

Consultation

Statutory consultation on RIIO-3 Licence drafting and Price Control Financial Instruments modifications

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Our RIIO-3 licence statutory consultation of 16 December 2025 and subsequent decision of 3 February 2026 implemented the RIIO-3 Final Determinations for the gas distribution, gas transmission and electricity transmission price controls through licence modifications to the gas transmission, gas distribution and electricity transmission licences. Subsequently, a number of typographical errors, drafting inconsistencies and minor inaccuracies were identified in the gas distribution, gas transmission and electricity transmission licences and in the Price Control Financial Instruments, both by Ofgem and by network companies.¹² This consultation seeks views on proposed amendments to correct these issues, improve clarity and ensure consistency across the licences.

¹ <https://www.ofgem.gov.uk/consultation/modifications-riio-3-licences-and-associated-documents>

² <https://www.ofgem.gov.uk/decision/riio-3-final-determinations-electricity-transmission-gas-distribution-and-gas-transmission-sectors>

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1. Introduction

- 1.1 Following our statutory consultation of 16 December 2025 and subsequent decision of 3 February 2026 to implement the RIIO-3 Final Determinations for the gas distribution, gas transmission and electricity transmission price controls, we identified a number of typographical errors, drafting inconsistencies and minor inaccuracies within the licences.³⁴
- 1.2 Since the publication of our licences, network companies have also identified additional errors and inconsistencies within the licence drafting. This statutory consultation seeks views on proposed modifications to correct these issues and ensure that the licences accurately reflect our policy intent and final decisions.
- 1.3 The proposed modifications are set out in the issues logs accompanying this consultation.
- 1.4 In this document, we explain the rationale for the key themes of the proposed modifications and their intended effects. The proposed changes are limited to correcting errors, improving clarity and ensuring consistency across the licences. They do not alter the underlying policy decisions set out in the RIIO-3 Final Determinations.
- 1.5 This consultation focuses on licence modifications required to implement the RIIO-3 Final Determinations and to address identified licence drafting and policy snagging issues that are independent of the ongoing appeals process in gas distribution. In gas distribution, we will consult separately on any licence changes required to address certain cost model correction matters.

Purpose of this consultation

- 1.6 This consultation seeks views on the proposed licence modifications relating to the implementation of Ofgem's RIIO-3 price control settlements for electricity transmission, gas transmission and gas distribution network companies. The proposed modifications aim to remove typographical errors and correct discrepancies between the Price Control Financial Model (PCFM) and the licence. Stakeholders are invited to comment on whether the proposed licence drafting accurately delivers the intended policy outcomes.

³<https://www.ofgem.gov.uk/consultation/modifications-riio-3-licences-and-associated-documents>

⁴<https://www.ofgem.gov.uk/decision/riio-3-final-determinations-electricity-transmission-gas-distribution-and-gas-transmission-sectors>

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- 1.7 The consultation is organised into sections covering: (1) Price Control Financial Instruments that apply across network sectors, (2) electricity transmission licence changes, (3) gas transmission licence changes and (4) gas distribution licence changes.

Context and related publications

- 1.8 This consultation covers electricity transmission, gas transmission and gas distribution licence conditions. The consultation does not apply to electricity distribution licences. Readers may wish to refer to the RIIO-3 Sector Specific Methodology Decision and RIIO-3 Final Determinations alongside this consultation⁵.
- 1.9 We are proposing to make changes for the following licences:
- for RIIO-ET3 - the electricity transmission licences of:
 - (1) National Grid Electricity Transmission (NGET);
 - (2) Scottish Power Transmission (SPT);
 - (3) Scottish Hydro Electricity Transmission (SHET)
 - for RIIO-GT3 - the gas transporter licence of:
 - (1) National Gas Transmission plc (National Gas or NGT in this document)
 - for RIIO-GD3 - the gas transporter licences of the following GDNs:
 - (1) Cadent Gas Limited;
 - (2) Northern Gas Networks Limited;
 - (3) Scotland Gas Networks plc;
 - (4) Southern Gas Networks plc; and
 - (5) Wales and West Utilities Limited

Way forward

- 1.10 Following the consultation stages outlined below, Ofgem expects to publish its decision in October 2026. If implemented, the proposals will take effect after the standstill period, required for all statutory licence modifications of 56 days.
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Consultation stages

1.11 The key stages of our engagement, development and decision-making process are summarised below.

- **Stage 1** Consultation opens: 21 August 2026
- **Stage 2** Consultation closes (awaiting decision). Deadline for responses: 22 September 2026
- **Stage 3** Responses reviewed and published: October 2026
- **Stage 4** Consultation outcome: By the end of October 2026

How to respond

1.12 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.

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

Your response, data, and confidentiality

1.14 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, 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.

1.15 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.

1.16 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.

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- 1.17 If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

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. RIIO-3 Price Control Financial Instruments

RIIO-3 Price Control Financial Handbooks

Proposed changes and reasons for change

- 2.1 The reason for these proposed amendments is to correct typographical, formula or other minor wording issues as well as to provide further detail with regards to any updated RIIO-3 PCFM functionality within the RIIO-3 Price Control Financial Handbooks (PCFH).

Effect of this proposed change

- 2.2 The effect of these proposed changes is to update the RIIO-3 PCFH to ensure they are functioning correctly and are aligned with the equivalent RIIO-3 PCFM and relevant licence conditions.
- 2.3 See the issue logs published alongside this consultation for more details.

RIIO-3 Price Control Financial Models

Proposed changes and reasons for proposed change

- 2.4 The reason for these proposed amendments is to correct any errors in the RIIO-3 PCFM.
- 2.5 National Gas Transmission (NGT) alongside licensees in other sectors identified concerns relating to PCFM inputs, totex allocation percentages, cap-rate classifications, inflation assumptions, RPE calculations and other model mechanics. We are proposing amendments where necessary to ensure the models operate as intended and that calculations are applied consistently across the RIIO-GT3, RIIO-GD3 and RIIO-ET3 frameworks.

Effect of this proposed change

- 2.6 The effect of these proposed changes is to update the RIIO-3 PCFM to ensure they are functioning correctly and are aligned with the equivalent RIIO-3 PCFH and relevant licence conditions.
- 2.7 See the issue logs published alongside this consultation for more details.

3. Electricity Transmission Special Conditions

Key Proposed Changes to Electricity Transmission Licence Arrangements under RIIO-3

Proposed changes and reasons for proposed change

- 3.1 The proposed changes made to RIIO-ET3 licences are in-line with snagging issue submissions raised by the three Transmission Owners (TOs), as well as some issues raised by us. We considered all of these submissions and propose modifications to a number of the Special Conditions in the RIIO-ET3 licences.
- 3.2 We are proposing amendments to correct drafting errors that have arisen during the translation of policy decisions into licence conditions and guidance documents. These include incorrect regulatory terms, inconsistent variable value names, broken cross-references, condition numbering and formatting errors, and changes that were consulted on previously and had not been implemented. We are proposing amendments to ensure that the RIIO-ET3 licence package, PCFM, PCFH and supporting models accurately reflect our Final Determinations, and are implemented consistently, as well as ensuring consistency in policy and the treatment of policy between price control periods.
- 3.3 There are a number of proposed changes made to Special Condition 1.1 Interpretation and Definitions, to allow further clarity to the related special conditions.
- 3.4 Further proposed changes have been carried out across all chapters of the three TO licences. The areas that have been particularly scrutinised have been on Cyber Resilience (SpC 3.2), the phasing of funds through Volume Driver special conditions (SpC 3.11 and 3.12), Pre-Construction Funding (PCF) (SpC 3.15), Closely Associated Indirects use it or lose it allowance (SpC 3.13), Load use it or lose it allowance (SpC 3.17), Load Re-opener (SpC 3.18), ET2/ET3 Crossover adjustments (SpC3.23) and outputs relating to NGET-specific Non-Load Major Projects Re-opener and Price Control Deliverable (SpC 3.47).
- 3.5 The output delivery incentives of Chapter 4 have also been reviewed, with proposed modifications to ensure clarity to better reflect our Final Determinations positions from December 2025.

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- 3.6 We are also proposing updates to the NGET-specific Non-Load Re-opener Price Control Deliverable framework (Special Conditions 3.48-3.50). Some changes will reflect a review of the relevant associated Redacted Information Document (RID), including updates to asset volumes, unit costs and deliverable classifications.
- 3.7 Please see the issue logs published alongside this consultation for more details on licensee proposed modifications and our reasons for any modifications proposed by TOs on which we decided not to consult.

Effect of this change

- 3.8 The proposed amendments will correct the errors and improve the clarity, consistency and operability of the RIIO-ET3 framework.

4. Gas Transmission Standard Special and Special Conditions

Key Proposed Changes to Gas Transmission Licence Arrangements under RIIO-3

Proposed changes and reasons for proposed change

- 4.1 The proposed changes to the RIIO-GT3 licence address snagging issues raised by National Gas Transmission (NGT), which broadly fall into the two following categories:
- **Technical drafting and consistency issues.** We are proposing amendments to correct drafting errors that have arisen during the translation of policy decisions into licence conditions and guidance documents. These include incorrect regulatory terms, inconsistent variable value names, broken cross-references, condition numbering and formatting errors, minor changes to the definitions, and inconsistencies between the PCFM, PCFH and Special Conditions.
 - **Alignment with Final Determinations.** We are proposing amendments to ensure that the RIIO-GT3 licence package, PCFM, PCFH and supporting models accurately reflect our Final Determinations and are implemented consistently. We have proposed corrected allowances for the Cyber PCD in the licence and baseline allowances related to asset health investment that occurred due to erroneous reprofiling.

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- 4.2 We are also proposing amendments to the re-ordering of the definitions in the Standard Special Condition A3: Definitions and Interpretations.
- 4.3 Please see the issue log published alongside this consultation for more details on licensee proposed modifications and our reasons for any modifications we decided not to implement.

Effect of this proposed change

- 4.4 The proposed amendments will correct the errors and improve the clarity, consistency and operability of the RIIO-GT3 framework.

5. Gas Distribution Standard Special and Special Conditions

Key Proposed Changes to Gas Distribution Licence Arrangements under RIIO-3

Proposed changes and reasons for proposed change

- 5.1 The proposed licence changes comprise a combination of drafting corrections, definitional clarifications and policy-alignment amendments intended to ensure the RIIO-GD3 licence accurately reflects Ofgem's final policy decisions and operates as intended. This includes correcting defined terms and cross-references, updating and reordering definitions, addressing typographical and formatting errors, amending references to external documents, restoring omitted text and definitions, and ensuring consistency between tracked and clean licence versions.
- 5.2 We are also proposing a number of clarifications to licence requirements and governance processes, including amendments relating to the Digital Platform for Leakage Analytics rollout, collaborative streetworks, safety disconnections, information-sharing obligations, PCD administration, annual plan updates and the treatment of site substitutions under specific output delivery mechanisms.
- 5.3 In addition, we are proposing targeted changes to ensure incentive, re-opener and financial adjustment mechanisms function in line with policy intent. These proposed amendments include correcting formulae and calculation methodologies, updating materiality thresholds and improving alignment between licence conditions and associated decision documents. Collectively, these proposed changes are intended to provide greater clarity, consistency and

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operability across the licences while maintaining the policy outcomes established through the RIIO-GD3 Final Determinations process.

5.4 See the issue logs published alongside this consultation for more details.

Effect of this proposed change

5.5 The proposed amendments will correct the errors and improve the clarity, consistency and operability of the RIIO-GD3 framework.

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

Information: Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data, then make this clear. Be as specific as possible.

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 (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. ‘six 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:

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- 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
- 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 (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use “the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this”.

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. (If using a third-party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, view our [Ofgem privacy policy](#).