Making a positive difference for energy consumers

Consultation

RIIO-ED2 Re-opener Applications 2026: Draft Determinations

Publication date:	19 August 2026
Response deadline:	23 September 2026
Contact:	David McCrone
Team:	Electricity Distribution Policy, Price Controls
Email:	Reopenerconsultations@ofgem.gov.uk

Our aim for the RIIO-ED2 price controls is to ensure energy consumers across Great Britain (GB) get the best possible value, quality of service and environmentally sustainable outcomes from networks. We received nine applications in January 2026 for additional funding from five Electricity Distribution network companies across five re-opener mechanisms.

We are now consulting on our Draft Determinations on these applications. Rather than publish a separate consultation for each re-opener submission, we have grouped them into a single consultation.

We would like views from people with an interest in Electricity Distribution networks. We also welcome responses from other stakeholders and from the public. Once the consultation is closed, we will consider all responses. We are seeking responses to the questions posed in this document by 23 September 2026. Following consideration of responses, we aim to make our Final Determinations by the end of the 2026 calendar year.

We will publish the non-confidential responses we receive alongside a decision on next steps on our website at ofgem.gov.uk/consultations. If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

1. Introduction

This chapter provides background information and a summary of Draft Determinations on the January 2026 re-opener applications. It also sets out how you can respond to the consultation.

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 on whether 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 The current price control model is known as RIIO (Revenue = Incentives + Innovation + Outputs). RIIO-ED2 is the second price control under the RIIO model for electricity Distribution Network Operators (DNOs) and runs from 1 April 2023 until 31 March 2028. It includes a range of Uncertainty Mechanisms (UMs) that allow us to assess applications for additional funding during RIIO-ED2 as the need, cost or timing of proposed projects becomes clearer. This ensures that consumers fund projects only when there is clear evidence of benefit, and we have clarity on likely costs and cost efficiency. These mechanisms also ensure that the RIIO-ED2 price control has flexibility to adapt as the pathways to Net Zero become clearer.

1.3 Where possible, we have set automatic UMs, such as the Load Related Expenditure Volume Drivers, which provide network companies with immediate funding when they are required to undertake specific works. In other areas, where the degree of uncertainty is too great to allow for an automatic mechanism, we set ‘re-openers’ which will allow us to assess proposals robustly once we have sufficiently accurate information.

1.4 Re-openers are a type of UM that allow us to adjust a licensee’s allowances (up or down), outputs and delivery dates in response to changing circumstances during the price control period. For some re-openers we can do this by issuing a direction, provided certain requirements are met in line with the Electricity Act 1989. For other re-openers, modifications (i.e. modifications of licence conditions) must be made under section 11A of the Electricity Act 1989. Re-opener applications may only be submitted during specific application windows

set out in the electricity distribution licence or, in some cases, other dates as the Authority may direct.

1.5 Please see Appendix 1 for a high-level explanation of the purpose and benefits of the re-opener mechanisms relevant to these Draft Determinations (DDs). The appendix contains references and links to the RIIO-2 Final Determination Documents where more detailed explanation can be found.

Purpose of this consultation

1.6 Nine re-opener applications were submitted across five re-opener mechanisms in the January 2026 window. These are:

- Digitalisation (Special Condition (SpC) 3.2 Part I): SP Electricity North West (SP ENW)[1], National Grid Electricity Distribution (NGED)[2], Scottish and Southern Electricity Networks Distribution (SSEN-D)[3]
- Environmental (SpC 3.2 Part E): SSEN-D
- High Value Projects (SpC 3.2 Part L): SP ENW
- Physical Security (SpC 3.2 Part B): [redacted]
- Wayleaves and Diversions (SpC 3.2 Part M): Northern Powergrid (NPg)[4], SP Energy Networks (SPEN)[5].

1.7 Where appropriate to do so, the DNOs have published a redacted version of their applications on their websites so that relevant stakeholders can easily locate the application in accordance with the Re-opener Guidance and Application Requirements Document.[6]

1.8 We have assessed the submissions in accordance with the relevant SpCs of the electricity distribution licence and guidance document.

1.9 We have considered the applications and the justification for the funding requested in accordance with our Principal Objective[7] and statutory duties. In

[1] Electricity North West Ltd was acquired by Iberdrola in March 2025 through its subsidiary Scottish Power and subsequently renamed SP Electricity North West. The re-opener applications were submitted by SP ENW but we have addressed the draft directions in the appendices to Electricity North West Ltd as this remains the name as set out in its licence.
[2] NGED submitted their re-opener application on behalf of its four licensees: National Grid Electricity West Midlands plc (WMID), National Grid Electricity East Midlands plc (EMID), National Grid Electricity South Wales plc (SWALES) and National Grid Electricity South West plc (SWEST).
[3] SSEN-D submitted their re-opener applications on behalf of Scottish Hydro Electric Power Distribution plc (SSEH) and Southern Electric Power Distribution plc (SSES).
[4] NPg submitted their re-opener application on behalf of Northern Powergrid Yorkshire plc (NPgY) only.
[5] SPEN submitted their re-opener applications on behalf of SP Distribution plc (SPD) and SP Manweb plc (SPM).
[6] re-opener-guidance-and-application-requirements-document-version-5.pdf
[7] As set out in s.3A Electricity Act 1989

line with the Re-opener Guidance and Application Requirements Document, our assessment of each cost category covers the following areas:

- Needs case assessment;
- Assessment of options and preferred options; and
- Cost assessment

1.10 We are now consulting on our assessment of the needs case, optioneering, and efficient costs for these submissions. We welcome views from stakeholders on our DDs and proposed allowances.

1.11 Our DDs are summarised in Table 1 below.

Table 1: Draft Determinations on the January 2026 RIIO-ED2 re-opener applications (£m, 2020/21 prices)

Re-opener mechanism	Licensee	Licensee Requested Cost Total	Ofgem's DD Cost Adjustment	Ofgem's DD Allowances
Digitalisation	SP ENW	9.01	0.00	9.01
	WMID	8.33	-2.07	6.26
	EMID	8.33	-2.07	6.26
	SWALES	4.16	-1.04	3.12
	SWEST	6.94	-1.73	5.21
	SSES	12.87	-3.81	9.06
	SSEH	12.87	-3.81	9.06
Environmental	SSEH	0.31	-0.31	0.00
	SSES	16.08	-16.08	0.00
High Value Projects	SP ENW	17.52	0.00	17.52
Physical Security	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]
Wayleaves and Diversions	NPgY	18.13	-6.14	11.99

Re-opener mechanism	Licensee	Licensee Requested Cost Total	Ofgem's DD Cost Adjustment	Ofgem's DD Allowances
	SPD	4.13	0.00	4.13
	SPM	15.33	0.00	15.33
Total	**-**	**150.53**	**-37.06**	**113.47**

1.12 All monetary figures in this document are in 2020/21 prices to align with the RIIO-ED2 Final Determinations price base.

1.13 We have expressed amounts to 2 decimal places throughout our Draft Determinations. There may therefore be some differences between the total proposed allowances and the sum of individual re-opener elements due to rounding.

Context and related publications

1.14 This document is to be read alongside:

- RIIO-ED2 Final Determinations | Ofgem
- Re-opener Guidance and Application Requirements | Ofgem
- Redacted versions of the re-opener applications on the relevant licensee's website

Consultation stages

Stage 1 Consultation open: 19 August 2026

Stage 2 Consultation closes (awaiting decision). Deadline for responses: 23 September 2026

Stage 3 Responses reviewed and published: Autumn 2026

Stage 4 Consultation outcome (decision or policy statement): before end of 2026

How to respond

1.15 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.

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

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

Your response, data, and confidentiality

1.18 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.

1.19 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.

1.20 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 7.

1.21 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.

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

2. Digitalisation

This chapter sets out our assessment and Draft Determinations on the applications under the Digitalisation Re-opener by SP ENW, NGED and SSEN-D.

1. Do you agree with our assessment of the needs case for the Digitalisation Re-opener applications submitted by SP ENW, NGED and SSEN-D?
2. Do you agree with our assessment of the optioneering analysis for the Digitalisation Re-opener applications submitted by SP ENW, NGED and SSEN-D?
3. Do you agree with our cost assessment for the Digitalisation Re-opener applications submitted by SP ENW, NGED and SSEN-D?

2.1 Digitalisation is a fast-moving policy area, underpinned by rapid shifts in digital technology globally in recent decades. This requires government and Ofgem to act flexibly in their policy development, potentially resulting in the need for companies to provide additional digital products or services, or to enhance their existing services, in response to new or additional obligations. In their RIIO-ED2 business plans companies set out their digitalisation investments plans.

2.2 The Digitalisation Re-opener enables DNOs' to apply for additional funding where a change in legislation, licenses, regulatory requirements or industry codes requires the provision or new or significantly altered data services, where monitoring devices are retrofitted to unmonitored Distribution Generators, or where mature innovation related to data and digitalisation is implemented to fulfil licence obligations.

2.3 The Digitalisation Re-opener may be triggered by the licensee during the re-opener windows set out in SpC 3.2.60 of the Electricity Distribution licence.

2.4 We received three applications in the January 2026 Digitalisation Re-opener window from SP ENW, NGED and SSEN-D on behalf of their licensees.

2.5 Each re-opener application consisted of several projects for which DNOs were requesting additional funding in RIIO-ED2. We have summarised our assessment of the eligibility, needs case and optioneering in Table 2 below with the detail behind our assessment in the rest of this chapter.

Table 2: Draft Determinations on the eligibility, needs case and optioneering in January 2026 Digitalisation re-opener submissions

DNO	Number of projects submitted	Number of eligible projects	Needs case approved/ partially approved	Optioneering approved/ partially approved
SP ENW	7	7	7	7
NGED	3	3	3	3
SSEN-D	15	12	12	12

SP ENW's Digitalisation Re-opener application

2.6 SP ENW's application for £9.01m included funding requests for seven distinct digitalisation projects. SP ENW's proposal describes the seven projects as follows:

- **Market Half-Hourly Settlement (MHHS)**: will enable SP ENW to meet mandatory Market-wide Half-Hourly Settlement requirements by updating systems, connecting to Elexon's Data Integration Platform and supporting industry programme activities.
- **National Energy Outage Platform (NEOP)**: will provide near real-time outage information through standardised data interfaces and supports improved visibility during major incidents.
- **Data Sharing Infrastructure (DSI)**: will enable SP ENW to participate in NESO's emerging secure and standardised energy-sector data sharing infrastructure.
- **CLASS Phase 3**: will modify SP ENW's CLASS platform so it can continue to support NESO balancing services following changes to reserve products.
- **Whole Data Exchange GC0139**: will implement enhanced network planning data exchange arrangements required by the GC0139 grid code modification.
- **Celsius+**: will roll out additional temperature sensors to improve visibility of transformer operating conditions and inform future reinforcement decisions.
- **LAEP+**: will deploy an established Local Area Energy Planning digital tool to support local authorities and DNO analysis of spatial energy plans.

2.7 We are satisfied that all seven projects are eligible under SpC 3.2.59. Where relevant to needs case and optioneering, we also discuss the regulatory drivers and circumstances that support our eligibility conclusions in subsequent sections.

Needs case and optioneering assessment

MHHS

2.8 We are satisfied that SP ENW has demonstrated the needs case for this project. The MHHS code changes and associated licence obligations represent a clear regulatory driver that arose after RIIO-ED2 business plans were submitted. We are also satisfied SP ENW has demonstrated efficient delivery of the requirement through collaborative programme assurance arrangements with other DNOs and participation in industry-wide design and testing activities.

2.9 SP ENW did not present a discrete set of options for this project. Its justification for this was that the project scope is principally driven by mandatory industry arrangements rather than a discretionary business choice. However, it provided evidence that it had engaged with the development of the MHHS requirements through its involvement in programme design activity and consultations, including achieving the required MHHS Qualified status. We consider this approach reasonable within the context of MHHS.

NEOP

2.10 We are satisfied that the needs case and optioneering requirements have been met. SP ENW provided sufficient justification for the project and the consumer benefit of their proposal, demonstrating that NEOP was a direct response to recommendations following Storm Arwen and subsequent Government and Ofgem work on improving outage information sharing. SP ENW's demonstrated how the platform will improve outage visibility, support better coordination and enable faster and more effective incident management.

2.11 As most of the project design was developed through an ENA-led industry working group to meet the requirements defined by Ofgem, SP ENW's approach to optioneering was to focus on outlining the phases of the project and their collaboration with other DNOs via the working group. Their individual options were limited to their internal data source which would deliver the most effective solution. In the context of this proposal, we consider this approach proportionate.

DSI

2.12 We are satisfied with the needs case in this proposal. In the ED3 Sector Specific Methodology Consultation, we identified DSI as an area that was specifically eligible for investment via the Digitalisation Re-opener. This reflected DSI policy being created and evolving during the RIIO-ED2 period, and our expectation that

DNOs would need to make appropriate investments to make effective use of the DSI in ED3. We consider this proposal consistent with this rationale.

2.13 The proposal focuses on enabling SP ENW to participate in emerging DSI arrangements by developing the infrastructure and data capabilities needed to comply with ED3 expectations. Similarly, we consider the optioneering sufficient in this case. SP ENW has demonstrated proportionality given the early stage of DSI development and uncertainty that remains regarding detailed DSI requirements.

CLASS Phase 3

2.14 SP ENW's approach to options assessment was to design and implement a minimum viable product which would enable them to continue to offer CLASS as a demand reduction solution capable of participating in Slow Reserve (SR). As such, they did not present a list of options. The alternative option was to cease to provide the CLASS solution, which they discounted as it would have negative impacts on consumers.

2.15 Our assessment identified that CLASS is not currently compatible with the requirements of the SR service without a change to the relevant market arrangements. However, given there are ongoing discussions with NESO for proposed SR rule changes which could enable CLASS to participate, we are minded to approve the needs case on a conditional basis and will keep our assessment under review ahead of our final decision.

2.16 Should relevant changes be in place to enable CLASS to participate in the SR service by the time of our final decision, we would consider the proposal to have demonstrated a sufficient needs case. If such changes are not implemented by the time of our final decision, we will re-assess the application having regard to the likelihood and timing of that change and the risks associated with funding an investment that may not be capable of delivering its intended benefits.

Whole Data Exchange GC0139

2.17 We are satisfied that SP ENW has demonstrated both the need for the project and a proportionate approach to optioneering. GC0139 was formally approved by Ofgem on 27 July 2026. The outputs of SP ENW's proposal are required to implement the obligations associated with GC0139, while the design of the solution has been developed and tested through a working group that considered the scope and efficiency in its decision making. SP ENW did not present a discrete set of delivery options for this project. We consider this reasonable given that GC0139 was developed through a NESO-led industry working group, with the parties collectively considering and refining the scope of

the arrangements. In its application, SP ENW described its involvement in the working group and provided an example of issues considered by the working group during the development of the modification.

Celsius+

2.18 We are satisfied by the needs case for this proposal. SP ENW demonstrated in its problem statement how understanding of operating temperatures would provide valuable information about substations to reduce connection times and allow for targeted reinforcement.

2.19 SP ENW considered three options:

- Option 1: deployment of both temperature monitoring and active/passive cooling capabilities (full replication of the Celsius project)
- Option 2: deployment of temperature monitoring capability only
- Option 3: deployment of active and passive cooling capability only

2.20 SP ENW chose Option 2 as it delivered many of the core benefits of the original innovation project including improved visibility of network capacity, targeted reinforcement decisions and reduced connection times, at a significantly lower cost than full deployment. Option 3 lacked the data-driven insights provided by sensor installation.

2.21 We are also satisfied by the optioneering. SP ENW has considered the different components of the original innovation project and selected the option which delivers most benefits at the best value for money.

2.22 In its initial submission, SP ENW did not provide sufficient timing rationale for why this project needed to be delivered in RIIO-ED2. In response to a Supplementary Question (SQ), SP ENW demonstrated that delivering the programme in RIIO-ED2 would enable them to coincide the installation of the temperate sensors alongside the installation of the low-voltage monitoring assets. This coordination would create material efficiencies and reduce implementation costs.

LAEP+

2.23 We are satisfied with the needs case for this project. SP ENW demonstrated how this solution would support local authorities in designing local area energy plans to be analysed by DNOs. This would allow the re-optimisation of resources and increase effective strategic investment through better demand forecasting. We also consider that the project has demonstrated that the solution has reached an appropriate level of maturity for business-as-usual deployment.

2.24 SP ENW considered three options for this proposal:

- Option 1: Do nothing
- Option 2: Develop and deploy an internal SP ENW solution,
- Option 3: Obtain a licence and deploy the existing LAEP+ solution

2.25 SP ENW selected Option 3 as it provides access to a proven and established platform already adopted and used successfully by several other DNOs. This avoids the higher costs, delivery risks and longer implementation timescales associated with developing an internal solution. SP ENW also noted that using a common platform supports standardisation for local authorities operating across multiple network regions.

2.26 We accept SP ENW's optioneering based on the benefits of adopting a standardised platform in this case.

Cost assessment

MHHS

2.27 We consider the costs eligible for assessment through the Digitalisation Re-opener. The final MHHS design and associated code changes were confirmed after the start of RIIO-ED2, meaning the scope and costs were uncertain at the time of business planning. The works are required to enable SP ENW to comply with the new MHHS arrangements, including system changes, testing, qualification, migration support, monitoring and Early Life Support.

2.28 SP ENW has not provided a Cost Benefit Analysis (CBA) for MHHS. We consider this acceptable in this case because the expenditure is compliance-driven and we do not consider that a “do nothing” option, or an option that does not deliver full compliance, would be a credible counterfactual. In assessing efficiency, we have considered SP ENW’s evidence that it collaborated with other DNOs where possible, restricted SP ENW-specific system changes to the minimum required, co-funded a DNO programme assurance role, and contributed to MHHS change requests that reduced cost, complexity and testing requirements.

2.29 On balance, we consider that SP ENW has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow SP ENW’s MHHS request in full.

NEOP

2.30 We consider the costs eligible for assessment through the Digitalisation Re-opener. The NEOP requirement was published in 2022, and the design was baselined in 2024, so therefore those costs were only established after the start

of RIIO-ED2. NEOP is a requirement to ensure that there is central and consistent visualisation platform using Application Programming Interfaces (APIs) to gather information from the separate DNO systems about power outages and present it in a unified way.

2.31 SP ENW has not provided a CBA for NEOP, as there are only pursuing one option. We consider this acceptable in this case because the expenditure is compliance-driven and we do not consider that a "do nothing" option, or an option that does not deliver full compliance would be a credible counterfactual. In assessing efficiencies, we took account of SP ENW's evidence that they collaborated with other DNOs on the proof-of-concept design and on standardisation of APIs and that they have implemented cyber security protections to minimise future avoided costs of managing cyber-attacks.

2.32 We are satisfied that SP ENW has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow SP ENW's NEOP request in full.

DSI

2.33 We consider the costs eligible for assessment through the Digitalisation Re-opener. Licensees will be required to use and actively participate in the DSI through a licence condition from mid-2026. DSI is a decentralised digital technological solution to enable secure and standardised data and is coordinated by NESO.

2.34 SP ENW has not provided a CBA for DSI, as they are only pursuing one option. They plan to deliver new functionality to make data available and will work with NESO on the design and development phase. We consider this acceptable in this case because the expenditure is compliance-driven and we do not consider that a "do nothing" option, or an option that does not deliver full compliance, would be a credible counterfactual. In assessing efficiencies, we have taken account of SP ENW's evidence that they are engaging and influencing design and by limiting resources to monitoring and engagement with NESO in the design phase.

2.35 We are satisfied that SP ENW has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow SP ENW's DSI request in full.

CLASS Phase 3

2.36 We consider the costs eligible for assessment through the Digitalisation Re-opener. The CLASS Phase 3 project is driven by regulatory approved Ofgem changes for NESO to amend balancing services in line with NESO balancing

requirements replacing Optional Fast Reserve (OFR) services with Slow Reserve (SR) and Quick Reserve (QR).

2.37 SP ENW has not provided a CBA for Class 3, as they are only pursuing one option. We consider this acceptable in this case because the expenditure is compliance-driven.

2.38 It seems that SP ENW's have made efforts to control costs as they are keeping their design to of the standard of a minimum viable product.

2.39 We are satisfied that SP ENW has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow SP ENW's CLASS 3 request in full.

Whole Data Exchange GC0139

2.40 We consider the costs eligible for assessment through the Digitalisation Re-opener. Grid Code modification GC0139 (Enhanced Planning – Data Exchange to Facilitate Whole System Planning) has been approved and the changes are therefore driven by regulatory requirements.

2.41 SP ENW has not provided a CBA, as the project is being driven by grid code changes. We consider this acceptable in this case because the expenditure is compliance-driven and we do not consider that a "do nothing" option, or an option that does not deliver full compliance, would be a credible counterfactual.

2.42 It appears the SP ENW have made efforts to control costs by collaborating with other DNOs, NESO and other stakeholders via the GC0139 modification work group to agree a whole system design to enable the exchanged of the enhanced data required.

2.43 We are satisfied that SP ENW has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow SP ENW's Whole Data Exchange request in full.

Celsius +

2.44 We consider the costs eligible for assessment through the Digitalisation Re-opener. We believe that the project will be beneficial as the monitoring and then measuring asset and ambient temperatures will provide more advanced asset and demand data. This may enable an increase in the operating load on the network, without increasing the operating risk.

2.45 SP ENW have provided a CBA. We agree with the decision by SP ENW based on the CBA that the project should just consist of installing temperature sensors at

substations. This option has the lowest cost and at the same time enables improved network monitoring.

2.46 It appears that SP ENW has made efforts to control costs by demonstrating efficiencies through limiting the installation of cooling devices into LV sub-stations.

2.47 We are satisfied that SP ENW has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow SP ENW's Celsius + request in full.

LAEP+

2.48 We consider the costs eligible for assessment through the Digitalisation Re-opener. We believe that it is important that a digital representation of SP ENWs electricity network is available that can be accessed by Local Authorities and their agents enabling them to create and design local area energy plans.

2.49 SP ENW have provided a CBA for LAEP+. We agree with their decision to utilise a proven and mature AITL (a curated directory for professional AI tools) powered LAEP+ software platform across their distribution area, providing Local Authorities with free access to a standardised digital planning tool, rather than develop a bespoke in-house solution that would result in significantly higher cost. The preferred option also demonstrates a more positive whole life Net Present Value when compared to the bespoke in-house solution.

2.50 It appears that SP ENW has made an effort to control costs by using the same software provider used by other DNOs and not developing an internal solution that may have higher development costs and lengthy timescales for implementation.

2.51 We are satisfied that SP ENW has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow LAEP + request in full.

NGED's Digitalisation Re-opener application

2.52 NGED's application for £27.76m included funding requests for three distinct digitalisation projects. NGED's proposal describes the three projects as follows:

- **Market-wide Half-Hourly Settlement (MHHS)**: will adapt and upgrade NGED's systems to comply with mandatory Market-wide Half-Hourly Settlement requirements and integrate with Elexon's Data Integration Platform.

- **Standard Optimisation Output Licence Obligation (SOOLO)**: will develop digital tools to support data publication, reporting and network planning obligations, including a Connected Data Portal, Regulatory and Reporting Platform and Digital Twin capability.
- **Connections Reform**: will create an enduring digital platform to support reformed electricity connections processes, including customer-facing and back-end workflow capabilities.

2.53 We are satisfied that all three projects are eligible under SpC 3.2.59. Where relevant to needs case and optioneering, we also discuss the regulatory drivers and circumstances that support our eligibility conclusions in subsequent sections.

Need case and optioneering assessment

MHHS

2.54 NGED presented six options:

- Option 1: Do nothing
- Option 2: Delay to ED3
- Option 3: Adapt/upgrade existing systems which focuses on modifying their current architecture to meet MHHS compliance
- Option 4: Build new system in-house
- Option 4a: Accelerated roll out/enhanced functionality which delivers additional capabilities beyond compliance at a higher cost
- Option 5: Purchase Third-party Software as a Service (SaaS) system

2.55 NGED's preferred solution was Option 3. It considered Options 1 and 2 were not viable as it would lead to non-compliance with MHHS requirements. Options 4 and 4a were both significantly more costly and Option 4 would unnecessarily duplicate existing NGED capabilities. Option 5 was rejected as existing market solutions did not meet NGED's requirements.

2.56 We consider that the needs case and optioneering requirements are met for the preferred Option 3 solution. NGED demonstrated the clear regulatory requirement to comply with mandatory MHHS obligations. NGED presented a number of options to meet the requirements and clearly justified the benefits and proportionality for their preferred option.

SOOLO

2.57 NGED cited a wide range of drivers across their initial application and following SQ response including the primary drivers of SLC10A, SpC 9.13 and GC0139,

and supporting drivers of LTDS, Digitalisation Strategy and Action Plan (DSAP) reports, changes in Data Best Practice requirements, Connections Reform, MHHS, DSO Incentive Governance and LAEP+ rollout.

2.58 We have considered each of these drivers separately and set out our assessment below:

- SLC10A is part of NGED's standard licence conditions and does not constitute a change in regulatory requirements
- the Smart Optimisation (SOO) Guidance underpinning SpC 9.13 states that the development of a digital map or platform is not required as the outputs are capable of being published on DNOs existing websites and open data portals
- GC0139 and LTDS, while increasing reporting requirements, do not require the development of a Digital Twin platform
- DSAP publication requirements have been in place prior to RIIO-ED2 Business Plan submissions and thus are not eligible as changes in requirements
- while the 2023 update to Data Best Practice Guidance clarified that aggregated smart meter data should be treated as presumed open, thereby increasing the volume of data requiring assessment and publication, we do not consider that the scale of this change is sufficient to justify the development of extensive new capabilities
- NGED identified SOOLO as supporting delivery of MHHS and Connections Reform rather than being directly driven by those programmes, and we consider the funding already provided for NGED's MHHS and Connections Reform activities to be sufficient to meet those regulatory requirements.
- the DSO Incentive Governance decision reporting requirements are minor, annual and only reported to Ofgem

2.59 NGED's strategy in designing SOOLO was as an integrated digital platform capable of responding to the increased reporting requirements from all the above drivers. While we recognise the potential benefits of this approach, the Digitalisation Re-opener mechanism requires a clear link between the work being undertaken and the proposals outputs. In this context, we do not consider that NGED has demonstrated that the level of increased reporting requirements justifies the full scope and cost of the proposed solution.

2.60 We do not consider that the needs case for the entire proposal has been met and we are minded to approve only partial funding for this project, specifically funding for the Connected Data Portal output and LAEP+ deployment as they align the most closely with the relevant regulatory drivers.

Connections Reform

2.61 NGED presented seven options:

- Option 1: Do Nothing
- Option 2: Delay to ED3
- Option 3: Adapt/Upgrade existing systems
- Option 4a: Build new system in-house
- Option 4b: Accelerated roll-out / enhanced functionality
- Option 4c: Phased hybrid delivery
- Option 5: Purchase SaaS system

2.62 NGED shortlisted Option 4a and 4c for a new connection's delivery platform. Option 4c included a low capex solution for short-term relief by combining a smaller digital solution with manual processes. Option 4a, the preferred option, delivered a full in-house digital build.

2.63 We consider this project has met needs case and optioneering requirements for the preferred Option 4a. NGED detailed a clear need for investment by providing a detailed explanation of the current solutions that have been developed which are tactical solutions relying on manual processes which only met the requirements of the reforms in the short-term. Crucially, they demonstrated why these arrangements will not remain suitable as implementation progresses and demonstrated the consumer benefit of an enduring, integrated solution.

Cost assessment

MHHS

2.64 We consider the costs eligible for assessment through the Digitalisation Re-opener. We agree that due to MHHS obligations and to maintain continuity of service, that NGED will incur costs for and upgrades to their systems.

2.65 We agree with their option to upgrade the current systems to meet MHHS compliance requirements. This will minimise costs and therefore is the most efficient option.

2.66 We are satisfied that NGED has provided sufficient evidence that the expenditure is required and that it has taken reasonable steps to control costs. We therefore propose to allow NGED's MMHS request in full.

SOOLO

2.67 From our assessment of the needs case, we are minded to only approve only partial funding for this project.

2.68 We agree with the elements of the proposal relating and consider that the costs for the Connected Data Portal output and LAEP+ deployment are justified. NGED did not demonstrate clear link between the work being undertaken and all the outputs.

2.69 We are satisfied that NGED has provided sufficient evidence that the expenditure associated with the approved elements of the proposal is required and that they have made reasonable steps to control the costs of those activities. We therefore propose to partially fund NGED's request.

Connections Reform

2.70 We consider the costs eligible for assessment through the Digitalisation Re-opener. We agree that due the need for mandatory assessment of Gate 2 readiness evidence; fixed timescales for the submission of complete and accurate data to NESO and other requirements, costs will be incurred due to the need for new systems.

2.71 A CBA was carried out that showed the best option was to design, develop and implement a modular, API-first connections platform using NGED's internal resources, as it should enable the delivery of efficiencies. We agree that this was the best option.

2.72 We are satisfied that NGED has provided sufficient evidence that the expenditure is required We therefore propose to allow NGED's connections reform request in full.

SSEN-D's Digitalisation Re-opener application

2.73 SSEN-D's application for £23.24m included funding requests for 15 distinct digitalisation projects. SSEN-D's proposal describes the 15 projects as follows:

- **MHHS extended scope**: will fund additional activities needed for SSEN-D to maintain its DNO representative role in MHHS Systems Integration Testing following changes to the MHHS timetable and scope
- **Scaled local network modelling**: will develop high-volume automated local LV network modelling and a connections readiness indicator to improve insight into network capacity and connection opportunities.
- **ConnectDirect collaboration**: will support implementation and development of an automated digital portal for Low Carbon Technology connection applications
- **Early access management at scale**: will develop the Network Access Ledger to record and monitor site-specific connection access rights and associated agreements

- **Two-day LCT Connections**: relates to a potential additional or amended proposal to accelerate Low Carbon Technology (LCT) connections
- **ADMS Data-fabric and operational analysis**: will implement data fabric technology in SSEN-D's Advanced Distribution Management System to improve operational visibility, resilience and analytics
- **FMAR enablement**: will integrate SSEN-D's flexibility market and dispatch platforms with Elexon's emerging Flexibility Market Asset Register
- **Situational awareness in near real-time**: will transition the NeRDA near real-time power flow data access solution into business-as-usual operation with justified enhancements
- **T-D boundary operational data exchange**: will increase sharing of operational data at the transmission-distribution boundary and combines it with DERMS to support earlier connections
- **Dynamic voltage management**: will integrate a central control system into SSEN-D's Active Network Management arrangements to manage low voltages dynamically using real-time and historical data
- **Real time resilience**: will expand the SYNAPS2-based LV management capability to gather and integrate pre-fault data across more sites for real-time LV network management
- **Predict4Resilience**: will implement a weather and fault prediction tool developed through SIF projects into business-as-usual operations
- **DSI Collaboration**: will enable SSEN-D to participate in the minimum viable product stage of Data Sharing Infrastructure development through data engineering, governance, security and engagement activities
- **Radio Teleswitch Wind-down**: will maintain and decommissions the Radio Teleswitch Service until its planned closure date, reflecting SSEN-D's role as sole access provider
- **LAEP+ Integration**: will transition LAEP+ into business-as-usual operation and supports standardisation, ED3 mobilisation and some further platform development

2.74 We are satisfied that 12 projects are eligible under SpC3.2.59. Where relevant to needs case and optioneering, we also discuss the regulatory drivers and circumstances that support our eligibility conclusions in subsequent sections.

2.75 We do not consider the following three projects are eligible for the Digitalisation Re-opener.

Scaled local network modelling

2.76 In its initial proposal, SSEN-D stated that the project was driven by changes in requirements as it supports ED3 business planning, aligns with Ofgem and

SSEN-D's strategic priorities and is required to meet the safety, quality and continuity regulations of their distribution licence. We asked SSEN-D to point to specific changes in legislation, licenses, regulatory requirements or industry codes which led to this project, and in response SSEN-D referred to the Clean Power 2030 Action Plan, the ED3 Sector Specific Methodology Decision (SSMD), Local Power Plan, and the Department for Energy Security & Net Zero (DESNZ) response to the Electricity Distribution Network Study.

2.77 We do not consider that this project has met eligibility requirements under SpC 3.2.59(a). The publications cited do not establish a qualifying regulatory driver. The obligations under the standard distribution licence were existing requirements at the time RIIO-ED2 business plans were submitted and were not subsequently changed. They cannot be considered a 'change' in requirements for the purposes of eligibility. The SSMD outlines future obligations under ED3 rather than requirements within RIIO-ED2, and the Clean Power 2030 Action Plan, Local Power Plan, and the DESNZ response set out strategic objectives and future reforms but do not themselves impose obligations on DNOs.

Two-day LCT Connections

2.78 The Two-day LCT Connections project was a note from SSEN-D in their application that they intended to submit an additional project in response to a joint letter sent by Ofgem and DESNZ in December 2025 outlining an ambition to accelerate LCT connections.

2.79 SSEN-D indicated that this proposal was still in development and they were intending to submit at a later stage. In bilateral meetings and in an SQ, SSEN-D stated that this project would instead be an amendment to their Scaled local network modelling proposal rather than a standalone project.

2.80 We have not received a separate submission for this project, nor an amendment to the Scaled local network modelling proposal incorporating this activity. We are unable to evaluate the proposal against the relevant re-opener criteria and therefore consider it ineligible.

ADMS Data-fabric and operational analysis

2.81 We do not consider that this project has met eligibility requirements under SpC 5.2.59(a). In its initial submission, SSEN-D cited existing general obligations to operate a secure and resilient network and growing external pressure for robust cyber security and future strategic and regulatory requirements as the driver of this project. These factors do not constitute a specific change in legislation, licence conditions, regulatory requirements or industry codes.

2.82 In response to a supplementary question to clarify which specific obligations led to this proposal, SSEN-D referred to "cluster of new and interacting regulatory and policy developments", namely the Clean Power 2030 Action Plan, the Local Power Plan and the ED3 SSMC. The Clean Power 2030 Action Plan and Local Power Plan set out government policy direction and future reforms, rather than imposing specific obligations on DNOs. The ED3 SSMC relates to potential requirements for ED3 and does not create obligations within RIIO-ED2.

Need case and optioneering assessment

2.83 We have assessed the needs cases and optioneering for the projects we consider eligible.

MHHS extended scope

2.84 SSEN-D presented three options:

- Option 1: Do nothing
- Option 2: Do minimum to fulfil role in extended MHHS scope
- Option 3: Delay

2.85 SSEN-D selected Option 2 as their preferred option. They considered Option 1 was not viable as it would result in withdrawing their participation in the System Integration Testing (SIT) programme, requiring another party to be resourced to undertake this role. SSEN-D argued this would introduce additional programme costs, disrupt activities and delay delivery of MHHS milestones. Option 3 was similarly discounted as delaying SSEN-D's participation would still require alternative resources to be mobilised in the interim, creating remobilisation costs and introducing delivery risk and delay.

2.86 We consider the needs case and optioneering satisfactory for this proposal for the preferred Option 2 solution. As the DNO representative for SIT, SSEN-D has a unique role in supporting delivery of the programme and has demonstrated that the additional activities are required to fill that role. Withdrawal or delay would introduce undesirable additional costs, disruption and reputational damage to an already complex implementation programme. As such, we consider that SSEN-D has demonstrated a clear regulatory need and proportionate response in their application.

ConnectDirect collaboration

2.87 SSEN-D presented 2 options for this project:

- Option 1: Do minimum, continuing to process applications manually using Word and Excel

- Option 2: Implement ConnectDirect

2.88 We consider the needs case and optioneering sufficient for this proposal. SSEN-D clearly set out how ConnectDirect was developed through an ENA-led initiative following DESNZ's identification of significant gaps in the LCT installation notification process. The need for the platform is supported by feedback from installers, network companies, government and Ofgem.

2.89 Though a limited number of options were presented, we consider this proportionate in the context of the project. ConnectDirect was developed through an ENA-led competitive tender process involving all DNOs. We consider it reasonable that SSEN-D evaluated adopting the common industry solution only against continuation of existing manual processes.

Early access management at scale

2.90 We consider the needs case and optioneering justified for this proposal. While the initial implementation of the National Access Ledger (NAL) focused on curtailable connections in compliance with Access SCR requirements, SSEN-D demonstrated the need for a single, central store for all site-specific connection access rights (including curtailable and non-curtailable). This approach avoids reliance on multiple systems and manual processes and improves consistency and governance of access rights data. Importantly, SSEN-D argued that the proposal can enable customers to connect earlier, while postponement to ED3 could lead to delay of months and years for some smaller customers.

FMAR enablement

2.91 SSEN-D considered four options:

- Option 1: Do Nothing
- Option 2: Manual FMAR integration where Electron Connect and Flexible Power do not interface directly with FMAR and instead data is manually downloaded and transferred across systems
- Option 3: Basic FMAR integration where Electron Connect and Flexible Power are integrated and can access data on assets and locations directly from FMAR
- Option 4: Advanced FMAR integration which includes integration of asset registration data from Option 2 but also includes pre-qualification functionality

2.92 SSEN-D selected Option 2 as their preferred option. They considered that while Option 3 functionality had been proposed by Elexon in FMAR workshops, there remains uncertainty on whether it will be required at this stage.

2.93 We consider that the needs case and optioneering requirements have been met. SSEN-D is adopting a proportionate approach to implementation given the current stage of FMAR development. Rather than proposing a comprehensive suite of functionality, SSEN-D focused on the core system changes required to align its existing platforms with FMAR. In its optioneering, SSEN-D considered more advanced integration options but concluded these developments should not proceed until greater certainty exists regarding the final design and requirements of FMAR.

Situational awareness in near real-time

2.94 SSEN-D proposed three options:

- Option 1: Do Nothing
- Option 2: Adopt NeRDA as BAU with no additional developments
- Option 3: Adopt NeRDA to BAU with enhanced contextual information and access to disaggregated smart metering data

2.95 SSEN-D selected Option 3 as the preferred option. SSEN-D argued that Option 3 would enhance the existing NeRDA service through the addition of contextual network information, generation data, improved reporting and dashboard functionality. It would also enable access to disaggregated smart metering data, allowing SSEN-D to reduce publication latency.

2.96 We consider that the needs case for this project has been met. The transition of NeRDA into BAU is consistent with the purpose of the mature innovation route, as it bridges the gap between the end of innovation funding and the next price control period, avoiding the loss of established capability proved through an innovation stream. We also consider the proposed enhancements to be justified. These build on the existing NeRDA service and are intended to improve its functionality and usability.

T-D boundary operational data exchange

2.97 SSEN-D presented three options:

- Option 1: Do minimum which includes sharing data at selected Grid Supply Points (GSPs) only where SSEN-D has already entered into agreements to provide earlier customer connections under technical limits arrangements (non-firm connection arrangements that enable customers to connect ahead of reinforcement)
- Option 2: Build systems to share data at all GSPs
- Option 3: Build systems to share data at selected sites, prioritised by consumer benefit

2.98 Option 3 was selected by SSEN-D as the preferred option.

2.99 We consider the needs case has been met and the option selected is appropriate. SSEN-D demonstrated in their proposal that increased operational data sharing across the T-D boundary would support earlier customer connections, improve network visibility and enable greater co-ordination with NESO. SSEN-D identified customers that could receive earlier access to the network through additional DERMS capability and showed how greater visibility would support management of these agreements. We also note this proposal builds on SSEN-D's existing DERMS capability, which has already been deployed as business-as-usual and undergone extensive testing with NESO.

2.100 While SSEN-D did not present a 'Do Nothing' option, it argued that intervention was necessary as it was already bound to deliver earlier customer connections at a number of GSPs under existing technical limits arrangements. In this context, we agree that their minimum option was to meet the requirements under those agreements. We also agree with SSEN-D's conclusion for targeted deployment at selected GSPs which provides the higher customer benefit. This approach is expected to release the greatest amount of capacity with the highest NPV of the options assessed, enabling more customers to connect sooner at a lower, targeted cost.

Dynamic voltage management

2.101 SSEN-D presented three options:

- Option 1: Do minimum
- Option 2: Build Dynamic voltage management using the Active Network Management (ANM) system
- Option 3: Build Dynamic voltage management using the Network Management System (NMS)

2.102 SSEN-D selected Option 2 because it aligns with existing digital infrastructure and offers a faster deployment route, while the NMS option was not available within current capability and would require a bespoke development that SSEN-D considered impractical within RIIO-ED2.

2.103 We consider that the needs case for this project has been met. In its original submission, SSEN-D claimed eligibility for this proposal as 'mature innovation' as required under 3.2.59(c). However, the proposal described the solution as 'drawing inspiration' and 'incorporating ideas and approaches' from several different innovation projects, which suggested a novel development rather than the implementation of proven, mature innovation into business as

usual. In addition, SSEN-D did not demonstrate why the project needed to be delivered within RIIO-ED2.

2.104 In response to a supplementary question, SSEN-D provided further evidence clarifying that the proposal represents a progression from the Voltmetric and Low Voltage Power Quality innovation projects and that the solution is sufficiently developed to be deployed as part of business-as-usual operations. In relation to timing rationale, SSEN-D provided evidence of known voltage issues on the network that are expected to increase as low carbon technology uptake grows. SSEN-D demonstrated that the proposal would enable proactive management of these issues, rather than relying on reactive interventions. Rather than being merely a delay of benefits, SSEN-D demonstrated that the project would support mitigation of a known and critical issue.

2.105 We also consider that the optioneering presented is sufficient. In the context of a mature innovation project, there are often limited options for deployment as the proposal is primarily concerned with integrating an existing or partially developed solution. In this case, SSEN-D considered the realistic implementation routes and provided a reasonable justification for its preferred option.

Real time resilience

2.106 SSEN-D provided two options for this project

- Option 1: Do minimum
- Option 2: Incorporate pre-fault data from 9897 targeted monitoring devices into a single platform

2.107 Option 2 was selected by SSEN-D as the preferred option.

2.108 We consider the needs case and optioneering sufficient for this project. While SSEN-D only considered two options, we consider this proportionate given the project is implementing mature innovation. The underlying technology and delivery approach have been developed and proven through innovation activity, meaning the key variable of the proposal is the number of sites to deploy the software on rather than identifying or developing alternative solutions. SSEN-D provided justification in their proposal for why the number of sites was selected, targeting locations with high utilisation, poor fault performance or large numbers of connected customers.

2.109 In a supplementary question, we asked SSEN-D to justify why the project could not wait until ED3. SSEN-D argued that delivering the project during RIIO-ED2 would allow it to leverage the architecture, delivery activity and resources

already being mobilised for another project. If these synergies were missed by delaying the project to ED3, SSEN-D estimates it could add up to 20% to delivery costs.

Predict4Resilience

2.110 SSEN-D presented two options for this project:

- Option 1: Do Nothing meaning SSEN-D would continue to manage weather related faults on a reactive basis
- Option 2: Embed the Predict4Resilience (P4R) platform into SSEN-D's operational environment and support its use as a core resilience tool,

2.111 SSEN-D selected Option 2 as the preferred option.

2.112 We consider that the needs case is sufficient. SSEN-D demonstrated a funding gap between the end of the SIF project in January 2027 and the beginning of ED3. We consider that P4R represents mature innovation which has been successfully demonstrated and is already delivering value to stakeholders. In these circumstances we consider it appropriate to provide funding to support its transition into business-as-usual operation and avoid the loss of established capability solely because of a short-term funding gap between innovation funding and the next price control period.

2.113 We also consider the optioneering to be sufficient. There are limited options that can be presented in mature innovation projects where the solution has already been developed through an innovation funding stream. SSEN-D presented significant justification for the benefits of this solution.

DSI Collaboration

2.114 SSEN-D presented two options for this project:

- Option 1: Support the DSI Minimum Viable Product (MVP) which includes the technical development and governance necessary to deliver Type 1 and Type 2 use cases
- Option 2: Support the DSI MVP and develop wider adoption through additional engagement and advocacy work to encourage the uptake of Type 3 use cases

2.115 SSEN-D selected Option 2. Type 1 and 2 uses cases are those which support core energy industry activities and strategic projects requiring cross-sector coordination. Type 3 use cases are generally industry-led and support organisations beyond the traditional energy sector to access and use shared energy data. SSEN-D argued that enabling investment in wider participation at

this stage could increase the value delivered by the DSI and help create a broader, more innovative ecosystem.

2.116 We consider the needs case and optioneering requirements to be satisfied. The proposal supports development of the DSI MVP in line with Ofgem's expectations regarding future participation in the DSI and builds upon the sector-wide development activity led by NESO. We consider that the activities in this proposal are proportionate to the requirements of the MVP phase considering that the DSI is still in its early stages, and some information is not yet known. We also consider the decision to support wider adoption of Type 3 use cases to be a reasonable extension of core MVP activities.

Radio Teleswitch Wind-down

2.117 SSEN-D presented two options:

- Option 1: 'Do Nothing' where the service would not be maintained or decommissioned
- Option 2:'Do minimum' to continue maintenance and support the eventual wind down plan

2.118 We consider the needs case and optioneering are sufficient. SSEN-D has demonstrated the need to maintain RTS systems until the agreed shutdown date, and the expenditure is limited and proportionate to manage its end-of-life transition. The options available to SSEN-D were inherently limited, as the proposal does not involve developing or enhancing a service but rather maintaining an existing service until its mandated closure. SSEN-D identified the realistic options available and provided sufficient justification for the funding required to continue its role as sole access provider.

LAEP+ Integration

2.119 SSEN-D presented three options alongside a baseline counterfactual to cease provision of the LAEP+ service:

- Option 1: Do minimum and move LAEP+ into BAU with no further development
- Option 2: Move LAEP+ into BAU with standardisation and ED3 mobilisation
- Option 3: Move LAEP+ into BAU with standardisation, ED3 mobilisation and further development of capability

2.120 SSEN-D selected Option 3 as their preferred option.

2.121 The standardisation activities in Option 2 would enable common processes and single-sign-on access across DNO boundaries. The mobilisation

activities would develop the capability of LAEP+ to support data exchange for the development of RESPs.

2.122 Option 3 includes four distinct developments to LAEP+: scenario optimisation of grid-scale generation, energy demand and new developments, optimised deployment of on-street electric vehicle charging infrastructure, automated and dynamic data views to support net zero funding streams and externally publishable digital LAEP.

2.123 While we agree with the justification of the needs case for moving LAEP+ into BAU and the standardisation and mobilisation developments in Option 2, we do not consider that the needs case has been justified for the full suite of developments presented in Option 3.

2.124 As the 'scenario optimisation of grid-scale generation, energy demand and new developments' output was based on existing scenarios developed in the innovation project and because it will support the development of Regional Energy Strategic Plans (RESPs) (which are expected in late 2028), we consider the timing rationale justified for this development. The remaining Option 3 developments relate to broader enhancements, less relevant to the core LAEP+ platform, where the justification is primary based on general benefits we do not consider need to be delivered before ED3.

Cost assessment

MHHS – Extended Scope

2.125 We consider the costs eligible for assessment through the Digitalisation Re-opener. We agree due to change requests made to the original GB baseline MHHS plan and the consequent extension of the programme to 2027/28, additional costs will be incurred by SSEN.

2.126 SSEN-D have provided a CBA. We agree with their 'do minimum option' ie, to continue their support for the programme. In looking the potential for efficiencies, we took account of SSEN's evidence that if there were to withdraw from the programme, costs could increase as a replacement party would be required and there could also be potential delays.

2.127 We are satisfied that SSEN has provided sufficient evidence that the expenditure is required and that that costs would be potentially higher should they withdraw from the programme. We therefore propose to allow SSEN's MHHS' request in full.

ConnectDirect collaboration

2.128 We consider the costs eligible for assessment through the Digitalisation Re-opener. We agree with SSEN that it is important that there is enhanced awareness and a simplified process to ensure that network operators have a clear visibility of LCT uptake and distribution.

2.129 SSEN-D have provided a CBA. Rather than 'do nothing', we agree with SSEN- D's 'do minimum' approach, ie using Connect Direct to automate the processing of 50% of domestic retrofit LCT applications. It appears that SSEN-D have made efforts to control costs by the partial automation of processing which could result in significant staff cost savings.

2.130 We are satisfied that SSEN-D has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs. We therefore propose to allow SSEN-D's ConnectDirect Collaboration request in full.

Early Access Management at Scale

2.131 We consider the costs eligible for assessment through the Digitalisation Re-opener. There is a requirement to comply with Ofgem's Access Significant Code Review, which mandates new standards for managing access rights, connection offers, and curtailable agreements within the electricity network, as existing systems and processes are not adequate to meet these regulatory obligations.

2.132 SSEN have provided a CBA. We agree that the preferred option. ie implementing the NAL to cover all site-specific connection agreements and consolidate customer access rights, whilst also enabling a broader range of access products for smaller customers is the most appropriate and that 'do nothing' is not an option. In accessing efficiencies, we note that SSEN is building on an initial solution implemented at the start of RIIO-ED2 which should help minimise costs.

2.133 We are satisfied that SSEN has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs. We therefore propose to allow SSEN's Easy Access Management request in full.

FMAR Enablement

2.134 We consider the costs eligible for assessment through the Digitalisation Re-opener. There is a requirement for FMAR development and no allowances were requested for this work through the RIIO-ED2 business plan submissions or subsequently.

2.135 SSEN have provided a CBA. We agree that the preferred option. ie basic FMAR Integration - Electron Connect and Flexible Power accesses data on assets and locations directly in FMAR is the most appropriate option rather than a manual process that would be marginally cheaper. Although the manual process would be cheaper, we agree that it would have fewer benefits to customers. FMAR integration would make it easier for flexibility service providers to participate in the market, thereby increasing market liquidity and competition.

2.136 We are satisfied that SSEN has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs for the preferred option. We therefore propose to allow SSEN's FMAR Enablement request in full.

Situational Awareness in Real Time

2.137 We consider the costs eligible for assessment through the Digitalisation Re-opener. NeRDA was originally developed as a Network Innovation Allowance (NIA) project, meaning there are no RIIO-ED2 outputs or provisions supporting its ongoing development or business-as-usual operation. We agree that further investment is necessary to ensure that the service will continue to exist, otherwise there is a risk of losing critical capabilities that stakeholders rely on for network visibility and flexibility.

2.138 SSEN-D have provided a CBA. We agree that adopting NeRDA to BAU (as-is), with no smart metering changes and minimal development is the most appropriate solution. it appears that SSEN-D have made efforts to control costs, by adopting NeRDA to BAU without enhanced capabilities will likely result in lower costs.

2.139 We are satisfied that SSEN has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs for the preferred option. We therefore propose to allow SSEN's Situational Awareness in Real Time request in full.

T-D Boundary Operational Data Exchange

2.140 We consider the costs eligible for assessment through the Digitalisation Re-opener. Technical limits at the transmission/distribution boundary have been introduced, enabling earlier, non-firm connections for customers. There is therefore a need for enhanced operational data sharing and DERMS functionality to efficiently provide early access to customers and manage constraints.

2.141 SSEN-D have provided a CBA. We agree that SSEN-D's preferred option that looks to implement the systems required to share operational data at GSPs that have the highest number of eligible customers and therefore releases the

most MW of capacity is the most appropriate solution, as it as it would add significant volumes of renewable generation.

2.142 We are satisfied that SSEN-D has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs for the preferred option. We therefore propose to allow T-D boundary operational data exchange request in full.

Dynamic voltage management

2.143 We consider the costs eligible for assessment through the Digitalisation Re-opener. SSEN-D have demonstrated that the proposal represents implementing a mature innovation related to data and Digitalisation progression and the solution is sufficiently developed to be deployed as part of business-as-usual operations

2.144 SSEN-D have provided a CBA. SSEN-D's preferred option is to build VM dynamic voltage control capability using their existing Active Network Management (ANM) system. We agree that this would be the most appropriate option rather than a bespoke development option, as leveraging the current ANM platform should result in a lower cost solution and therefore likely to more efficient.

2.145 We are satisfied that SSEN-D has provided sufficient evidence that the expenditure is required and that there are likely efficiencies from leveraging the current platform. We therefore propose to allow Dynamic voltage management request in full.

Real Time Resilience

2.146 We consider the costs eligible for assessment through the Digitalisation Re-opener. SSEN have demonstrated that the proposal represents implementing a Mature Innovation related to data and Digitalisation progression.

2.147 SSEN-D have provided a CBA. We agree with the preferred option, ie incorporate reliability and pre-fault data from 9,897 targeted monitoring devices into a single LV management platform. In terms of efficiencies, we note that SSEN would be able to leverage the architecture, delivery activity and resources already being mobilised for a high-voltage management platform it is in the process of creating.

2.148 We are satisfied that SSEN-D has provided sufficient evidence that the expenditure is required and that there are likely efficiencies from leveraging from processes being developed. We therefore propose to allow Real Time Resilience request in full.

Predict4Resilience

2.149 We consider the costs eligible for assessment through the Digitalisation Re-opener. SSEN have demonstrated that the proposal represents implementing a Mature Innovation related to data and Digitalisation progression.

2.150 SSEN-D have provided a CBA. We agreed with the preferred option ie to embed the P4R centralised weather and fault prediction SAAS tool into SSEN's business as usual operations. This is preferrable to a 'do nothing' approach as it would enable data-driven responses to severe weather events delivering benefits to the customer.

2.151 We are satisfied that SSEN-D has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs for the preferred option. We therefore propose to allow Predict4Resilience request in full.

DSI Collaboration

2.152 We consider the costs eligible for assessment through the Digitalisation Re-opener. Due to the increasing integration of renewables, electric vehicles, heat pumps, batteries and other distributed assets, there is a need for a system for improved data access and sharing.

2.153 SSEN-D have provided a CBA. We agree with the preferred option, Option 2 rather than a Minimum Viable Product (MVP) as it aims to improve data access, standardisation, and interoperability across the sector, that should result in efficiencies.

2.154 We are satisfied that SSEN-D has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs for the preferred option. We therefore propose to allow DSI Collaboration request in full.

Radio Teleswitch Wind-down

2.155 We consider the costs eligible for assessment through the Digitalisation Re-opener. We agree that the service should be operated in its current until shut down, as it is crucial that incorrect switching be avoided during the transition to smart-meter-based alternatives.

2.156 SSEN-D have provided a CBA, however it did not assess the 'do nothing' option.

2.157 We are satisfied that SSEN has provided sufficient evidence that the expenditure is required and that they have made every effort to control the costs

for the preferred option. We therefore propose to allow the Radio Teleswitch Wind-down request in full.

LAEP+ Integration

2.158 We consider the costs eligible for assessment through the Digitalisation Re-opener. We agree with SSEN-D that it is important that tools are available for energy planning activities and to facilitate requests from local authorities.

2.159 SSEN-D have provided a CBA. We agree with the elements of the proposal relating to standardisation across DNOs, ED3 mobilisation and scenario optimisation of grid-scale generation. However, consistent with our needs case and optioneering assessment, we do not consider that costs have been justified for the remaining LAEP+ platform developments.

2.160 We are satisfied that SSEN-D has provided sufficient evidence that the expenditure associated with the approved elements of the proposal is required and that they have made reasonable steps to control the costs of those activities. We therefore propose to partially fund SSEN's LAEP+ Integration request based on our preferred approach under Option 2 as set out in paragraphs 2.119 to 2.124.

Our Draft Determinations on the Digitalisation Re-opener applications

2.161 Table 3 below summarises our Draft Determinations for the Digitalisation Re-opener covered in this chapter.

Table 3: Draft Determinations on the January 2026 Digitalisation Re-opener submissions (£m, 2020/21 prices)

Licensee	Licensee Requested Cost Total	Ofgem's DD Cost Adjustment	Ofgem's DD Allowances
SP ENW	9.01	0.00	9.01
WMID	8.33	-2.07	6.26
EMID	8.33	-2.07	6.26
SWALES	4.16	-1.04	3.12
SWEST	6.94	-1.73	5.21
SSES	12.87	-3.81	9.06

Licensee	Licensee Requested Cost Total	Ofgem's DD Cost Adjustment	Ofgem's DD Allowances
SSEH	12.87	-3.81	9.06
Total	**62.51**	**-14.53**	**47.98**

3. Environmental

This chapter sets out our assessment and Draft Determinations of the application under the Environmental Re-opener by SSEN-D.

4. Do you agree with our assessment of the eligibility criteria for the Environmental Re-opener application submitted by SSEN-D?
5. Do you agree with our assessment of the needs case for the Environmental Re-opener application submitted by SSEN-D?
6. Do you agree with our assessment of the optioneering analysis for the Environmental Re-opener application submitted by SSEN-D?
7. Do you agree with our cost assessment for the Environmental Re-opener application submitted by SSEN-D?

Purpose of the re-opener mechanism

3.1 The purpose of the Environmental Re-opener (EVR) is to accommodate distinct environmental legislative changes within the RIIO-ED2 period that require a material change in the approach to the DNOs' Environmental Action Plans (EAPs) to ensure compliance. This ensures that the RIIO-ED2 environmental framework retains the flexibility to respond to legislative changes to support the timely compliance of the electricity distribution sector.

3.2 The Environmental Re-opener may be triggered by the licensee during the re-opener windows set out in SpC 3.2.30. It may be used where the licensee has incurred or expects to incur costs resulting from new or amended legislative requirements that relate to the licensee's impact on the environment that are contained within, or could have been contained within, the licensee's EAP. While there is a zero materiality threshold, the licensee's Environmental Re-opener application should demonstrate that the costs being sought cannot be and have not already been addressed in ex ante allowances and do not fall within the scope of any other uncertainty mechanism.

Applications received

3.3 We received one application from SSEN-D in the January 2026 Environmental Re-opener window.

SSEN-D's Environmental Re-opener application

3.4 SSEN-D submitted an Environmental Re-opener seeking additional RIIO-ED2 allowances in relation to three programmes of work:

- Biodiversity Net Gain (BNG) in its Southern Electric Power Distribution plc (SSES) licence area under the Environment Act 2021
- ecological enhancement in its Scottish Hydro Electric Power Distribution plc (SSEH) licence area under the National Planning Framework 4 (NPF4)
- compliance with the Street Works UK Material Classification Protocol (MCP) in SSES

3.5 SSEN-D states that these requirements were not reflected in its RIIO-ED2 baseline allowances, and that they relate to activities contained within, or that could have been contained within, its EAP.

3.6 The total funding adjustment requested is £16.38m in 2020/21 prices.

SSES Biodiversity Net Gain

3.7 SSEN-D's January 2026 application seeks £11.27m for SSES BNG requirements arising from the Environment Act 2021.[8] The application states that the Environment Act 2021 sets out a requirement for Biodiversity Net Gain for any developments subject to planning decisions.[9] The relevant provisions apply from 12 February 2024 for larger developments with a site area of one hectare and above, and 2 April 2024 for smaller qualifying developments. SSEN-D's application states that similar requirements for Nationally Significant Infrastructure Projects (NSIPs) were expected from May 2026, however, we understand these will now enter into force in November 2026.[10] SSEN-D highlights that these requirements came into force after its RIIO-ED2 Business Plan Submission and were not included in baseline allowances.

3.8 SSEN-D indicates that compliance is required for relevant capital projects related to investment in its network to secure planning permission and avoid delays. SSEN-D has proposed a costing methodology which estimates the land footprint of relevant RIIO-ED2 capital works, applies an average Biodiversity Unit (BU) per hectare value, applies a percentage uplift based on statutory requirements, and multiplies the resulting BUs by a £ per BU value.

3.9 We are minded to conclude that the SSES BNG element of SSEN-D's application is eligible under the Environmental Re-opener under SpC 3.2 and the Re-opener

[8] In response to subsequent SQs, SSEN has indicated that it may reduce the total value of its SSES and SSEH BNG/Ecological Enhancement allowance request to £9.02m because of applying an additional discount to its BNG costing methodology to remove 'zero scoring' habitats.
[9] As inserted into the Town and Country Planning Act 1990 through Schedule 14 of the Environment Act 2021.
[10] Biodiversity net gain: nationally significant infrastructure projects - GOV.UK

Guidance.[11] The licensee has incurred, and is expected to incur, costs associated with new or amended legislative requirements that relate to the licensee's impact on the environment that are, or could have been, contained within its EAP. The application was submitted on 30 January 2026 within the application window, and states the relevant legislative requirements, their relationship with the EAP, and the requested modifications to the value of the Environmental Re-opener term for the Regulatory Year(s) in question (EVR_t). It outlines the basis for calculating the requested modifications to allowances and the profiling of these allowances and provides reasonable and detailed supporting evidence. The relevant legislative requirements took effect in February 2024 and April 2024, after the start of the RIIO-ED2 period, with associated costs also incurred after 1 April 2023. Furthermore, SSEN-D states that BNG delivery costs were not requested or funded in its RIIO-ED2 Business Plan, and that its existing Biodiversity Baselining commitment does not cover BNG delivery costs.[12]

SSEH ecological enhancement

3.10 SSEN-D is requesting £0.31m in its SSEH licence area for ecological enhancement associated with the Scottish Government's NPF4. It states that the NPF4 came into force in February 2023 and requires development proposals to include "measures to conserve, restore and enhance biodiversity" and for national or major development to also include "nature networks so they are in a demonstrably better state than without intervention". SSEN-D describes these requirements as being akin to the BNG requirements being implemented in its SSES licence area.

3.11 SSEN-D states that these costs were not included in its RIIO-ED2 Business Plan because the NPF4 came into force after Business Plan submission. The application applies the same overall costing methodology used for SSES BNG but reflects a smaller estimated land impact in the SSEH licence area.

3.12 However, we do not consider the SSEH ecological enhancement element of SSEN-D's application to be eligible under the Environmental Re-opener and the Re-opener Guidance. As per SpC 3.2.32(a), an application under the

[11] Ofgem, 1 April 2026, 'Re-opener Guidance and Application Requirements Document: Version 5', re-opener-guidance-and-application-requirements-document-version-5.pdf

[12] SSEN included a Biodiversity Baselining commitment in their RIIO-ED2 EAP. The combined output of this commitment was "Part 1 - Developing a tool to baseline and monitor our biodiversity and enable cultural change required to enhance biodiversity. Part 2 - We will deliver 2,000 ha of woodland restoration and 1200 ha of peatland restoration which is expected to remove over 300, 000 t CO2e by 2045, and provide 3000 biodiversity units by 2045." - https://www.ssen.co.uk/globalassets/about-us/sustainability/documents/a_13.1_eap_cleanofgem-v2.pdf, p59

Environmental Re-opener must "relate to new or amended legislative requirements described in paragraph 3.2.29 that arise on or after 1 April 2023". The relevant legislative requirements set out in NPF4 came into force in February 2023, before 1 April 2023. Therefore, we consider these costs to be ineligible under the Environmental Re-opener.

SSES Material Classification Protocol

3.13 SSEN-D is seeking £4.81m to comply with the Street Works UK MCP in its SSES licence area.

3.14 SSEN-D states that, while the Technical Guidance WM3 (WM3) on the classification and assessment of waste was introduced in 2015, subsequent Regulatory Position Statements (RPS 211 and RPS 298[13]) from the Environment Agency provided utility companies with compliance routes that allowed them to bypass WM3 requirements for certain waste types.[14] SSEN-D considers that, in withdrawing RPS 298 and endorsing the MCP from 1 October 2025 as a method for demonstrating compliance with the legal obligations relating to assessing and classifying waste, the Environment Agency is placing new requirements on utility companies which meet the eligibility conditions under the Environmental Re-Opener.

3.15 The risk-based MCP approach for classifying excavated waste from street and utility works requires desk-based and site-based risk assessments, appropriate disposal of identified hazardous waste, and an assurance programme supported by United Kingdom Accreditation Service (UKAS) accredited laboratory testing. SSEN-D's application states that the MCP currently only applies to England and Wales and, therefore, impacts its SSES licence area only.

3.16 SSEN-D states that the MCP introduces new costs that were not included in its RIIO-ED2 baseline allowances, and considers that non-compliance would risk operational delays, disruption to supply restoration, and potential environmental regulatory breaches. Its preferred option is a 'do minimum' internal compliance model, involving internal policies and procedures, staff and contractor training, sampling kits, laboratory services, hazardous waste material disposal routes, assurance activities, and digital tools to record risk assessments. Of the £4.81m requested, hazardous waste disposal is identified as the largest cost driver at approximately 80% of the total MCP-related element of the overall Environmental Re-opener application.

[13] [Withdrawn] Classify excavated waste from street and utility works: RPS 298 - GOV.UK
[14] Classify different types of waste - GOV.UK

3.17 We do not consider the SSES MCP element of SSEN-D's application to be eligible under the Environmental Re-opener and the Re-opener Guidance. As per SpC 3.2.29, "The Environmental Re-opener may be used where the licensee has incurred or expects to incur costs caused by new or amended legislative requirements that relate to the licensee's impact on the environment that are contained within or could have been contained within the licensee's Environmental Action Plan". We do not consider the MCP itself to be either an instrument implemented under the Environmental Protection Act, nor a new or amended legislative requirement.

3.18 We have shared our understanding with the Environment Agency. The Environment Agency has stated that the MCP is an "industry developed approach to assessing and classifying excavated waste from qualifying street and utility works, which the Environment Agency has approved as an appropriate risk-based alternative to the standard testing requirements of WM3 in certain circumstances. Neither the Protocol itself, nor the removal of the Regulatory Position Statements (RPS 298 and RPS 299[15]) which the Protocol replaces, amend any existing, or introduce any new, legislative requirement. Those producing and managing excavated waste that falls within the scope of the Protocol are simply provided with an alternative way of meeting the underlying legal obligation to assess and classify waste. Similarly, the conditions on which the Environment Agency has approved use of the Protocol (for example, waste segregation and document retention) restate existing legal obligations, confirming and clarifying their application where waste is being produced and managed under the Protocol."

3.19 While the MCP is a risk-based approach to meeting existing legal requirements to classify waste, it is an industry protocol and is not mandated by the Environment Agency. We, therefore, consider costs associated with the MCP to be ineligible under the Environmental Re-opener.

Needs case, optioneering and cost assessment

3.20 The sections below detail our current assessment of the needs case, optioneering and costs associated with SSEN-D's application for £11.27m in SSES BNG adjustments under the Environmental Re-opener.

3.21 Following our initial assessment, and in response to our SQs, SSEN-D has indicated that it may consider changes to its BNG costing methodology which would reduce the total allowance adjustment request for SSES BNG and SSEH ecological enhancement to £9.02m. However, as this has not been officially

[15] [Withdrawn] Storing and managing excavated waste from street works: RPS 299 - GOV.UK

confirmed at the time of drafting, our assessment is based on an adjustment value of £11.27m.

3.22 For the avoidance of doubt, we have not considered the needs case, optioneering and costs associated with the ecological enhancement (SSEH) and MCP (SSES) components of the re-opener application. For the reasons set out previously in this chapter, we do not consider these elements to be eligible under the Environmental Re-opener.

3.23 We welcome SSEN-D's constructive engagement with our assessment process so far through a series of SQs, bilateral discussions and additional document submissions. Our assessment below distinguishes between: SSEN-D's January 2026 application; our initial assessment of that application; the additional information subsequently provided by SSEN-D; and our remaining areas of assessment ahead of Final Determinations.

3.24 Our assessment is based on the application submitted in January 2026 and reflects our current view but, where relevant, we refer to information received from SSEN-D since their submission. This additional information has aided our understanding of aspects of SSEN-D's proposed BNG methodology. We are continuing to engage with SSEN and will continue to consider this material before making our Final Determinations. We invite SSEN-D to continue to provide evidence and consider updates to the proposed approach that address the points below.

Our assessment of the needs case

3.25 We have assessed the needs case in relation to the SSES BNG element of SSEN-D's Environmental Re-opener application and have concluded that it is sufficiently justified. Delivering a 10% increase in biodiversity value for developments subject to planning decisions is a legislative requirement under the relevant provisions of the Environment Act 2021 and, therefore, SSEN-D must fulfil these requirements. Failure to do so could disrupt the granting of planning permission and result in unnecessary delays to investment in SSEN-D's network infrastructure.

Our assessment of the optioneering

3.26 Our optioneering assessment considers whether SSEN-D's proposed methodology is an appropriate and proportionate way of calculating SSES's BNG requirements during RIIO-ED2. We have considered whether the proposed approach reflects legislative requirements, correctly identifies the activities that may engage BNG obligations, and provides a logical basis for determining the BU deficit.

Use of a top-down methodology

3.27 During our initial discussions with SSEN-D prior to the submission of its application, SSEN-D suggested that the requirements under BNG legislation did not translate well to the methodology used in the RIIO-ED2 Cost and Benefit Analysis Template (CBA template).[16] SSEN-D therefore proposed to develop and apply its own methodology for the purposes of the Environmental Re-opener application. We consider the use of an alternative methodology to be reasonable in this case, provided the key principles underlying the CBA template, the Green Book and the Re-opener Guidance are still adhered to.

3.28 For its re-opener application, SSEN-D developed and applied a methodology based on a top-down estimate of BNG costs for the RIIO-ED2 period to calculate proposed changes to its allowance. This methodology uses high level averages from SSEN-D's existing asset base and RIIO-ED2 funding applications to estimate BNG costs.

3.29 In principle, we consider that the theoretically optimal approach would be to calculate BNG costs on a project-by-project basis, where the necessary evidence is available. We acknowledge that there are risks associated with top-down approaches where there is limited outturn data to provide confidence that the averages are a true reflection of the underlying costs. However, in this case, we are minded to accept a top-down approach. We do not consider that the additional resource required to re-engage the capability required for a bottom-up approach during the re-opener process is likely to be commensurate or proportionate to the size of the application, or to be in line with the principles of the RIIO-ED2 Re-opener Guidance. We also consider there is currently likely to be limited benefit from a bottom-up analysis given the market for BUs is still relatively new and immature.

BNG legislative requirements

3.30 The Re-opener Guidance requires an application to be clear as to exactly how the new legislation will impose additional requirements and costs on the network. SSEN-D's application notes that any development requiring planning approval from a Local Planning Authority (LPA) must meet the requirements under the new BNG legislation.[17] However, SSEN-D's initial application

[16] This includes the BNG provisions in the Environment Act 2021 and the Town and Country Planning Act 1990.

[17] The Town and Country Planning Act 1990 requires that development works cannot commence until an LPA approves a development's BNG Plan, which is a document that sets out how the development meets the BNG requirements. There are additional requirements for Nationally Significant Infrastructure Developments, but SSEN has not provided evidence that any of its RIIO-ED2 developments engage these requirements.

submission did not provide sufficient information to distinguish or determine the types of planned RIIO-ED2 developments that would require LPA approval.

3.31 In its January 2026 submission, SSEN-D's methodology assumed that all substation developments would require LPA approval. However, we understand that substation developments under certain size thresholds do not require LPA approval. SSEN-D's original submission did not include information on which planned substation developments meet the size thresholds to engage the requirements for LPA approval. Similarly, SSEN-D's methodology noted that most cabling developments would not require LPA approval, but it did not define which of these developments would and would not engage the requirements.

3.32 In our initial assessment, we considered that this information was necessary to confidently assess whether SSEN-D's methodology appropriately identified the subset of RIIO-ED2 activities that would incur BNG-related costs. We also considered that SSEN-D should provide further evidence that the costs applied for would not already have been incurred under pre-existing environmental protection legislation or funded through RIIO-ED2 baseline allowances.

3.33 Following our initial assessment, we issued SQs seeking clarification on the developments expected to be subject to BNG requirements. In response, SSEN-D noted that developments are subject to BNG requirements where they require consents from LPAs and the Department for Energy Security and Net Zero (DESNZ) under section 37 of the Electricity Act 1989. SSEN-D stated that, based on its 2025/26 portfolio, 95 out of 2,224 overhead line projects and 9 out of 68 substation projects in its SSES network required section 37 consent.

3.34 SSEN-D also clarified that the substation land component of its methodology relates to 17 named land acceleration projects in SSES, primarily 132kV with some 33kV projects, which it considers are subject to section 37 consent. To support this, SSEN-D provided some examples of substation developments for which BNG planning submissions were developed or in the process of being developed. However, SSEN-D stated that it was unable to provide examples of cabling works for which BNG planning submissions had already been developed and noted that it did not think any cabling projects had fallen within the scope of BNG requirements to date. Despite this, SSEN-D believes that there will be scenarios in RIIO-ED2 where cabling projects will be subject to BNG requirements.

3.35 Given that cabling is a material driver of the requested allowance, the absence of evidence of cabling projects having engaged BNG requirements to date remains an important area of consideration ahead for us of Final Determinations.

3.36 In response to a further SQ, SSEN-D stated that BNG requirements are additional and separate to existing legislative requirements, and that where existing legal requirements are in place, such as maintaining the condition of a Site of Special Scientific Interest, those requirements cannot be counted as part of the BNG calculation. For the purposes of our assessment, the relevant issue remains whether the costs requested in this application have been shown to be incremental to pre-existing environmental obligations and baseline-funded activities for the specific RIIO-ED2 works covered by the application.

3.37 We welcome this additional information and consider that it provides greater clarity regarding the categories of projects that may engage BNG requirements. Ahead of our Final Determinations, we will give further consideration as to whether the 2025/26 evidence is sufficiently representative of the RIIO-ED2 projects captured by the application and whether it provides an appropriate basis for the proposed methodology.

Logic underpinning the methodology

3.38 The relevant BNG sections of the Environment Act 2021 require that BU credits be purchased to equal the value of any deficit between:

- 110% of the total BU value of the pre-development land within a planning redline [18]
- the post-development BU value within the same planning redline

3.39 However, we understand that SSEN-D's methodology operates differently to this requirement. SSEN-D's methodology calculates the deficit as 110% of the pre-development BU value of a 'working area'. That is, it effectively treats the post-development BU value within that working area as zero. The working area for cabling developments is calculated to be the total area directly under the power lines, which is generally assigned a working width of two metres.[19]

3.40 It is unclear what the difference in widths is between the two metre 'working area' and the average width of the redline boundary for applicable cabling development projects. A redline boundary for Local Government Planning purposes includes the area under development and any area temporarily required for accessing the development area. SSEN-D has not yet provided examples of planning redline boundaries for cabling projects. SSEN-D assumed

[18] That is, the initial BU value of the land, plus a 10% uplift as required under the Environment Act 2021.

[19] For cabling developments, the application proposes a working area two metres wide for most types of cabling and a total cabling length of 35,600kms, for a total working area of 72.5km^2.

an average working area for substations based on the land area of its current portfolio of substations.[20]

3.41 Using the Department for Environment, Food and Rural Affairs (Defra) calculation metrics, even bare earth habitats and mown lawn habitats have BU values greater than zero.[21] For example, we could calculate the BU deficit assuming that SSEN-D removed all habitats underneath its BNG-applicable cabling developments and replaced them with a mown lawn habitat. Under this assumption and using rough BU per hectare estimates, the BU deficit for cabling developments would be approximately 144 BUs, instead of the 289 BUs currently calculated by SSEN-D. This change alone would reduce the value of the adjustment for cabling developments from £9.5 million to £4.7 million.[22]

3.42 In response to our SQs, SSEN-D stated that temporary habitat losses must still be assessed in the statutory biodiversity metric. We invite SSEN-D to share further information on the effect this would have on the methodology before Final Determinations. SSEN-D noted that it considers it proportionate to apply a 10% uplift to the full baseline position, given its approach of narrowing the redline boundary to the 'working area' of the development. Additionally, in response to our SQs, SSEN-D proposed an adjustment to its methodology by applying an additional cabling discount for zero-scoring habitats, based on the proportion of built, urban and sealed surface habitats in its Strategic Natural Capital Baseline. It stated that this would apply an additional discount of 43.9% for cabling projects.

3.43 This proposed adjustment may reduce the scale of the requested allowance and partially respond to concerns identified during our initial assessment. However, it does not fully address our concern that the methodology does not directly assess the post-development BU value within the planning redline, nor demonstrate how the calculated BU deficit maps to the statutory BNG requirement. We also consider it unreasonable to assume in any methodology that the entire working area of cabling developments is paved over, mown, or significantly altered. We will consider the proposed amendments further ahead of Final Determinations.

3.44 Similarly, in our initial assessment, we considered it was likely that some substation developments would have an area within the planning redline

[20] The working area of each substation is assumed to be 8,000m.^{2}

[21] Information on BU values for each habitat type is available at: Statutory biodiversity metric tools and guides - GOV.UK

[22] This example is illustrative only and is intended to demonstrate the potential impact of alternative assumptions on the calculated allowance.

boundary that would continue to have some BU value post-development.[23] Following our initial assessment, SSEN-D has provided examples of development plans for various substations. We will consider this evidence further ahead of Final Determinations.

Optioneering conclusion

3.45 As noted above, since completing our initial assessment of SSEN-D's January 2026 application, SSEN-D has provided additional information in response to SQs and through a permitted development note. This information has improved our understanding of the proposed methodology and several key assumptions.

3.46 However, notwithstanding the additional evidence provided, we remain concerned that the methodology has not yet been demonstrated to accurately calculate the statutory BNG deficit by reference to both pre-development and post-development BU values for the relevant developments. Several key assumptions also remain subject to ongoing assessment ahead of Final Determinations. We invite SSEN-D to consider these points and propose any changes to the methodology ahead of our final decision.

Our assessment of costs

3.47 Our cost assessment considers whether the data, assumptions and sensitivity testing supporting SSEN-D's proposed allowance are sufficiently robust. We have considered the quality of the supporting data, the approach to estimating baseline BU per hectare values, the methodology for assigning BU costs, and the level of sensitivity testing provided.

Suitability of supporting data

3.48 The Re-opener Guidance requires applications to include high-quality data, at a level of detail sufficient to support the cost estimate. In assessing whether the data SSEN-D provided is of sufficient quality, we have balanced the benefits of increased data quality against the costs and feasibility of collecting more data to ensure proportionality.

3.49 At the time of our initial assessment, we considered that SSEN-D's application had three main material gaps in this respect:

- data on the distance of planned cabling developments that would engage BNG requirements

[23] For example, as a mown lawn or some other low-distinctiveness habitat.

- data on the distance of planned cabling developments that are not the re-cabling of existing lines
- data on the size of substation developments

3.50 Firstly, as noted in paragraph 3.30, SSEN-D's initial submission did not clearly outline what cabling developments engage the new BNG legislative requirements. SSEN-D assumed that 90% of cabling developments are 'permitted developments', meaning that they do not require LPA approval. This left an assumed 10% of cabling developments that do require LPA approval. The initial application did not provide data to support this assumption. Secondly, SSEN-D assumed that 90% of its cabling developments are cable replacement, which would not engage the new BNG requirements. Therefore, this assumed that 10% of cabling developments are new developments which would potentially engage BNG requirements.[24] Again, SSEN-D's initial application did not provide data to support this assumption and, as these assumptions are cumulative, there is a risk that any inaccuracies are compounded.

3.51 During subsequent discussions with SSEN-D, we learned that both percentages were based on internal estimates. We considered that SSEN-D should be able to provide evidenced data on its cabling developments, including data on the proportion of developments that are new developments and the proportion that would engage BNG requirements, to provide further confidence in our assessment. [25] SSEN-D has subsequently provided further evidence on the cabling replacement assumption using Regulatory Reporting Pack (RRP) data for years 1 to 3 of RIIO-ED2. SSEN-D states that the data suggests a replacement figure of 39% across both SSES and SSEH when connections projects are included, and a replacement figure of 87% when connections projects are excluded. SSEN-D proposes to amend the cabling replacement discount from 90% to 87%. SSEN-D also provided an updated assumption for the proportion of projects that require LPA approval from 10% down to 4.3%, using additional evidence of projects which required section 37 consents in the past year. We will consider this evidence further ahead of Final Determinations.

3.52 SSEN-D's initial application calculated the land footprint required for substation development in SSES by multiplying the number of substation units it states were agreed in RIIO-ED2 (17 units) by the average land area for its existing

[24] Together, the methodology assumes that only 1% of the overall length of RIIO-ED2 cabling developments would engage BNG requirements. The 1% is calculated by multiplying the 10% of developments that are not 'permitted developments' by the 10% of developments that are new developments.

[25] This would ideally be based on the planned and already conducted RIIO-ED2 developments but could be an estimate based on already conducted RIIO-ED2 developments, or perhaps even their existing asset base, for example.

substations.[26] The names and locations of these substations were not provided in SSEN-D's initial Environmental Re-opener application. We considered that SSEN-D should have identified the 17 planned substation developments and provided more detailed specifications. We also considered that SSEN-D could calculate a better estimate of the land area for substations by considering the specifications for each planned substation.

3.53 In response to our SQs, SSEN-D subsequently clarified that the land component of its BNG methodology relates to 17 identified land acceleration projects in SSES. These substations are primarily 132kV, with some 33kV, and are associated with newly purchased land for new assets and asset extensions. SSEN-D has also stated that these projects are subject to planning decisions and that the 90% permitted development discount was not applied to substations because the substations included in the methodology require BNG implementation. However, SSEN-D has also stated that it does not have a central view of individual project performance against BNG requirements or the average percentage of existing substation area that is paved over or built upon, which limits our ability to assess the post-development BU assumptions.

3.54 At the time of our initial assessment, we considered that the three assumptions above were not supported by data of sufficient quality to provide confidence in the proposed allowance request. We welcome the additional information subsequently provided by SSEN-D, including evidence relating to replacement rates and substation developments. We will consider this information further ahead of Final Determinations, including whether it sufficiently addresses the evidential gaps identified during our initial assessment.

Methodology for assessing the baseline Biodiversity Unit per hectare value

3.55 SSEN-D's methodology calculates a pre-development BU per hectare value (BU/ha) for RIIO-ED2 developments based on an average BU/ha value of its existing assets. SSEN-D engaged a consultant to assess the different habitat types within a 20-metre radius of its existing assets using geographic information systems (GIS) software. The consultant then scored these habitats and calculated an average BU/ha value.

3.56 We consider that there could be material differences between the average BU/ha value of current SSES assets and planned RIIO-ED2 developments. For example, there could be differences in the extent to which the RIIO-ED2 developments are more rural or urban, higher or lower voltage, or subject to different planning requirements. SSEN-D's application does not provide data or

[26] This value is 13.6 hectares.

reasoning to evidence that its existing SSES assets are an accurate reflection of its planned RIIO-ED2 developments.

3.57 We also consider that the sample radius around each existing asset could have a material impact on the BU/ha value. It seems reasonable to assume that existing assets have been placed in locations that avoid natural habitats, as they can provide structural, logistical or financial obstacles and may have engaged requirements under pre-existing environmental legislation. It seems likely that planned RIIO-ED2 developments will similarly try to avoid natural habitats where possible. Therefore, it is plausible that a larger sample radius around assets is more likely to include natural habitats, which planners would otherwise have tried to avoid. SSEN-D's application does not provide a sensitivity analysis of the effects the sample radius has on the BU/ha value to provide confidence in its approach.

3.58 SSEN-D has subsequently clarified that its Natural Capital Baseline is a static 2025 snapshot of habitats across the SSEH and SSES licence areas, mapped to a 40 metre buffer, and was developed to support a RIIO-ED2 EAP commitment rather than specifically to calculate statutory BNG costs for this re-opener application. SSEN-D states that varying the baseline would require the analysis to be re-run. We acknowledge this additional context and will consider the proportionality of requiring further analysis. However, the relevant issue for our assessment remains whether the existing baseline provides a sufficiently representative proxy for the planned RIIO-ED2 developments expected to engage BNG requirements.

3.59 SSEN-D also calculates the BU/ha value across all assets, including cabling and substations, and applies this value to all RIIO-ED2 developments. The initial application does not provide data or reasoning to show that the BU/ha value would be similar across cabling and substation developments or break out the calculations by development type.

Methodology for assigning BU costs

3.60 As a principle, we consider the best methodology to be one that aligns with the preference noted within BNG legislation for on-site mitigation over the purchasing of off-site or statutory credits. However, for the purposes of this re-opener, we consider it reasonable to use the market prices of off-site and potentially statutory credits as a simplification. We consider it likely that the resources required to assess the cost of on-site mitigation in the middle of a regulatory period would be higher than warranted considering the size of the re-opener application.

3.61 SSEN-D's application includes a dataset with several observed market prices for off-site mitigation, categorised by different types of habitats and distinctiveness levels. Considering this range of data, SSEN-D assumes the statutory credit price to be a reasonable middle ground.

3.62 In response to our SQ, SSEN-D provided further explanation regarding its use of statutory credit pricing as a proxy for BU costs. SSEN-D stated that statutory credit prices vary by habitat type and that it used the lowest statutory credit cost, converted to 2020/21 prices, as a proxy for one BU across a range of habitats. It also provided indicative mean and median £/BU values using July 2026 BNG market data but acknowledged that this exercise does not take habitat type proportions into account.

3.63 We consider this additional evidence helpful, including in providing improved transparency regarding the selected BU cost assumptions. However, it does not fully resolve whether the selected proxy is representative of the expected habitat mix affected by SSEN-D's RIIO-ED2 projects.

3.64 We consider that there may be more accurate alternative methodologies available using SSEN-D's existing data. In our opinion, it is important to the robustness of the application that SSEN-D either applies a more representative approach than in its initial application or provides suitable reasoning as to why such an approach is not feasible or proportionate.

Sensitivity testing

3.65 The Re-opener Guidance requires an application to have sufficient sensitivity analysis, in particular in relation to the input parameters. SSEN-D's application cites several areas in which it has performed sensitivity analysis of its methodology. We note that sensitivity analysis is not necessarily about testing the impact of different methodological options. Rather, it should provide insight into how potentially variable external factors affect the calculations. The example in the Re-opener Guidance of tests against different future energy scenarios does not particularly apply to BNG legislation. However, sensitivity analysis would be reasonable for inputs such as the volatility in off-site BU prices, changes in the assumed characteristics of overhead lines, and other factors discussed above. We would welcome further sensitivity insights into the impact of key variables on SSEN-D's costing methodology.

3.66 SSEN-D's SQ responses have provided additional context regarding several aspects of the costing methodology. However, in our subsequent analysis so far, they have not materially altered our view regarding the level of sensitivity analysis required to provide confidence in the robustness of the proposed funding adjustment. Further sensitivity testing would help demonstrate whether

the proposed allowance remains reasonable under a credible range of assumptions for BNG applicability, post-development BU values, baseline BU/ha values and BU purchase costs.

Cost assessment conclusion

3.67 We recognise the challenges associated with forecasting BNG costs in a developing market, and welcome the additional information subsequently provided by SSEN-D through the SQ process and permitted development note. However, based on the assessment above, we are not currently satisfied that the preferred options and proposed cost adjustment are sufficiently justified in line with our re-opener requirements. Our Draft Determinations position therefore reflects the evidence currently available and the outstanding assessment issues identified, rather than a final conclusion on the level of efficient BNG costs.

3.68 We will continue to consider the additional information received before reaching our Final Determinations. The key outstanding issues are summarised above and relate principally to the treatment of post-development biodiversity value, the representativeness of key assumptions, and the robustness of the supporting cost evidence.

Our Draft Determinations on the Environmental Re-opener application

3.69 Following our assessment of the application, Table 4 sets out our Draft Determinations for the Environmental Re-opener application covered in this chapter.

Table 4: Draft Determinations on the January 2026 Environmental Re-opener submissions (£m, 2020/21 prices)

Licensee	Licensee Requested Cost Total	Ofgem's DD Cost Adjustment	Ofgem's DD Allowances
SSEH (Ecological enhancement)	£0.31m	-£0.31m	£0.0m
SSES (Biodiversity Net Gain)	£11.27m	-£11.27m	£0.0m
SSES (Material Classifications Protocol)	£4.81m	-£4.81m	£0.0m
Total	**£16.39m**	**-£16.39m**	**£0.0m**

4. High Value Projects

This chapter sets out our assessment and Draft Determinations of the application under the High Value Projects Re-Opener by SP ENW.

8. Do you agree with our assessment of the needs case for the High Value Project Re-opener application submitted by SP ENW?
9. Do you agree with our assessment of the optioneering analysis for the High Value Project Re-opener application submitted by SP ENW?
10. Do you agree with our cost assessment for the High Value Project Re-opener application submitted by SP ENW?

Purpose of the re-opener mechanism

4.1 The purpose of the High Value Project (HVP) Re-opener, as established by Part L of Special Condition 3.2 (Uncertain Costs Re-openers), is to help minimise the risks associated with large, high value projects. This protects consumers and companies from uncertainty associated with large, high value projects where there are significant risks relating to the needs case and/or proposed solution.

4.2 HVPs in RIIO-ED2 are defined as "*any individual non-load related investment project that is reasonably forecast to cost the licensee £25 million or more*" (in 2020-21 prices) in RIIO-ED2.[27] HVPs are discrete projects with specific deliverables. Given that their size and nature could involve a degree of uncertainty, we included provisions for Ofgem to review the licensees' HVP expenditure, as well as a re-opener window for licensees to propose new HVPs within the price control period.

4.3 The re-opener may be used for projects that were proposed in business plans but not included in the RIIO-ED2 price control allowances because we considered that they did not have one or more of the following: clear outputs, forecast costs or a need case. The HVP Re-opener may also be used for projects that were not included in business plans, for example because the DNO was not aware of the need for the project at the time of submission.

[27] Appendix 8, re-opener-guidance-and-application-requirements-document-version-5.pdf

Applications received

4.4 We received one application in the January 2026 HVP Re-opener window from SP ENW.[28]

SP ENW's HVP Re-opener application

4.5 SP ENW has submitted a HVP Re-opener application under SpC 3.2 seeking an adjustment to its RIIO-ED2 allowances to fund the early delivery of two major network investment projects that were new or uncertain at the time RIIO-ED2 business plans were submitted. These projects are in the Northwest of England and comprise:

- the replacement of ageing 132kV switchgear at the South Manchester Grid Supply Point (GSP) ("HVP1")
- the replacement of oil-filled underground cables on the Bredbury–Longsight circuits ("HVP2")

4.6 SP ENW states that these projects are required to maintain network reliability and address increasing risks associated with asset deterioration and environmental exposure. They identify that key assets are approaching or have reached end of life and are exhibiting declining performance, increasing the risk of failure. SP ENW also highlights external drivers, including flood and environmental risks. In particular, HVP2 has been accelerated following significant flood damage in January 2025, which has reduced network resilience and increased the likelihood of environmental harm from oil-filled assets.[29] Both projects are expected to improve network resilience, reduce the risk of supply interruptions, and address environmental impacts associated with legacy equipment.

4.7 The forecast cost of each project is £62.08m and £27.98m for HVP1 and HVP2 respectively, meaning a total forecast cost of approximately £90.06m across both projects (2020/21 prices), spanning both the RIIO-ED2 and ED3 price control periods. SP ENW is seeking £17.5m of additional allowances in RIIO-ED2 only through this re-opener, reflecting the expenditure required to initiate and progress these projects within the current price control period. The remaining

[28] https://www.enwl.co.uk/globalassets/about-us/regulatory-information/documents/public-information/sp-enw-hvp-re-opener-submission---public.pdf

[29] Exceptional rainfall in January 2025 caused the River Tame in Stockport to rise to record high levels, resulting in significant disruption to electricity infrastructure in the area. The flood damage led to the collapse of a council-owned bridge that carried the three oil-filled cables and three ancillary circuits. Due to safety considerations , these circuits were immediately taken out of service, with supplies temporarily maintained via 33kV back-feeds to Longsight and Heaton Norris.

£72.5m relates to activities scheduled for ED3 and is not included in this application. SP ENW has indicated that these costs will be considered as part of its ED3 business plan. Any approval at this stage, under the HVP Re-opener, is without prejudice to any subsequent application or decisions in the ED3 process. It does not fetter our future discretion as decision-makers; any additional works will be subject to due process, appropriate evidence, and assessment on the merits. Accordingly, this re-opener request is limited to the RIIO-ED2 element of the projects and does not seek approval for full project funding.

4.8 We consider that SP ENW's application meets the eligibility requirements for the HVP re-opener under SpC 3.2 and the re-opener guidance. The application:

- relates to projects where the licensee has incurred or expects to incur costs on a HVP as required by SpC3.2.83
- describes two projects where the total expenditure for each HVP meets the £25m threshold (in 2020/21 prices) as required in the re-opener guidance
- was submitted on 30 January 2026 within the application window requirement in SpC 3.2.84(a)
- includes the information required by the licence, including the scope of works, the modification to allowances sought, the basis for the proposed adjustment, and supporting evidence to meet the requirements of SpC3.2.85

4.9 We also consider that the application satisfies the additional eligibility tests in SpC 3.2.86. It is confined to costs that are not otherwise funded through other special conditions, incurred or expected to be incurred on or after 1 April 2023 and takes account of allowed expenditure that can be avoided because of the modifications requested. On this basis, our minded to position is that the application has met the eligibility criteria for the HVP Re-opener.

Needs case and optioneering assessment

4.10 SP ENW has provided a range of supporting material with its HVP application, including cost benefit analyses (CBAs), engineering justification papers (EJPs), and further detail on the needs case and options considered for each project. SP ENW has also submitted letters of support from key stakeholders. These letters indicate support for the proposed investment and its expected contribution to resilience, environmental protection and regional infrastructure. One stakeholder stated that HVP1 would strengthen the resilience and reliability of electricity supplies serving Manchester Airport.

4.11 We have also reviewed the submitted EJPs and analysed the options scope, risks, costs and benefits to inform our assessment of SP ENW's optioneering.

HVP1 South Manchester Grid Supply Point

4.12 Four options were considered by SP ENW for HVP1.

- **Option 1: Do nothing**. SP ENW stated that this option would leave end-of-life switchgear in service and would not address the associated safety, reliability, environmental or flood risks. SP ENW discounted this option.
- **Option 2: In-situ replacement of switchgear**. SP ENW stated that this option would replace the existing switchgear within the current layout. While SP ENW noted the lower initial cost, it considered that the option would create unacceptable outage risk, require unattainable load transfers, expose key customers to prolonged risk, fail to address layout constraints and require separate flood mitigation. SP ENW discounted this option.
- **Option 3: Offline replacement with Air Insulated Switchgear (AIS)/hybrid switchgear**. SP ENW stated that this option would involve an offline AIS/hybrid solution. While SP ENW noted lower outage risk and lower cost, it considered that the option was not feasible because of space constraints, likely planning difficulties, visual impact and the need for separate flood mitigation. SP ENW discounted this option.
- **Option 4: Offline replacement with Gas Insulated Switchgear (GIS) in a new building (SP ENW's preferred option)**. SP ENW stated that this option would involve installing new SF_6-free GIS switchgear offline in a new building. SP ENW considered that it would reduce outage risk, fit within the available space, provide for future extension and mitigate flood risk by elevating critical assets above expected flood levels. SP ENW selected this as its preferred option.

HVP2 Bredbury-Longsight circuits

4.13 Five options were considered by SP ENW for HVP2.

- **Option 1: Do nothing**. SP ENW stated that this option would leave ongoing environmental and supply risks in place, including continued oil leakage risk and reliance on a temporary post-flood arrangement. SP ENW discounted this option.
- **Option 2: Remove the circuits from service and reconfigure the network**. SP ENW stated that this option would involve removing the affected circuits and transferring demand to other substations. While SP ENW noted that it would remove environmental risk. It considered that the option would require costly and complex reconfiguration, substantial additional investment and would not be operationally viable. SP ENW discounted this option.

- **Option 3: Replace the cable bridge and install non-pressurised cable over the bridge**. SP ENW stated that this option would rebuild the river crossing and install replacement cable across it. While SP ENW noted that it would remove environmental risk and restore a crossing, it considered that a replacement bridge would remain vulnerable to future flooding, come at an increased cost compared to other options, require additional stop joints and constrain future routing. SP ENW discounted this option.
- **Option 4: Divert cables in the highway**. SP ENW stated that this option would reroute replacement cables through the highway network. While SP ENW noted that it would remove environmental risk and avoid a river crossing, it considered that the option was not viable because of the impact on critical local road infrastructure. SP ENW discounted this option.
- **Option 5: Directional drill under the River Tame on an adjusted route (SP ENW's preferred option)**. SP ENW stated that this option would install replacement non-pressurised cables beneath the River Tame using directional drilling on an adjusted route. SP ENW considered that it would remove environmental risk, avoid continued flood exposure at the bridge crossing, improve resilience and provide a permanent solution, notwithstanding the complexity of the drilling works. SP ENW selected this as its preferred option.

4.14 Our assessment of HVP1 is that SP ENW has presented a credible needs case for the early delivery of the South Manchester GSP project. Nine of the eleven switchgear bays were manufactured in 1968 with oil-filled circuit breakers, whereas the other two were manufactured in 1997 and utilise SF_6, with all showing signs of deterioration and or nearing the end of their life. The South Manchester 132kV substation supports supplies to more than 165,000 customers within the economic centre of Manchester as well as Manchester Airport. Our view is that these provide a reasonable basis for intervention in the interests of existing and future consumers, particularly by supporting security of supply.

4.15 We also consider that SP ENW has also presented a credible needs case for HVP2. The submission explains that the project has been accelerated following the January 2025 flooding event described in paragraph 4.6 which reduced network resilience and left one 132kV circuit de-energised to manage environmental risk from oil leakage. This will help maintain reliable supplies, reducing the risk of future outage and environmental harm, and improve resilience for customers in South Manchester.

4.16 We consider that SP ENW has therefore demonstrated the needs case for its HVP application. In our view, the evidence supports intervention in RIIO-ED2 to

address material asset condition, resilience and environmental risks at both South Manchester GSP and on the Bredbury-Longsight circuits.

4.17 Our engineering assessment supports both elements of the proposed solution. In each case, we consider that the preferred option is the outcome of a thorough optioneering process, with appropriate regard to resilience, deliverability and future operational requirements. While we recognise that the South Manchester GSP proposal is relatively high cost, we consider that SP ENW has provided a clear engineering justification for the selected approach, including the need to address site-specific constraints and future-proof the asset.

4.18 We are minded to therefore accept SP ENW's optioneering for HVP1. We note that the supporting EJP was previously assessed at RIIO-ED2 Final Determinations as "Justified", and, having reviewed the updated submission, we remain of that view. SP ENW has provided an appropriate assessment of asset condition, obsolescence and associated civil works, supported by relevant evidence. SP ENW has explained why a GIS solution is appropriate in this case, given the physical and operational constraints of the site, and has demonstrated that the proposed design incorporates provision for future expansion. The proposed adoption of SF6-free switchgear is consistent with longer-term decarbonisation objectives and provides resilience against potential future policy developments. We further consider that SP ENW has justified its decision to pursue an offline replacement approach, given the unacceptable outage risk that an in-situ solution would pose to critical national infrastructure.

4.19 We are also minded to accept SP ENW's optioneering for HVP2. While we consider that there may similar constraints as other options around future rerouting, we consider that the proposed cable routing strategy is supported by appropriate design and planning work, including the assessment of flood risk, and that the preferred solution responds appropriately to the elevated outage risk. The proposal is also consistent with SP ENW's wider programme of replacing oil-filled cables, which reflects the environmental risks associated with those assets. We note the resilience benefits of the proposal, including for critical national infrastructure, and consider that the selected option appropriately reflects the need to manage both climate-related risk and future operational challenges and costs.

Cost assessment

4.20 We have reviewed SP ENW's submission for HVP1 and assessed the proposed RIIO-ED2 costs against available benchmarks and supporting evidence. The application requests a total of £10.48m (2020/21 prices), comprising £2.65m for civil works, £7.77m for 132kV switchgear replacement (gas insulated busbars),

and smaller elements of transformer and additional switchgear replacement (£0.07m). There are no indirect costs in the application, and it includes a risk allowance of 7.37%.

4.21 For civil works, we have reviewed the engineering justification provided, assessed whether the proposed scope reflects site constraints and future operational requirements, and scrutinised cost breakdowns to understand key cost drivers and risks. We have also considered whether the selected option is consistent with the outcomes of the optioneering process. On this basis, having found the optioneering to be justified and the cost components to be reasonable, we consider the civil works costs to be efficient.

4.22 For the remaining cost categories, we benchmarked unit costs against the RIIO-ED2 Asset Replacement model. We find that the costs for transformer and additional switchgear replacement are broadly consistent with modelled and RRP benchmarks and therefore consider them efficient. For the 132kV switchgear (gas insulated busbars), we note that costs are being incurred in RIIO-ED2 ahead of delivery of volumes in ED3, which is consistent with wider industry experience. In the absence of comparable unit costs, we have applied the same assurance approach as set out above, including review of cost composition, confirmation that costs align with Regulatory Instructions and Guidance (RIGs)[30] (including associated cable works), and consideration of whether the expenditure is supported by the overall project scope and delivery strategy.

4.23 Overall, considering the benchmarking evidence where available and the additional assurance undertaken where it is not, we consider that the submitted costs are efficient on balance and compliant with SpC 3.2.88(c). We therefore propose to allow the full £10.48m of submitted RIIO-ED2 costs for HVP1.

4.24 We have reviewed SP ENW's submission for HVP2 and assessed the proposed RIIO-ED2 costs against available benchmarks and supporting evidence, consistent with our approach set out in this consultation. The application requests a total of £7.04m (2020/21 prices), comprising £0.39m for 33kV underground cable replacement (non-pressurised), £4.75m for 132kV underground cable replacement (non-pressurised), and £1.9m for pilot wire underground replacement.

4.25 For these activities, we have benchmarked unit costs against the RIIO-ED2 Asset Replacement model. This provides a relevant comparator for underground cable and associated replacement activities. Our assessment indicates that the

[30] Notice proposing modifications to the Regulatory Instructions and Guidance (RIGs) RIIO-2 Year 3 for electricity distribution | Ofgem

submitted unit costs are broadly consistent with modelled and RRP benchmarks. We have also reviewed the cost breakdowns provided to ensure that the scope of works and associated cost drivers are consistent with typical delivery of similar asset replacement activity.

4.26 Based on this benchmarking and supporting evidence, we consider that the submitted costs are efficient. There are no material areas where further assurance beyond benchmarking is required, given the availability of comparable data and the consistency of the unit costs with established benchmarks. We therefore propose to allow the full £7.04m of submitted RIIO-ED2 costs for HVP2.

Our Draft Determinations on the High Value Project Re-opener application

4.27 Our minded to position is that SP ENW has presented a sufficiently clear needs case, eligibility case and optioneering assessment for their HVP Re-opener application. Following our assessment of the submitted costs, Table 5 sets out our Draft Determinations for the HVP Re-opener application covered in this chapter.

Table 5: Draft Determinations on the January 2026 HVP Re-opener submissions (£m, 2020/21 prices)

Licensee	Licensee Requested Cost Total	Ofgem's DD Cost Adjustment	Ofgem's DD Allowances
SP ENW (HVP1: South Manchester GSP)	10.48	0.00	10.48
SP ENW (HVP2: Bredbury-Longsight cable replacement)	7.04	0.00	7.04
Total	**17.52**	**0.00**	**17.52**

5. Physical Security

This chapter sets out our assessment and Draft Determinations on the applications under the Physical Security Re-opener.

11. Do you agree with our assessment of the needs case for the Physical Security Re-opener applications?
12. Do you agree with our assessment of the optioneering analysis for the Physical Security Re-opener applications?
13. Do you agree with our cost assessment for the Physical Security Re-opener applications?

Purpose of the re-opener mechanism

5.1 Given the impact of losing critical assets in the electricity distribution sector, the government is invested in enhancing security provisions for electricity distributions assets at Critical National Infrastructure (CNI) sites, or any sites included in the Physical Security Update Programme. DESNZ, Ofgem and industry collaborate to implement robust physical security measures, informed by the National Protective Security Authority (NPSA), to mitigate vulnerabilities in critical assets across electricity distribution networks.

5.2 The Physical Security (PS) Re-opener, established by Part B of SpC 3.2 (Uncertain Costs Re-openers), provides DNOs with specific windows within the RIIO-ED2 period where they can request additional funding where there has been a change to the Physical Security Scope of Work and the licensee has incurred or expects to incur additional costs associated with such changes (SpC 3.2.6).[31] For example, following government mandated changes (changes to government policy and/or the CNI list) to network site security requirements.[32] The PS Re-opener funding therefore helps network companies to ensure that they remain compliant with government security standards.

5.3 We received applications from two DNOs in January 2026. We evaluated each application based on the requirements of the licence and re-opener guidance to review the eligibility criteria, the needs case, optioneering and costs to establish our DD positions. Since we received their submissions in January 2026,

[31] Physical Security Scope of Work means "the scope of work the licensee has agreed to undertake in order to comply with government policy, guidance or requirements, relating to Physical Security" (SpC 1.2).
[32] Critical National Infrastructure | NPSA

licensees have also provided additional information to us through a combination of bilateral meetings and Supplementary Question (SQ) responses.

5.4 This rest of this chapter is not being made public and only shared with the impacted licensees because it contains sensitive information about CNI sites. This information is classified as it relates to preventing unauthorised access and attacks on key assets within the electricity distribution network. Public access to this information could increase the risk of attacks or intrusions on the network, potentially leading to substantial disruptions or loss of supply to consumers, causing substantial financial damage. This approach is consistent with previous publications concerning physical and cyber security.

6. Wayleaves and Diversions

This chapter sets out our assessment and Draft Determinations on the applications under the Wayleaves and Diversions Re-opener by NPg and SPEN.

14. Do you agree with our assessment of the needs case for the Wayleaves and Diversions Re-opener applications submitted by NPg and SPEN?
15. Do you agree with our assessment of the optioneering analysis for the Wayleaves and Diversions Re-opener applications submitted by NPg and SPEN?
16. Do you agree with our cost assessment for the Wayleaves and Diversions Re-opener applications submitted by NPg and SPEN?

Applications received

6.1 We received two applications in the January 2026 Wayleaves and Diversion Re-opener window from NPg and SPEN.

NPg's Wayleaves and Diversions Re-opener application

6.2 NPg, on behalf of its licensee NPgY, has requested an additional £18.13m above the ex ante allowances provided within our RIIO-ED2 Final Determinations. The additional allowances are driven by diversion activities, particularly conversion of existing wayleaves to easements, settling Injurious Affection (IA) claims made by landowners or their agents where electricity network assets on or near their land are alleged to reduce the property's value or enjoyment, and diversions due to wayleave termination which requires high cost of asset intervention such as underground cables.

6.3 We consider these projects eligible for re-opener application because the submission meets the requirements under the licence ie NPg has incurred or expects to incur additional ex ante allowances for diversions (£18.13m in total), which NPg forecasts to exceed the materiality threshold of £3.6m. It has also met the requirements of SpC 3.2.91 because it applied for the re-opener in January 2026.

6.4 The submission also complied with the licence condition requirement by stating how NPg met the re-opener criteria, the options considered and discounted including costs and benefits, justification for additional allowances and the basis for calculation, stakeholder engagement, and pictural evidence detailed in Appendices C and D of their submission. The application was confined to costs incurred from 1 April 2023 in line with their licence condition.

Needs case and optioneering assessment

6.5 NPg has highlighted that the needs case for additional funding is driven by higher than expected volumes of IA claims and conversions to easements, as well as increased cost for development-related claims compared to residential ones.

6.6 NPg states that Ofgem's benchmarking approach does not distinguish between these claim types, hence the underfunding for development claims. In addition, NPg states higher costs on diversions due to wayleave termination, which requires asset intervention such as underground cables, constitutes another key driver for additional funding.

6.7 We have assessed the needs case outlined in their submission and analysed the options proposed, risks, costs and benefits to inform the need for additional funding for the diversion costs of £18.13m above the ex ante allowance in NPgY's licence area, with no adjustment required for wayleaves.

6.8 Our minded to position is that NPg has provided detailed evidence including case studies to demonstrate the need for additional funding.

6.9 As part of its submission, NPg provided 10 case studies including the details of its optioneering in each case, and the associated cost and benefit, where appropriate. NPg provided a bespoke options appraisal to determine the most efficient approach in each case that ensures value for money, land access and minimises long-term risk to network security.

6.10 We are content with NPg's approach to optioneering and the proposed solution. For IA claims and conversions to easements, we agree that the higher-than-expected IA claim volumes are outside NPg's control. Therefore, the proposed spend to secure long-term rights over assets and reduce operational uncertainty is viewed as sensible. For diversions due to wayleave termination, we accept NPg's logic that routing the cables through public footpaths or roads is cheaper than third-party land that requires consent. Thus, the approach helps to avoid future consent problems.

6.11 However, we noted the absence of an EJP considering the diversion component of the application. This was clarified in NPg's response to an SQ which stated that diversion works are mainly driven by third-party requirements, which result in NPg having to remove or relocate their existing assets from private land. NPg further stated that their decision-making scope is limited to whether to proceed with the diversion or secure enduring rights, rather than selecting between a broad range of engineering options. We agree other justifications were provided in their case studies, which are materially sufficient as evidence because they

provided investment appraisal documentation illustrating the works undertaken and their decision-making process.

SPEN's Wayleaves and Diversions Re-opener application

6.12 SPEN requested for additional £19.46m funding for IA activity on behalf of its licensees SPD and SPM. The application is driven by significant volume of ringfenced IA claims as a Price Control Deliverable proposal as part of the RIIO-ED2 business planning process, which were separate from the volume submitted for CV5 business plan data table, and increase in underground claims from the start of RIIO-ED2.

6.13 We consider SPEN's submission for both SPD and SPM eligible for re-opener application because they complied with the licence requirement due to the change in the wayleaves and diversion costs they incurred or expects to incur before the end of RIIO-ED2 (both licensees had a shortfall, SPD of £4.13m and SPM of £15.33m totalling £19.46m) compared to the RIIO-ED2 baseline allowance of £24.54m. The additional allowance exceeds the materiality threshold of £3.92m for SPD and £4.09m for SPM. SPEN submitted the re-opener application on 30 January 2026 which was within the required timeframe for submission under their licence conditions.

6.14 The submission also complied with the licence condition requirements by stating the needs case, options appraisals and drawbacks (ie settling IA claims, use of temporary wayleaves, removal and re-routing apparatus, securing additional allowance to settle claims and securing permanent rights), and the associated tables explained the modification to the wayleave and diversion re-opener being sought. It also confirmed that the application was confined to costs incurred from 1 April 2023 in line with their licence conditions.

Needs case and optioneering assessment

6.15 As part of its submission, SPEN provided the needs case, options assessed and the preferred option, cost information, its engagement with stakeholders and why the submission of CBAs and EJPs was not applicable.

6.16 SPEN stated that costs of wayleaves and diversions especially IA claims have increased beyond the baseline allowance set in RIIO-ED2 Final Determinations. The volume and value of IA claims are higher than forecasted in the original Business Plan. Also, industry practices decades ago relied on short-term wayleave agreements or informal arrangements, which allows electricity distribution assets to be installed in land without permanent rights and were considered sufficient at the time. However, modern standards now require permanent rights, but many assets predate these standards resulting in

landowners seeking compensation for the impact of the electricity distribution assets on the property value or request removal of apparatus.

6.17 SPEN identified various risks that could arise if no additional allowances were granted. This could result in operational risks where SPEN will not be able to settle valid IA claims, leading to a backlog, restricted access, and delays in maintenance and resilience upgrades. Financial risks could also arise through increased legal costs, higher internal case handling and complaint management overheads. SPEN claims its reputation will be at risk if it fails to progress IA claims, which undermines confidence in its approach and damages relationship with landowners, customers and Ofgem.

6.18 SPEN reiterated the strategic importance of settling IA claims and securing permanent rights in its submission. It states that it is essential for maintaining network resilience and operational efficiency; supporting decarbonisation, electrification, and adaptation to extreme weather; avoids costly statutory processes such as necessary wayleave and asset reallocations; and ensures SPEN can deliver maintenance and investment programmes for RIIO-ED2 and prepare for ED3.

6.19 Four options were considered in SPEN's submission:

- **Option 1: Continue settling IA claims until allowances are exhausted.** This requires maintaining the current practice until the remaining allowances run out. This option was discounted because it would lead to a backlog of unsettled claims, restricted access to assets, increased operational and legal risks, does not support an efficient, co-ordinated or economical system of distribution, and drives greater reliance on statutory processes.
- **Option 2: Use temporary wayleaves instead of securing permanent rights.** This option was discounted because temporary wayleaves do not provide enduring access to the apparatus, leading to recurring cycles of rights renewal and repeated IA claims, increased risk of disputes, operational delay and higher long-term costs for consumers.
- **Option 3: Remove and re-route apparatus where permanent rights do not exist.** The third option which requires physical relocation of apparatus where there is lack of permanent rights was discounted because it is operationally impractical and extremely costly. It would require extensive design, construction, outages, planning, consent and new negotiations. Also, it will severely impact resilience, delivery capacity and ability to deliver essential ED3 investment programmes.

- **Option 4: Secure additional allowance to continue settling IA claims and obtain permanent land rights (preferred option).** SPEN stated that this option is the most practical, proportionate, and sustainable approach to managing IA activity. Securing permanent rights through servitudes and easements will provide SPEN with enduring, legally robust access to assets, supporting network resilience and efficient programme delivery. It eliminates repeated cycle of IA claims and avoids costly statutory processes.

6.20 We have reviewed the needs case, options assessed, and the associated risks if additional allowances are not granted. Our minded to position is that SPEN has sufficiently demonstrated the need for the additional allowance.

6.21 We noted that no CBA or EJPs were provided. We agree that CBA and EJPs are not required in this application because the underlying drivers of cost are legal and market-based, not engineering design choices. In the absence of a CBA, we asked SPEN to quantify the likely cost of different options. In response, SPEN stated that a case study is being prepared demonstrating the cost associated with Options 1-3 and why Option 4 remains the preferred option.

6.22 We consider that it is likely that option 4 is more cost efficient, delivering long-term value to the consumers when compared to the other options. However, we note that our request for a case study remains outstanding at the point of these Draft Determinations. We consider this a useful piece of evidence to support SPEN's application ahead of our Final Determinations on the January 2026 re-opener applications.

Cost assessment (NPg and SPEN)

6.23 We have reviewed NPg's submission and assessed the proposed RIIO-ED2 costs against available benchmarks and supporting evidence. The application requests a total of £18.13m for Diversions, comprising LV, HV, EHV and 132kV voltage levels:

- wayleaves to easements, easements, injurious affection
- diversions due to wayleave terminations
- and diversions for highways at LV, HV, EHV and 132kV

6.24 NPg's forecast Wayleave spend aligns with its RIIO-ED2 allowances so it is not requesting any funding associated with the Wayleaves cost table.

6.25 NPg's methodology was to first forecast RIIO-ED2 costs on a gross basis prior to any allocation adjustments. It then made the following calculations and adjustments:

- Customer contributions were deducted from the gross costs to calculate net costs before Non-Price Control Allocations (NPCA)
- the variance between RIIO-ED2 allowances and net costs before NPCA was calculated and added to net costs before NPCA to arrive at net costs after NPCA
- the variance between RIIO-ED2 allowances and net costs after NPCA was calculated, to which an adjustment was made to account for Closely Associated Indirects (CAI) costs, amounting to £1.77m (10.8% of the submission)
- real price effects (RPEs) were applied to forecast costs, amounting to £0.51m

6.26 We have also reviewed SPEN's submission and assessed the proposed RIIO-ED2 costs against available benchmarks and supporting evidence. The application requests a total of £4.13m for SPD and £15.33m for SPM, comprising solely of conversion of wayleaves to easements, easements, injurious affection at HV level.

6.27 SPEN's application includes revised forecasting data from landowner agents for the remainder of RIIO-ED2. It applied the following adjustments to these forecasts:

- a confidence factor of 70% to these volumes
- a drop-off rate to account for the percentage of claims which are unlikely to be settled

6.28 SPEN then calculated average settlement unit costs using historical claims settled to date by SPEN in RIIO-ED2, which was applied to forecast volumes to derive the re-opener request.

6.29 In determining the efficient allowance for the Load Related Expenditure Re-opener in our 2025 assessment,[33] we established the following guiding principles:

- the cost assessment methodology should, as far as practicable, align with the approach adopted in the RIIO-ED2 FDs to ensure consistency in determining efficient costs
- the assessment framework should be applied consistently and be replicable across all DNO applications, regardless of the timing of the re-opener submissions

[33] RIIO-2_Re-opener_Applications_2025_Final_Determinations_ED_Annex.pdf, pg.13-14

6.30 In our RIIO-ED2 FDs we decided to assess Diversions using an industry median unit cost per diversion activity category and voltage using RIIO-ED2 data. We decided to accept the volumes as submitted. We found forecast unit costs in RIIO-ED2 to be generally stable or decreasing across activity and voltage categories compared to RIIO-ED1. Due to the project-based nature of diversions work, we considered forecast data to be more reliable than historical data.

6.31 We have analysed the forecasts provided by NPg and SPEN in its Wayleaves and Diversions Re-opener applications, as well as the Diversions data from the 2024/25 Cost & Volume RRPs. It is still the case that RIIO-ED2 unit costs are lower than RIIO-ED1. Given this, and our guiding principles, we propose to assess both applications using the same methodology as in our RIIO-ED2 FD position. That is, we propose to benchmark the re-opener submissions using an industry median unit cost per diversion activity category and voltage using RIIO-ED2 data. While NPg has provided evidence showing that development claims incur higher unit costs than residential ones, these only account for 4% of the submission. We consider that our RIIO-ED2 position, by benchmarking costs at all voltage levels for the three Diversions cost categories, is sufficiently disaggregated and proportionate.

6.32 We have however seen evidence that, while still lower than RIIO-ED1 unit costs, RIIO-ED2 industry median unit costs have increased considerably since we published FDs. In this case, we propose to update the Diversions benchmarks using the data provided in the re-opener applications and the 2024/25 RRPs. The updated benchmarks are lower than NPg's submitted unit costs for a number of cost categories, resulting in a £6.14m reduction from its submitted cost of £18.13m. SPEN's submitted costs are in line with the updated benchmarks so we propose to allow its costs as submitted.

Our Draft Determinations on the Wayleaves and Diversions Re-opener applications

6.33 Our minded to position is that NPg and SPEN have both presented a sufficiently clear needs case, eligibility case and optioneering assessment for their Wayleaves and Diversions Re-opener application. Following our cost assessment, we propose to allow £11.99m of NPg's, and £19.46m of SPEN's, submitted costs.

6.34 Table 7 below summarises our Draft Determinations for the Wayleaves and Diversions Re-opener covered in this chapter.

Table 7: Draft Determinations on the January 2026 Wayleaves and Diversions Re-opener submissions (£m, 2020/21 prices)

Licensee	Licensee Requested Cost Total	Ofgem's DD Cost Adjustment	Ofgem's DD Allowances
NPgY (Diversion Project)	18.13	-6.14	11.99
SPD (Settling IA Claims/Perm.rights)	4.13	0	4.13
SPM (Settling IA Claims/Perm.rights)	15.33	0	15.33
Total	**37.59**	**-6.14**	**31.46**

7. Draft directions

This chapter provides details of draft directions that will be needed to give effect to our Final Determinations.

17. Do you have any comments on the wording of the draft directions set out Appendices 3 to 6 of this document?

7.1 Subject to responses to this consultation and our Final Determinations, we will give effect to our decisions by direction. The details for each re-opener application are set out below.

Digitalisation

7.2 In accordance with SpC 3.2.60 of the licences held by WMID, EMID, SWALES, SWEST, ENWL, SSES and SSEH, we have included the draft text of a direction in Appendix 3 setting out our proposed modification to the $DIGI_t$ in Appendix 1 of SpC 3.2 of their licences.

Environmental

7.3 We have not published the draft text of a direction for SSEN-D's Environmental Re-opener application at this time for the reasons set out in Chapter 3.

High Value Projects

7.4 In accordance with SpC 3.2.88 of SP ENW's licence, we have included the draft text of a direction in Appendix 4 setting out our proposed modification to the HVP_t term in Appendix 1 of SpC 3.2 of SP ENW's licence.

Physical Security

7.5 In accordance with SpC 3.2.11 of the relevant licensee's licence, we have included the draft text of a direction in Appendix 5 setting out our proposed modification to the $PSUP_t$ licence term. We have redacted some of the direction because it contains sensitive information.

Wayleaves and Diversions

7.6 In accordance with SpC 3.2.94 of licences held by NPgY, SPD and SPM, we have included the draft text of a direction in Appendix 6 setting out our proposed modification to the WDV_t in Appendix 1 of SpC 3.2 of their licences.

8. Next steps

This chapter sets out how to respond to the consultation and our next steps.

8.1 We welcome your responses to this consultation, both generally, and on the specific questions in the previous chapters. Please send your response to: Reopenerconsultations@ofgem.gov.uk. The deadline for responses is 23 September 2026.

8.2 We will carefully consider all consultation responses and aim to conclude our assessment of the January 2026 re-opener applications with a decision by the end of the 2026 calendar year.

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. List of activities under the January 2026 RIIO-ED2 re-opener applications

A1.1 We summarise the activities listed under the re-openers applied for during the January 2026 window below. The exact text is available in the Electricity Distribution Licence published on our Electronic Public Register.[34]

Special condition 3.2.62 – List of activities under the Digitalisation Re-opener

A1.2 An application under this Part must:

- relate to changes to the roles and responsibilities of the licensee introduced on or after 1 December 2021 where a change in legislation, licences, regulatory requirements, or industry codes, results in a requirement for the licensee to provide new, or significantly altered, digital or data services, including but not limited to:
  (1) government or the Authority implementing energy sector reforms that require new data or digital services to be delivered by the licensee;
  (2) a re-tendering of the smart metering system resulting in additional roles or responsibilities for the licensee with regards to the smart metering system
- be confined to costs incurred or expected to be incurred on or after 1 April 2023; and
- take account of allowed expenditure which can be avoided as a result of the modifications requested

Special condition 3.2.32 – List of activities under the Environmental Re-opener

A1.3 An application under this Part must:

- relate to new or amended legislative requirements that relate to the licensee's impact on the environment that are contained within or could have been contained within the licensee's Environmental Action Plan that arise on or after 1 April 2023;
- relate to costs incurred or expected to be incurred on or after 1 April 2023; and

[34] Home Page - Ofgem Public Register

- take account of allowed expenditure which can be avoided as a result of any changes to the licensee's activities related to the same change that is the subject of the application

Special condition 3.2.86 – List of activities under the High Value Projects Re-opener

A1.4 An application under this Part must:

- be confined to costs incurred or expected to be incurred by the licensee that are not otherwise funded by the special conditions;
- be confined to costs incurred or expected to be incurred on or after 1 April 2023; and
- take account of allowed expenditure which can be avoided as a result of the modifications requested.

Special condition 3.2.7 – List of activities under the Physical Security Re-opener name

A1.5 An application under this Part must:

- relate to a change to the Physical Security Scope of Work that occurred on or after 1 December 2021;
- be confined to costs incurred or expected to be incurred on or after 1 April 2023; and
- take account of allowed expenditure which can be avoided as a result of the change to the Physical Security Scope of Work to which the application relates.

Special condition 3.2.93 – List of activities under the Wayleaves and Diversions Re-opener

A1.6 An application under this Part must:

- be confined to costs incurred or expected to be incurred on or after 1 April 2023; and
- take account of allowed expenditure which can be avoided as a result of the work that is the subject of the application

Appendix 2. Consultation questions

18. Do you agree with our assessment of the needs case for the Digitalisation Re-opener applications submitted by SP ENW, NGED and SSEN-D?
19. Do you agree with our assessment of the optioneering analysis for the Digitalisation Re-opener applications submitted by SP ENW, NGED and SSEN-D?
20. Do you agree with our cost assessment for the Digitalisation Re-opener applications submitted by SP ENW, NGED and SSEN-D?
21. Do you agree with our assessment of the eligibility criteria for the Environmental Re-opener application submitted by SSEN-D?
22. Do you agree with our assessment of the needs case for the Environmental Re-opener application submitted by SSEN-D?
23. Do you agree with our assessment of the optioneering analysis for the Environmental Re-opener application submitted by SSEN-D?
24. Do you agree with our cost assessment for the Environmental Re-opener application submitted by SSEN-D?
25. Do you agree with our assessment of the needs case for the High Value Project Re-opener application submitted by SP ENW?
26. Do you agree with our assessment of the optioneering analysis for the High Value Project Re-opener application submitted by SP ENW?
27. Do you agree with our cost assessment for the High Value Project Re-opener application submitted by SP ENW?
28. Do you agree with our assessment of the needs case for the Physical Security Re-opener applications?
29. Do you agree with our assessment of the optioneering analysis for the Physical Security Re-opener applications?
30. Do you agree with our cost assessment for the Physical Security Re-opener applications?
31. Do you agree with our assessment of the needs case for the Wayleaves and Diversions Re-opener applications submitted by NPg and SPEN?
32. Do you agree with our assessment of the optioneering analysis for the Wayleaves and Diversions Re-opener applications submitted by NPg and SPEN?
33. Do you agree with our cost assessment for the Wayleaves and Diversions Re-opener applications submitted by NPg and SPEN?
34. Do you have any comments on the wording of the draft directions set out Appendices 3 to 6 of this document?

Appendix 3. Draft direction for the Digitalisation Re-opener

Introductory Note

A3.1 Following our assessment of WMID, EMID, SWALES, SWEST, SP ENW, SSES and SSEH's 2026 Digitalisation Re-opener application, we have set out our minded to view in this consultation. Any decision to add additional allowances for a project will be implemented into the Electricity Distribution Licence via a direction.

A3.2 This Appendix provides notice of the proposed direction that we intend to issue to implement our Re-opener Decision, as required by SpC 3.2.65. We intend to confirm the direction at the same time as setting out our decision, considering responses to our minded to position and representations on the proposed direction. Any representations with respect to the minded to position or associated draft direction below must be made on or before 23 September 2026.

Proposed Direction

To: National Grid Electricity Distribution (West Midlands) plc, National Grid Electricity Distribution (East Midlands) plc, National Grid Electricity Distribution (South Wales) plc, National Grid Electricity Distribution (South West) plc, Scottish Hydro Electric Power Distribution plc, Southern Electric Power Distribution plc and Electricity North West Ltd

Direction issued by the Gas and Electricity Markets Authority ("the Authority") under Special Condition ("SpC") 3.2.65 of the Electricity Distribution Licence ("the Licence") held by National Grid Electricity Distribution (West Midlands) plc, National Grid Electricity Distribution (East Midlands) plc, National Grid Electricity Distribution (South Wales) plc, National Grid Electricity Distribution (South West) plc, Scottish Hydro Electric Power Distribution plc, Southern Electric Power Distribution plc, Electricity North West Ltd ("the Licensees") to modify the value of licence term $DIGI_t$.

1. Each of the licensees to whom this document is addressed is the holder of a licence granted or treated as granted under section 6(1)(c) of the Electricity Act 1989.

2. SpC 3.2 Part I: Digitalisation Re-opener of the Licence provides a mechanism by which the licensee may apply for a direction modifying the value of term $DIGI_t$ in Appendix 1 to SpC 3.2.

3. In January 2026, the Licensee submitted a re-opener application under SpC 3.2 Part I for modification to the term $DIGI_t$.

4. Further details of the reasons for and effect of this direction can be found in our decision document published alongside this direction.

5. The Authority hereby issues a direction under SpC 3.2.65 to the $DIGI_t$ term in Appendix 1 of SpC 3.2 as follows:

Appendix 1

Uncertain Costs without Evaluative Price Control Deliverables allowances (£m)

WMID

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	£0.20m	£0 .30m	£0.37m	£1.95m	£3.44m	£6.26m
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

EMID

	23/24	24/25	25/26	26/27	27/28	Total allowance (all years)
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	£0 .20m	£0.30m	£0.37m	£1.95m	£3.44m	£6.26m
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

SWALES

	23/24	24/25	25/26	26/27	27/28	Total allowance (all years)
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	£0.10m	£0.15m	£0.18m	£0.97m	£1.72m	£3.12m

SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

SWEST

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	£0.17m	£0.25 m	£0.30m	£1.62m	£2.87m	£5.21m
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

ENWL

	23/24	24/25	25/26	26/27	27/28	Total allowance (all years)
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	£0.61m	£0.96m	£2.16m	£3.23m	£2.05m	£9.01m
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

SSEH

	23/24	24/25	25/26	26/27	27/28	Total allowance (all years)
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	£0.31m	£0.22m	£1.07m	£4.54m	£2.92m	£9.06m

SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

SSES

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	£0.31m	£0.22m	£1.07m	£4.54m	£2.92m	£9.06m
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

6. New text is double underscored, and text removed is double struck through.

7. This direction will take effect immediately.

8. If you have any questions in relation to this direction, please contact: ReopenerConsultations@ofgem.gov.uk.

Yours sincerely,

[NAME]

Duly authorised on behalf of the Gas and Electricity Markets Authority

Appendix 4. Draft direction for the High Value Projects Re-Opener

Introductory Note

A4.1 Following our assessment of SP ENW's 2026 High Value Project Re-opener application, we have set out our minded to view in this consultation. Any decision to add additional allowances for a project will be implemented into the Electricity Distribution Licence via a direction.

A4.2 This Appendix provides notice of the proposed direction that we intend to issue to implement our Re-opener Decision, as required by SpC 3.2.88. We intend to confirm the direction at the same time as setting out our decision, considering responses to our minded to position and representations on the proposed direction. Any representations with respect to the minded to position or associated draft direction below must be made on or before 23 September 2026.

Proposed Direction

To: Electricity North West Ltd

Direction issued by the Gas and Electricity Markets Authority ("the Authority") under Special Condition ("SpC") 3.2.88 of the Electricity Distribution Licence ("the Licence") held by Electricity North West Ltd ("the Licensee") to modify the value of licence term HVP_t.

1. The Licensee is the holder of a licence granted or treated as granted under section 6(1)(c) of the Electricity Act 1989.

2. SpC 3.2 Part L: High Value Projects Re-opener of the Licence provides a mechanism by which the licensee may apply for a direction modifying the value of term HVP_t in Appendix 1 to SpC 3.2.

3. In January 2026, the Licensee submitted a re-opener application under SpC 3.2 Part L for modification to the term HVP_t.

4. Further details of the reasons for and effect of this direction can be found in our decision document published alongside this direction.

5. The Authority hereby issues a direction under SpC 3.2.88 to the HVP_t in Appendix 1 of SpC 3.2 as follows:

Appendix 1

Uncertain Costs without Evaluative Price Control Deliverables allowances (£m)

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	0	0	0	0	0	0
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0 .06	0.01	5.82	3.84	7.79	17.52
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

6. New text is double underscored, and text removed is double struck through.

7. This direction will take effect immediately.

8. If you have any questions in relation to this direction, please contact: ReopenerConsultations@ofgem.gov.uk.

Yours sincerely,

[NAME]

Duly authorised on behalf of the Gas and Electricity Markets Authority

Appendix 5. Draft Direction for the Physical Security Re-opener

Introductory Note

A5.1 Following our assessment of the January 2026 Physical Security Re-opener applications, we have set out our minded to view in this consultation. Any decision to add additional allowances for a project will be implemented into the Electricity Distribution Licence via a direction.

A5.2 This Appendix provides notice of the proposed direction that we intend to issue to implement our Re-opener Decision, as required by SpC 3.2.12. We intend to confirm the direction at the same time as setting out our decision, considering responses to our minded to position and representations on the proposed direction. Any representations with respect to the minded to position or associated draft direction below must be made on or before 23 September 2026.

Proposed Direction

To: [redacted]

Direction issued by the Gas and Electricity Markets Authority ("the Authority") under Special Condition ("SpC") 3.2.12 of the Electricity Distribution Licence ("the Licence") held by [redacted] and [redacted] ("the Licensees") to modify the value of licence term $PSUP_t$.

1. The Licensee is the holder of a licence granted or treated as granted under section 6(1)(c) of the Electricity Act 1989.

2. SpC 3.2 Part B: Physical Security Re-opener of the Licence provides a mechanism by which the licensee may apply for a direction modifying the value of term $PSUP_t$ in Appendix 1 to SpC 3.2.

3. In January 2026, the Licensee submitted a re-opener application under SpC 3.2 Part B for modification to the term $PSUP_t$.

4. Further details of the reasons for and effect of this direction can be found in our decision document published alongside this direction.

5. The Authority hereby issues a direction under SpC 3.2.12 to the $PSUP_t$ term in Appendix 1 of SpC 3.2 as follows:

Appendix 1

Uncertain Costs without Evaluative Price Control Deliverables allowances (£m)

[redacted]

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	0	0	0	0	0	0
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

[redacted]

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0

$DIGI_t$	0	0	0	0	0	0
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	0	0	0	0	0	0
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

6. New text is double underscored, and text removed is double struck through.

7. This direction will take effect immediately.

8. If you have any questions in relation to this direction, please contact: ReopenerConsultations@ofgem.gov.uk.

Yours sincerely,

[NAME]

Duly authorised on behalf of the Gas and Electricity Markets Authority

Appendix 6. Draft Direction for the Wayleaves and Diversions Re-opener

Introductory Note

A6.1 Following our assessment of the 2026 Wayleaves and Diversions Re-opener applications, we have set out our minded to view in this consultation. Any decision to add additional allowances for a project will be implemented into the Electricity Distribution Licence via a direction.

A6.2 This Appendix provides notice of the proposed direction that we intend to issue to implement our re-opener decision, as required by SpC 3.2.95. We intend to confirm the direction at the same time as setting out our decision, considering responses to our minded to position and representations on the proposed direction. Any representations with respect to the minded to position or associated draft direction below must be made on or before 23 September 2026.

Proposed Direction

To: Northern Powergrid (Yorkshire) plc, SP Distribution plc and SP Manweb plc

Direction issued by the Gas and Electricity Markets Authority ("the Authority") under Special Condition ("SpC") 3.2.95 of the Electricity Distribution Licence ("the Licence") held by Northern Powergrid (Yorkshire) plc, SP Distribution plc and SP Manweb plc ("the Licensees") to modify the value of licence term WDV_t.

1. The Licensees are the holders of licences granted or treated as granted under section 6(1)(c) of the Electricity Act 1989.

2. SpC 3.2 Part M: Wayleaves and Diversions Re-opener of the Licence provides a mechanism by which the licensee may apply for a direction modifying the value of term WDV_t in Appendix 1 to SpC 3.2.

3. In January 2026, the Licensees submitted a re-opener application under SpC 3.2 Part M for modification to the term WDV_t.

4. Further details of the reasons for and effect of this direction can be found in our decision document published alongside this direction.

5. The Authority hereby issues a direction under SpC 3.2.95 to the WDV_t term in Appendix 1 of SpC 3.2 as follows:

Appendix 1

Uncertain Costs without Evaluative Price Control Deliverables allowances (£m)

NPgY

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	0	0	0	0	0	0
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	-2.33	-0.8	6.9	4.79	3.43	11.99
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

SPD

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0

$DIGI_t$	0	0	0	0	0	0
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	-0.78	0.3	3.36	0.62	0.63	4.13
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

SPM

	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**Total allowance (all years)**
$PSUP_t$	0	0	0	0	0	0
REC_t	0	0	0	0	0	0
ESR_t	0	0	0	0	0	0
EVR_t	0	0	0	0	0	0
SWR_t	0	0	0	0	0	0
$DIGI_t$	0	0	0	0	0	0
SAR_t	0	0	0	0	0	0
LRE_t	0	0	0	0	0	0
HVP_t	0	0	0	0	0	0
WDV_t	-3.02	-1.94	15.66	2.31	2.32	15.33
HO_t	0	0	0	0	0	0
SES_t	0	0	0	0	0	0
$SEFEC_t$	0	0	0	0	0	0

6. New text is double underscored, and text removed is double struck through.

7. This direction will take effect immediately.

8. If you have any questions in relation to this direction, please contact: ReopenerConsultations@ofgem.gov.uk.

Yours sincerely,

[NAME]

Duly authorised on behalf of the Gas and Electricity Markets Authority

Appendix 7. 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 information outside of Ofgem.

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 consultation 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
- 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".