supports accurate monitoring of early procurement activity as intended under the licence.</p>

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Issue	Respondent	Overview of issue or proposal	Ofgem response & Action
Structuring and relevance of certain APM data fields	All TOs	<p>We received views that certain fields (e.g., customer contributions) may be out of place in the APM sheet because:</p> <ul style="list-style-type: none"> • Contributions are normally captured in project-level tabs elsewhere in the RRP. • Early APM procurement may not yet map to a specific project, creating risk of double reporting. <p>It was requested that information be captured only where relevant and proportionate.</p>	See above comment.
Clarifications needed on definitions and APM data fields	All TOs	<p>We received a request to further clarify definitions and instructions for several key fields, such as:</p> <ul style="list-style-type: none"> • Expected project delivery date. • Procurement type options (whether “Flexible and Optionality” should be reinstated). • Recovery volume formatting (ensuring % rather than numeric values). • Relationship between procurement decisions and project-specific contributions. <p>TOs highlighted that ambiguity could lead to inconsistent reporting.</p>	See above comment.
ET2 and ET3 pipeline log	All TOs	<p>Respondents sought clarification on</p> <ul style="list-style-type: none"> • the purpose and continued relevance of the ET2 pipeline table (E1.11) 	We confirm that E1.11 continues to serve its intended purpose of capturing information relating to RIIO-ET2 re-opener mechanisms only. As all ET2 re-opener windows will have closed by the time of the next RRP submission, we do not

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Issue	Respondent	Overview of issue or proposal	Ofgem response & Action
		<ul style="list-style-type: none"> • potential overlap, duplication, and uncertainty regarding memo table E1.11a • Scope and structure of ET3 pipeline table (E1.11b) <p>These points reflect a desire to avoid duplication of reporting, ensure consistency across tables.</p>	<p>expect new ET2 applications to be reported. However, the table remains available for recording any residual ET2 spend not captured elsewhere. ET3 re-opener activity should instead be recorded in worksheet E1.11b.</p> <p>On memo table E1.11a, we recognise stakeholder feedback that its incremental value has reduced following the expansion of E1.11 and E1.11b. However, given the late stage of the RIIO-ET2 reporting cycle, we consider it proportionate to retain the table for 2025/26. TOs with no planned re-opener activity may leave the table blank.</p> <p>With respect to E1.11b, we confirm that it is intended as a forward-looking view of RIIO-ET3 re-opener activity only. RIIO-ET2 expenditure, including pre-start or cross-period costs for projects that may ultimately fall under a T3 mechanism, should continue to be reported through the established ET2 cost and allowances worksheets.</p>
Miscellaneous	All TOs	<p>Respondents highlighted a number of technical issues contained within the template and guidance. These include:</p> <ul style="list-style-type: none"> • Correction of formulaic errors, and • Clarifications. 	<p>We have considered and addressed these detailed technical and functional matters, and they are reflected in the final published versions of the documents.</p>

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Decision

We have carefully considered the consultation responses in reaching our final decision and have decided to modify the RIGs and RRP as set out in Appendix 1.

The modifications to the RIGS and RRP will take effect on 17 April 2026. For the avoidance of doubt, this means that the data to be submitted in July 2026 (in respect of the 2025/26 reporting year) will use the RRP and RIGs as modified.

The appendix to this document contains the Direction setting out the changes made pursuant to the relevant Licence Conditions.

If you have any questions regarding our decision, please contact Aminat.raheem@ofgem.gov.uk.

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.

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Appendix 1. Decision Notice

National Grid Transmission plc

SP Transmission Limited

Scottish Hydro Electric Transmission plc

(each one a “Licensee”, and together, “the Licensees”)

Direction under paragraph 3 of Standard Condition B15 (Regulatory Instructions and Guidance) (“SC B15”) and paragraph 8.2.20 of Special Condition 8.2 (Annual Iteration Process for the ET2 Price Control Financial Model) of the Electricity Transmission Licence (the “Licence”) granted to the Licensees under section 6(1)(b) of the Electricity Act 1986 (the “Act”).

Whereas –

1. The Licensees each hold an Electricity Transmission Licence (the “Licence”) granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (the “Act”) and are subject to the conditions contained in the Licence.
2. The RIIO-ET2 Electricity Transmission Price Control - Regulatory Instructions and Guidance (the “RIGs”) and the Regulatory Reporting Pack (the “RRP”) are the primary means by which the Gas and Electricity Markets Authority (“the Authority”)⁴ directs the Licensees to provide information required by the Authority to administer the conditions of the Licence and, where not referenced in the Licence, the RIIO-ET2 Final Determinations.⁵
3. In accordance with paragraph 8 of SC B15, the Authority gave notice⁶ to the Licensees on 2 March 2026 that it proposed to modify the RIGs and RRP for RIIO-ET2.
4. The notice required any representations by licensees on the proposals to be made on, or before, 30 March 2026.
5. Prior to the consultation closing, the Authority received three representations proposing changes and clarifications to the RIGs and RRP. The Authority has considered the representations and has made a number of

⁴ References to ‘the Authority’, ‘GEMA’, ‘Ofgem’, ‘we’, ‘us’ and ‘our’ are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets. Ofgem is the office of the Authority which supports GEMA.

⁵ <https://www.ofgem.gov.uk/publications/riio-2-final-determinations-transmission-and-gas-distribution-networkcompanies-and-electricity-system-operator>

⁶ <https://www.ofgem.gov.uk/consultation/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-2-year-5-electricity-transmission>

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changes and further clarifications to the RIGs and RRP proposed as part of the consultation.

6. The modifications refer specifically to information required to be submitted to the Authority on or before 31 July 2025 in relation to:
 - RIIO-ET2 – Regulatory Instructions and Guidance: Version 1.10
 - RIIO-ET2 – Regulatory Reporting template: Version 2.7; and
 - RIIO-ET2 – Price Control Financial Model (PCFM) Guidance: Version 1.4
7. The modifications are summarised in the attached Decision and can be seen in the versions of the RIGs and RRP Template documents specified above and published alongside this Direction.

Now Therefore

8. Pursuant to paragraph 3 of SC B15 of the Licence, the Authority hereby modifies the RIGs in the manner specified in the attached accompanying letter.
9. The reason for the amendments set out in this Direction is to introduce with immediate effect the new reporting requirements set out in the RIGs which will allow the Authority to track and monitor company performance against their RIIO-2 price control settlement and to ensure consistency with the principles. This decision also aligns the template and guidance with the latest special licence conditions and Price Control Financial Instruments.
10. This document constitutes notice of the Authority's reasons for the Direction as required by section 49A of the Act.
11. The modifications will take effect on 17 April 2026.
12. The Licensees must complete and return the reporting pack referred to above as part of the 2025/26 RIGs process.

Pete Wightman
Deputy Director
Duly authorised on behalf of the Authority
17 April 2026