Making a positive difference for energy consumers

Consultation

RIIO-ET3 Load Re-opener: May 2026 submission window Draft Determinations - Project Assessment annex

Publication date:	27 August 2026
Response deadline:	24 September 2026
Team:	ET Investment Determinations
Email:	ReopenerConsultations@ofgem.gov.uk

We[1] are consulting on our Draft Determination of Load Re-opener applications submitted by Electricity Transmission Owners (ETOs) in the May 2026 submission window.

This document sets out our Draft Determinations in regard to a Project Assessment (PA) submission received from Scottish Power Transmission plc (SPT).

Once the consultation is closed, we will consider all responses. We particularly welcome responses from people with an interest in electricity transmission (ET) networks. We would also welcome responses from other stakeholders and the public.

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

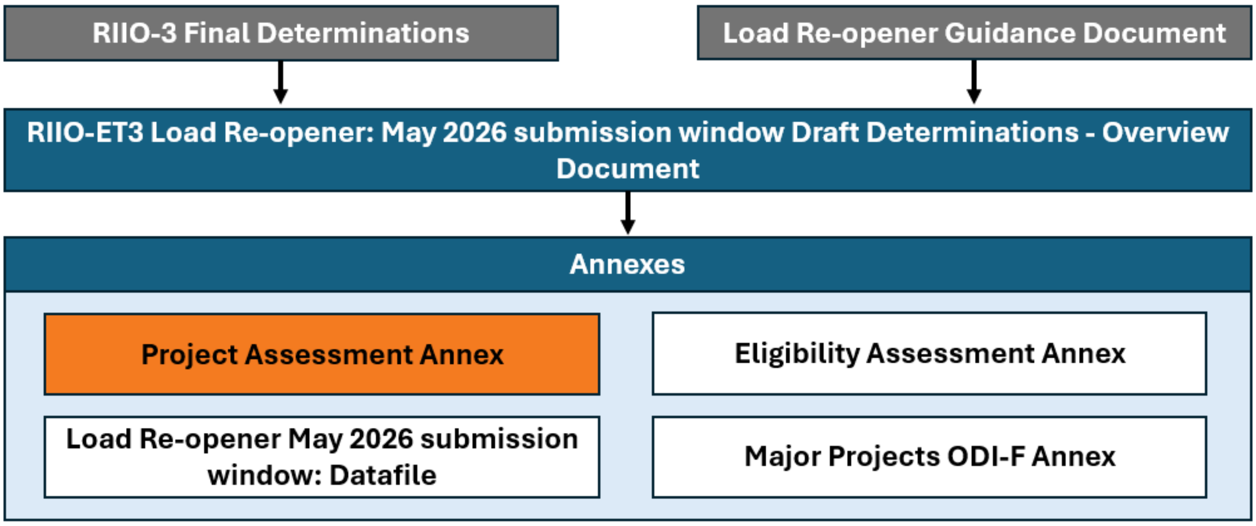
1. Introduction

1.1 This document is one of the annexes published alongside the RIIO-ET3 Load Re-opener May 2026 Draft Determinations. It focuses on the Project Assessment stage of the Load Re-opener regulatory process.

1.2 Please refer to the RIIO-ET3 Load Re-opener: May 2026 submission window Draft Determinations - Overview Document (as set out in Figure 1 below) for general information on:

- our consultation approach, stages, and how to respond; and
- the Load Re-opener regulatory processes and assessment approach.

Figure 1: Navigating our Draft Determinations



What are we consulting on?

1.3 We are consulting on our assessment of the one SPT PA submission received in the May 2026 submission window across all Load Re-opener Assessment Tracks. This includes our view on funding, outputs and delivery timelines for SPT's project. We are proposing to allow £130.080m of the £142.077m requested.

1.4 We welcome views from stakeholders on our Draft Determinations concerning the projects outlined in Chapters 2 and 3.

Related publications

1.5 This document is intended to be read alongside:

- RIIO-ET3 Load Re-opener: May 2026 submission window Draft Determinations - Overview Document
- SPT's RIIO-ET3 Load Re-opener submissions: May 2026
- Load Re-opener Guidance Document: Network price control 2026 to 2031 (RIIO-3) guidance | Ofgem
- Independent Technical Adviser (ITA) Guidance Document: Network price control 2026 to 2031 (RIIO-3) guidance | Ofgem
- Major Projects ODI-F Governance Document: Network price control 2026 to 2031 (RIIO-3) guidance | Ofgem
- Closely Associated Indirects Use-it-or-lose-it Governance Document: Network price control 2026 to 2031 (RIIO-3) guidance | Ofgem
- Re-opener Guidance and Application Requirements Document: Network price control 2026 to 2031 (RIIO-3) guidance | Ofgem
- RIIO-3 Final Determinations: RIIO-3 Final Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors | Ofgem
- RIIO-3 electricity transmission licences: Modifications to the RIIO-3 licences and associated documents | Ofgem

2. Summary of our Draft Determinations

2.1 Project Assessment is the third and final Assessment Stage of the Load Re-opener for all Assessment Tracks. It determines the funding allowance, outputs and delivery timelines of each project.

2.2 In Project Assessment submissions, ETOs must provide the rationale for the level of expenditure proposed and why this level should be regarded as efficient. They must also provide any details of changes to project specification following original assessment of eligibility, as well as the justification for such changes.

2.3 Table PA1 below summarises the total RIIO-ET3 allowances submitted for Project Assessment for the Load Re-opener May 2026 submission window, as well as our Draft Determinations.

Table PA1: Summary of the May 2026 Load Re-opener Project Assessment submissions

ETO	Number of Project Assessment Submissions (#)	Company requested funding (£m)	Ofgem's proposed cost adjustment (£m)	Ofgem's Draft Determination Allowances (£m)
NGET	1	283.870	To be determined	To be determined
SHET	0	N/A	N/A	N/A
SPT	1	142.077	-11.997	130.080

2.4 Table PA2 below summarises our proposed RIIO-ET3 allowances for the individual Load re-opener projects submitted in May 2026.

Table PA2: Breakdown of submitted Load Re-opener Project Assessment projects in May 2026

ETO	Project name	ETO requested allowance (£m)	Ofgem's proposed cost adjustment (£m)	Ofgem's proposed Allowances (£m)
NGET	Woolavington	283.870	To be determined	To be determined

ETO	Project name	ETO requested allowance (£m)	Ofgem's proposed cost adjustment (£m)	Ofgem's proposed Allowances (£m)
SPT	XH and XJ Routes Overhead Line Uprating Works (VSRE)	142.077	-11.997	130.080

3. Our Project Assessment

Consultation questions:

PAQ1. For each project assessed as part of our Project Assessment, do you agree with our assessment of the efficient costs?

PAQ2. For each project assessed as part of our Project Assessment, do you agree with our proposed true-up for Pre-Construction Funding (PCF)?

PAQ3. Do you have any views on the funding route for the associated Biodiversity costs?

Our assessment process

3.1 In accordance with the Load Re-opener Guidance requirements, ETOs must provide the rationale for the level of expenditure proposed and why this level should be regarded as efficient. ETOs must also provide any details of changes to project specification following original assessment of eligibility, as well as the justification for such changes.

3.2 Our approach to assessing costs under the Load Re-opener is designed to ensure that funding allowances are efficient, evidence-based, and proportionate. Our cost assessment framework for Load Re-opener applications combines quantitative modelling with qualitative judgement to reach a robust and proportionate view of efficient funding. This approach ensures that cost allowances are grounded in benchmarking evidence while also reflecting the maturity, risk and deliverability of the proposed projects.

3.3 We assess the relevant information on project scope, outputs, delivery timelines and cost estimates and use it to inform both the quantitative modelling and the qualitative review, ensuring that all elements of the proposal are considered in a consistent and structured way.

3.4 The quantitative assessment establishes an initial view of efficient costs using benchmarking and modelling tools. As a first step, we review the applicable unit cost benchmarks and update them where necessary to reflect the most recent and relevant evidence. This may include data from comparable projects, observed market trends, or changes in input costs. We then update the Project Assessment Model (PAM)[2] to reflect the specific characteristics of the re-opener project, including any revised cost assumptions.

[2] The PAM was previously used for RIIO-3 Final Determinations to combine engineering views on schemes and volumes with cost benchmarks to produce a scheme-level output for each scheme.

3.5 Using the updated model, we estimate the cost of delivering the proposed project based on the submitted asset volumes and scope. This provides a consistent bottom-up estimate of costs. We supplement this with a range of top-down cross-checks, including benchmarks for indirect costs, risk and contingency allowances, and inflation assumptions. These cross-checks allow us to test whether the overall cost profile is aligned with wider sector evidence and to identify any areas where further adjustment may be required. Taken together, this analysis provides an initial quantitative view of efficient funding.

3.6 Alongside the quantitative analysis, we undertake a qualitative assessment of the delivery approach. This focuses on the extent to which the proposed costs are supported by robust and credible evidence. We consider the procurement strategy, the level of competition and progress in tendering, and the maturity of contractual arrangements. Projects that are supported by firm market prices and well-developed delivery plans are likely to provide greater cost certainty, whereas early-stage estimates may carry a higher degree of uncertainty. This assessment allows us to form a view on whether the submitted costs appropriately reflect efficient delivery and whether any adjustments are needed to account for delivery risks or optimism bias.

3.7 Where appropriate, we adjust the modelled cost allowances to reflect the outcome of the qualitative assessment. This ensures that the final allowance is proportionate to the level of cost certainty and is consistent with our view of efficient delivery. Adjustments may be applied where costs are not sufficiently evidenced or where procurement and contracting arrangements are not yet sufficiently advanced to provide confidence in the estimates.

3.8 Finally, we bring together the evidence from the quantitative and qualitative assessments to form our overall view of efficient funding. This integrated approach ensures that our decisions are supported by robust analytical evidence while also reflecting the practical considerations associated with project delivery. The resulting allowances therefore reflect both benchmarked costs and an appropriate assessment of delivery risk, providing a balanced outcome for consumers and network companies.

4. Detailed assessment of individual projects

4.1 In their May 2026 Load Re-opener submissions, NGET and SPT set out their plans to deliver the projects outlined below.

NGET submissions

4.2 NGET submitted the Woolavington project for PA in the May 2026 window. The project was previously submitted for Final Needs Case (FNC) approval under the ET2 Large Onshore Transmission Investment (LOTI) mechanism. It will be eligible for funding through the Load Re-opener once the FNC decision has been published. We will publish a consultation on the FNC shortly and will consult on full project funding under the Load Re-opener as soon as possible after the FNC decision is published later this year.

SHET submissions

4.3 SHET has not submitted any PA applications in this window.

SPT submissions

XH and XJ Routes Overhead Line Uprating Works (VSRE)

4.4 VSRE is a major reinforcement project in SPT's Clean Power 2030 portfolio, included in the Holistic Network Design (HND). It replaces the existing overhead line (OHL) conductor on the east-west Strathaven – Smeaton (XH and XJ routes) corridor with a High Temperature Low Sag (HTLS) conductor system. This project will facilitate increased power transfer from Scotland to England. XH route is 11.6km and XJ route is 62.1km.

4.5 The VSRE project was initially submitted as a RIIO-2 Medium Sized Investment Project (MSIP) re-opener in 2023, where we accepted the initial needs case for the project. VSRE was subsequently confirmed as a Load Re-opener Assessment Track 1 project in RIIO-3 Final Determinations, enabling SPT to submit a PA application in the May 2026 Load Re-opener window.

Table PA3: Summary of VSRE project

Funding requested	**£142.077m (Load Re-opener and Price Control Deliverable term (LR_t))**
Funding proposed by Ofgem	Total £130.080m: • £123.852m (LR_t) • £6.228m (Pre-Construction Funding Price Control Deliverable term (PCF_t)), ie true up PCF from £8.320m to £14.548m
Delivery date	28 June 2028 (as requested by SPT)

Cost Assessment

4.6 SPT has already been partially funded for VSRE through the T2 Net Zero mechanisms and will also be partially funded in ET3 through the PCF and Closely Associated Indirects Use-it-or-lose-it (CAI UIOLI) mechanisms. SPT calculated its Load Re-opener funding request of £142.077m by netting off the amounts that it expects to be funded through the other mechanisms as shown below.

Table PA4: SPT Submitted Project Costs

SPT's submission		**Total (£m)**	**Direct (£m)**	**Indirect (£m)**
Total Project Cost		158.792	143.860	14.932
Existing Funding				
Net Zero and Re-opener Development Fund term (RDF_t) (T2)	RDF_t (T2)	0.914	-	0.914
Pre-Construction Funding	PCF_t	8.320	1.783	6.537
Funding Route				
Load Re-opener	LR_t	142.077	142.077	-
Closely Associated Indirects use it or lose it allowance term (CAIt)	CAI_t	7.481	-	7.481

4.7 We have assessed the submitted project costs according to the process described in Chapter 3, and the results are discussed in the following paragraphs.

Direct and Closely Associated Indirect (CAI) Costs

4.8 We propose to reclassify certain direct cost items as CAI costs and to exclude £0.666m of costs for Operational Training from the CAI costs.

4.9 We note that SPT included certain CAI costs associated with the project, such as project management and Biodiversity costs, within its direct cost items. As set out in RIIO-ET3 FDs, for load projects below £150m, direct costs are funded through the Load Re-opener mechanism, while CAI costs are funded through the CAI UIOLI mechanism.

4.10 We therefore propose to reclassify these items as CAI costs in accordance with the definitions set out in the Regulatory Instructions and Guidance (RIGs). As a result, these costs would be funded through the CAI UIOLI mechanism rather than through the Load Re-opener.

4.11 SPT included £7.481m of CAI costs in its submission that would be funded through the CAI UIOLI. Through responses to supplementary questions, SPT provided a breakdown of these costs mapped to defined CAI categories, which included £0.666m of costs for Operational Training. Operational Training is not an eligible cost item specified in the CAI UIOLI Governance Document. Operational Training costs were not included in the CAI UIOLI calibration and instead subject to separate assessment that included these costs in RIIO-ET3 baseline allowances. As these costs have already been funded, we have deduced them from the presentation of our Draft Determinations in Table PA5, however this does not affect the proposed LR_t or PCF_t allowances.

4.12 Treatment of biodiversity costs is discussed in further detail below.

Biodiversity Costs

4.13 We propose to fund the Biodiversity costs in Load Re-opener allowances.

4.14 SPT included estimates of costs related to meeting its RIIO-ET3 business plan commitment to deliver at least 10% Biodiversity Net Gain (BNG) on projects subject to planning consent, and a minimum No Net Loss of biodiversity on permitted development projects, such as VSRE. On VSRE, these costs relate to offsite activities provided by a third party for habitat creation or enhancement.

4.15 SPT classified these costs as Direct Activities in its submission. In our assessment, these costs do not meet the definition of Direct Activities as defined in the RIGs and should instead be classed as indirect costs. As mentioned above in paragraph 4.8, indirect costs for Load Re-opener projects with direct costs below £150m are funded through the CAI UIOLI. However, the CAI UIOLI allowances have not been calibrated to include biodiversity-related costs. Therefore, despite them being classed as indirect costs, we propose to include these biodiversity-related costs in Load Re-opener allowances for this project, as we have, as yet, not defined another funding route in RIIO-ET3 for these costs, and they are of low materiality on VSRE.

4.16 There are several different funding routes available for biodiversity-related costs, depending on the RIIO-ET3 uncertainty mechanism each project is eligible for (eg connections volume drivers, Load UIOLI). We intend to review on an ongoing basis how biodiversity funding operates through different uncertainty mechanisms and the level of funding provided for biodiversity costs, as further data becomes available. As part of this ongoing review, we will consider whether changes are required to the approach for funding biodiversity-related project costs, for example through development of a separate licence term specifically for these costs.

Inflation-Related Costs

4.17 We do not propose to make any adjustments to inflation-related costs.

4.18 Allowances are set in 2023/24 prices. They are automatically adjusted for inflation through the Price Control Financial Model (PCFM), and it is the inflation-adjusted allowances that the ETO will ultimately receive. For allowances set through the Load Re-opener, there are two inflationary adjustments: firstly, adjustment for general inflation as measured by the Consumer Prices Index including owner occupiers' housing costs (CPI-H), and secondly, Real Price Effects (RPE), reflecting changes in the prices of specific inputs such as labour or materials that are not captured by CPI-H. ETOs are required to submit their cost estimates without any inflation assumptions factored into them.

4.19 As part of our assessment, we reviewed SPT's treatment of inflation within the proposed costs for the VSRE project. SPT explained that its construction contract includes price adjustment for inflation, which provides a defined contractual mechanism to adjust payments for inflation over the life of the contract. Under the agreed contract terms, applicable cost categories have been indexed, with materials treated separately in accordance with the agreed basis of pricing.

4.20 SPT confirmed that the costs submitted for Project Assessment are expressed in a 2023/24 price base and do not include a separate uplift for future inflation under the price adjustment mechanism. SPT stated that this approach was adopted to ensure the submission is presented on a consistent real-price basis and to avoid double counting inflationary impacts that may subsequently be recovered through the contractual indexation provisions.

4.21 We have considered SPT's approach and are satisfied that no adjustments to inflation-related costs are required as part of this PA.

4.22 For future applications, where a licensee includes inflation-related costs or escalation allowances within its submitted cost estimates, we may review whether those costs are consistent with the submission price basis and whether they overlap with contractual or other funding mechanisms that provide protection against inflation. Where appropriate, we may make funding adjustments to ensure that there is no double recovery.

Risk and Contingency Allowance

4.23 We propose to adjust downwards the risk and contingency allowance by £4.687m.

4.24 We note from SPT's cost breakdown that it has included a risk and contingency allowance within its forecast direct costs which exceeds the 10% cap on risk allowances set out in the RIIO-ET3 FDs.

4.25 During post-submission engagement, SPT outlined its assessment of geopolitical risks and other uncertain costs associated with the project. To address these uncertainties, SPT proposed the introduction of a new RIIO-ET3 Uncertain Cost Re-opener mechanism.

4.26 The proposed mechanism relates to inflationary factors. As inflation risk is already addressed through the RPE mechanism applied to the Load Re-opener, any inflationary impacts arising from geopolitical events would be captured by the RPE. In addition, we have reviewed the risk register submitted by SPT and have not identified any material project-specific risks that would distinguish the VSRE project from comparable projects and justify a higher level of risk and contingency.

4.27 We therefore propose to adjust the risk and contingency allowance to 10% of the project's direct costs, in line with the approach set out in the RIIO-ET3 FDs.

4.28 We also consider there is insufficient evidence to support the introduction of a new RIIO-ET3 Uncertain Cost Re-opener mechanism. The change in estimated risk before and after taking account of geopolitical risks is not sufficiently material to justify the introduction of a new re-opener mechanism.

Ongoing Efficiency

4.29 We note that SPT has not applied any ongoing efficiency challenge to its funding request.

4.30 In line with the RIIO-ET3 FDs, we propose to apply the ongoing efficiency challenge of 1% per annum to the funding request. This reflects expected efficiency improvements over time and ensures consistency with the funding approach established in the RIIO-ET3 FDs.

Pre-Construction Funding

4.31 We propose to true up the PCF funding to the level of assessed PCF costs at £14.548m.

4.32 Under the RIIO-ET3 FDs, a PCF allowance of £8.32m was provided for SPT's VSRE project under Special Condition 3.15. We have assessed the updated PCF costs submitted by SPT, including the costs associated with Early Enabling Works (EEW).

4.33 According to Special Condition (SpC) 3.15.30, it requires us to carry out an ex-post review when the full capital costs are established through the PA process and, where appropriate, direct a final PCF value. To reflect the efficient PCF costs incurred on the project and to support the future calibration of PCF allowances across eligible projects, we propose to true up the PCF funding to the level of assessed PCF costs, including EEW costs. Correspondingly, we propose to adjust the funding available through the Load Re-opener mechanism, such that the overall funding provided for the project remains at the efficient level. The breakdown of funding can be found in our Draft Determinations in Table PA5.

Cost and Output Adjusting Events

4.34 We propose to maintain the Cost and Output Adjusting Event (COAE)[3] threshold at 10% for VSRE project.

4.35 An ETO may seek an adjustment to the allowed expenditure, Load Re-opener Output or delivery date where it considers there has been a COAE, such as an extreme weather event or unforeseen ground conditions. Modifying the licence in response to a COAE must meet several conditions, including where expenditure has increased or decreased by a specified percentage (referred to in this

[3] Cost and Output Adjusting Event is defined in ETO's RIIO-3 licence special conditions. The process for applying for a licence modification due to a COAE is set out in SpC 3.18 Part F.

document as the COAE threshold) and that the event was not reasonably foreseeable or efficient to plan a contingency for.

4.36 We consider SPT's proposed COAE threshold of 5% (equivalent to £7.104m of its Load Re-opener funding request) to be too low for a mechanism intended to address low-probability, high-impact events. We therefore propose to maintain the COAE threshold at 10% of project costs, equivalent to £12.385m of proposed LRt allowances.

4.37 We consider that a 10% threshold represents an appropriate level for a single risk event of significant magnitude. This approach strikes an appropriate balance between protecting consumers from bearing unnecessary costs and providing SPT with confidence that genuinely exceptional, low-probability, high-impact risks would be eligible for funding.

Major Projects ODI-F

4.38 We do not propose to apply the Major Projects ODI-F to the VSRE project. Details can be found in the Major Projects ODI-F annex to the RIIO-ET3 Load Re-opener May 2026 Draft Determinations.

Independent Technical Adviser

4.39 We do not propose to appoint an Independent Technical Adviser (ITA) for the VSRE project at this stage.

4.40 The ITA is responsible for providing assurance to Ofgem on design decisions, procurement processes, cost, and overall project delivery of selected load projects across all ETOs.

4.41 In accordance with the Load Re-opener Guidance Document, we will consider as part of the PA whether the appointment of an ITA is appropriate for the project.

4.42 Having reviewed the criteria for appointing an ITA, we do not propose to appoint it on this project at this stage, as it does not meet the eligibility criteria set out in the ITA Guidance Document. In particular, the project is not considered to warrant an ITA on the basis of its complexity, strategic importance, or materiality.

Cost Certainty

4.43 We do not propose to adjust the funding for the VSRE project from our assessment of the cost certainty.

4.44 During our assessment, we engaged with SPT on the maturity of its cost estimates and the timing of its future PA submission. The Load Re-opener guidance states that ETOs should submit a project for PA once they have confidence in their cost estimates and have received final procurement offers for the main contracts. The Load Re-opener guidance also recognises that some costs may remain uncertain at the point of submission and allows these costs to be included as estimates, provided they are supported by a clear narrative and robust justification for the assumptions applied.

4.45 We acknowledge that project costs naturally become more certain as a project progresses through development, procurement and contract negotiations. There is therefore a balance to be struck between seeking greater cost certainty and progressing the regulatory assessment in a timely manner. However, where material elements of the cost estimate remain uncertain, we expect ETOs to provide sufficient supporting evidence to demonstrate that the estimates are reasonable, efficient and reflective of the project's maturity.

4.46 Ultimately, it is for the ETO to determine when it has sufficient confidence in its cost estimates to submit a project for PA. If an ETO considers that the remaining uncertainty is too significant to support a robust assessment, it may choose to defer submission until greater cost certainty has been achieved, including where appropriate until contracts are close to execution or have been signed. However, where an ETO elects to submit earlier, it should recognise that a greater degree of uncertainty may reduce the evidential basis available to support the proposed costs and therefore may risk significant disallowances being made in the interest of protecting consumers from exposure to unreasonable levels of risk.

4.47 For future applications, we expect ETOs to carefully consider whether the level of cost maturity is consistent with the Load Re-opener guidance requirements before submitting for PA. In particular, ETOs should ensure that cost estimates are supported by the best available evidence at the time of submission and that any remaining uncertainties, assumptions and risks are clearly explained and quantified. This will support a more efficient assessment process and provide greater confidence that the proposed allowances reflect efficient costs.

Procurement Approach

4.48 We are not proposing any funding adjustments as a result of our procurement evaluation.

4.49 As part of our assessment, we considered the procurement strategy of SPT and resultant outcomes. SPT procured VSRE as a one-off tender through a three-stage Engineering, Procurement, and Construction (EPC) model, using different NEC4 contract types dependent on the stage of development. Although a reasonable number of contractors were invited to tender, in SPT's judgement, the number of suppliers able to demonstrate the required capability and capacity was very limited resulting in effectively a single-bidder procurement. SPT primarily attributes this result to lack of required resources and UK competition in the supply chain. However, there was minimal supporting evidence to substantiate these claims beyond the tender result itself.

4.50 Simultaneously to VSRE project development, SPT has developed a Strategic Framework for comparative OHL projects. This framework was not set up at the time of VSRE's initial tender for the projects design stages of development; however, the construction phase of the project was included as a named project. In our engagement with SPT, it highlighted this inclusion as a step in maintaining competitive tension in the procurement, given the lack of bidders in the original one-off tender. SPT also emphasised the multi-stage tender, meaning there was not the obligation for the successful supplier to complete the entirety of the project.

4.51 SPT acknowledged that they have limited capacity for benchmarking for projects of VSRE's nature. Overall, the single-bidder outcome of the one-off tender, together with limited opportunity for cost benchmarking by SPT for projects of this type, gives us some concern as to whether the best value for consumers could have been secured.

4.52 We are not proposing any funding adjustments as a result of our procurement evaluation. We have taken a proportional approach reflective of the history of assessment of the project (eg the RIIO-2 MSIP re-opener). Our assessment of ETO procurement and commercial arrangements is an area that we will consider further in future PAs. We expect ETOs, as part of demonstrating the robustness of their procurement processes, to provide in-depth and robust evidence to justify procurement outcomes.

The Draft Determinations

4.53 Our DD on SPT's VSRE project is summarised below.

Table PA5: Draft Determinations on SPT's VSRE project

Ofgem's DD	Total (£m)	Direct (£m)	Indirect (£m)
Total Project Cost	148.452	133.021	15.432
Existing Funding			

Ofgem's DD		Total (£m)	Direct (£m)	Indirect (£m)
Net Zero and Re-opener Development Fund term (T2)	RDF_t (T2)	0.914	-	0.914
Pre-Construction Funding (true-up)	PCF_t	14.548	9.399	5.148
Funding Route				
Load re-opener	LR_t	123.852	123.622	0.231
CAI UIOLI[4]	CAI_t	9.138	-	9.138

Price Control Deliverables

4.54 Subject to our final decision following consideration of consultation responses, we propose to amend SPT's licence to include and modify the following PCDs. These proposed changes will be set out in the draft direction and the statutory consultation (see Conclusions and next steps in chapter 5).

Table PA6: PCDs to be amended (PCFt) and added (LRt) in SPT's licence

Licence Term	Project	Delivery Date	2026/27	2027/28	2028/29	2029/30	2030/31	Total Allowance
LR_t under SpC 3.18	SPT200473 VSRE - XH and XJ Routes Overhead Line Uprating Works	28 June 2028	66.53	52.51	4.82	-	-	123.85
PCF_t under SpC 3.15	SPT200473 VSRE - XH and XJ Routes Overhead Line Uprating Works	28 June 2028	7.81	5.43	1.31	-	-	14.55

[4] Costs allocated to the CAI UIOLI are indicative to represent reallocation of indirect costs as part of our assessment. Actual costs reported by SPT may differ from the CAIt values shown in the table.

5. Conclusions and next steps

5.1 We welcome your responses to this consultation, both on the proposals set out in this document and on the specific questions included in Chapter 4. Please send your response to: ReopenerConsultations@ofgem.gov.uk. The deadline for response is 24 September 2026.

5.2 We will carefully consider all consultation responses and aim to conclude our assessment of the project under the Load Re-opener mechanism with a decision in November 2026, in line with the six-month assessment period set out in the Load Re-opener guidance.

5.3 To give effect to our decision, we will publish a direction under SpC 3.15 setting the PCF allowance. We have included the draft text of the direction (subject to our final determinations) in Appendix 2.

5.4 We will also publish a statutory consultation under section 11A of the Electricity Act 1989, proposing relevant modifications to SPT's electricity transmission licences pursuant to SpC 3.18. We have included the current proposed modifications (subject to our final determinations) in Appendix 3.

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. Consultation questions overview

A1.1 PAQ1. For each project assessed as part of our Project Assessment, do you agree with our assessment of the efficient costs?

A1.2 PAQ2. For each project assessed as part of our Project Assessment, do you agree with our proposed true-up for the Pre-Construction Funding (PCF)?

A1.3 PAQ3. Do you have any views on the funding route for the associated Biodiversity costs?

Appendix 2. Draft Direction for Pre-Construction Funding

Introductory note

Following our assessment of Load Re-opener submissions under Special Condition (SpC) 3.18, we have set out our Draft Determinations. Any decision, for example to change existing or add additional Pre-Construction Funding allowances for a project, will be implemented into the Licensees' licence via a direction. This Appendix provides a draft of the direction that will implement our Final Determinations, as required by SpC 3.15 Pre-Construction Funding Re-opener and Price Control Deliverable (PCFt and PCFREt). We intend to confirm the direction at the same time as setting out our Final Determinations.

Any representations with respect to the draft direction below must be made on or before 24 September 2026 to: ET Investment Determinations Team, Office of Gas and Electricity Markets, 10 S Colonnade, London, E14 4PU or by email to ReopenerConsultations@ofgem.gov.uk.

Draft Direction

To: SP Transmission Limited

Proposed direction issued by the Gas and Electricity Markets Authority ("the Authority") under Special Condition ("SpC") 3.15 of the Electricity Transmission Licence held by SP Transmission plc to adjust existing funding for projects eligible for the Pre-Construction Funding Re-opener.

5.5 SP Transmission plc ('the Licensee') is the holder of an Electricity Transmission licence ('the Licence') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Act').

5.6 SpC 3.15 provides re-opener mechanism by which the Licensee's may apply to adjust existing funding allowances or seek additional funding during the RIIO-3 price control period for pre-construction works associated with load-related projects. It also allows the Authority to direct a final value to reflect efficiently incurred expenditure, when full costs for the projects are established in SpC 3.18.

5.7 The Licensee submitted the full costs for the VSRE project under SpC 3.18 in May 2026. The Authority publicly consulted on its Draft Determinations between 27 August 2026 and 24 September 2026. This document included a draft of the text of the proposed direction, as required by Part K of SpC 3.15.

5.8 We received [to be inserted] representations and have placed all non-confidential responses on our website. Having considered those responses, we have decided to proceed with making this direction.

5.9 This direction is issued pursuant to SpC 3.15 and sets out approved funding, adjustments to the value of relevant terms (PCFAt and PCFt), the Regulatory Years to which that adjustment relates, approved outputs and the delivery dates. These are set out in Annex 1 of this direction.

5.10 This direction will take effect immediately. This Direction constitutes notice stating the reasons for the purposes of section 49A(2) of the Act.

………………………………………………

Yours Sincerely,

Anita Payne

Deputy Director, Network Price Controls

For and on behalf of the Authority **[Date]**

Annex 1: SP Transmission Plc, Electricity transmission licence, Special Condition values and tables modified by this draft direction

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

Appendix 1 of Special Condition 3.15 Pre-Construction Funding allowance (PCFAt) (£m)

Total: [~~154.95~~163.73]

Appendix 2 of Special Condition 3.15 Pre-Construction Funding Price Control Deliverable Allowance (PCFt) (£m)

EJP OSR	Output	Delivery date	2026/27	2027/28	2028/29	2029/30	2030/31	Total Allowance
SPT200324	Glenglass to Glenmuckloch 132kV OHL	31 March 2031	0.75	0.75	0.74	0.73	0.72	3.69
SPT200406	Windyhill – Lambhill - Denny North 400kV Reinforcement (DLUP)	31 March 2031	2.15	2.13	2.11	2.09	2.07	10.55
SPT200474	Strathaven - Elvanfoot OHL Uprating Works (VERE)	31 March 2031	1.49	1.48	1.46	1.45	1.44	7.32
SPT200475	Elvanfoot - Harker 400kV OHL Uprating Works (EHRE)	31 March 2031	2.00	1.98	1.96	1.94	1.92	9.81
SPT200409	SPT-RI-2060 – Redshaw 400kV substation	31 March 2031	1.00	0.99	0.98	0.97	0.96	4.91
SPT200494	SPT-RI-2061 – Redshaw 132kV substation	31 March 2031	0.52	0.51	0.51	0.50	0.50	2.53
SPT200874	Glenshimmerroch 132kV Collector	31 March 2031	0.79	0.78	0.77	0.76	0.76	3.86

	Substation Reinforcements							
SPT200876	Synchronous Compensators - Enhanced-STATCOMs	31 March 2031	5.03	4.98	4.93	4.88	4.84	24.67
SPT200326	Glenmuckloch to ZV Route Reinforcements	31 March 2031	2.27	2.25	2.22	2.20	2.18	11.12
SPT200857	REDSHAW 132KV B BOARD (TORI-3060)	31 March 2031	0.80	0.80	0.79	0.78	0.77	3.94
SPT200865	Coylton - Maybole 132kV Reinforcement	31 March 2031	1.51	1.49	1.48	1.46	1.45	7.40
SPT200505	Wyseby 400kV substation	31 March 2031	1.13	1.12	1.11	1.10	1.09	5.54
SPT200248	U & AT Route 132kV Replacement	31 March 2031	1.11	1.10	1.09	1.08	1.07	5.44
SPT200906	Dumfries North 400kV substation	31 March 2031	0.66	0.66	0.65	0.64	0.64	3.25
SPT200642	Dunlaw Extension to Galashiels Reinforcements (TORI 2080) H1	31 March 2031	1.75	1.73	1.72	1.70	1.68	8.59
SPT200495	Gala North H1	31 March 2031	0.88	0.87	0.86	0.85	0.84	4.30
SPT200917	Teviot 400kV & 132kV substation	31 March 2031	0.71	0.70	0.69	0.69	0.68	3.47
tCSNP2	Reconductor the ZV route between Strathaven and Elvanfoot with HTLS conductor	31 March 2031	0.90	0.89	0.88	0.87	0.86	4.40
tCSNP2	Reconductor the ZV route between	31 March 2031	1.34	1.33	1.32	1.30	1.29	6.59

	Elvanfoot and Harker with HTLS conductor							
MSIP	SPT Kincardine - Wishaw 400kV Reinforcement (MSIP stage 1 approved)	31 March 2031	1.70	1.68	1.66	1.65	1.63	8.32
MSIP	SPT Kincardine North 400kV Substation (MSIP stage 1 approved)	31 March 2031	1.94	1.92	1.90	1.88	1.86	9.48
~~MSIP~~ SPT200473	~~SPT SPT-RI-130~~ VSRE - XH and XJ Routes Overhead Line Uprating Works ~~(MSIP stage 1 approved)~~	~~31 March 2031~~ 28 June 2028	~~1.18~~ 7.81	~~1.16~~ 5.43	~~1.15~~ 1.31	~~1.14~~ -	~~1.13~~ -	~~5.77~~ 14.55

Appendix 3. Draft Notice of Licence Modification

To: SP Transmission Limited

Electricity Act 1989
Section 11A(2)

Notice of statutory consultation on a proposal to modify the special conditions of the electricity transmission licences held by SP Transmission plc

5.11 The Gas and Electricity Markets Authority ('the Authority')[5] proposes to modify the special conditions ('SpC') of the electricity transmission licences (the 'Licences') held by SP Transmission plc ('SPT') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending the respective Appendix 1 of SpC 3.18 (Load Re-opener and Price Control Deliverable (LR_t)) of the Licences.

5.12 We are proposing these modifications to give effect to the decision of the Authority dated [to be inserted] to approve funding for SPT's Load Re-opener project.

5.13 The effect of the proposed modifications is to set Price Control Deliverables ('PCDs') related to SPT's Load Re-opener projects and the allowances for its delivery. If SPT does not deliver the PCDs in their respective Licences during the RIIO Electricity Transmission price control applicable to the specified Delivery Date, then the price control framework provides for all or some of the relevant PCD allowances to be clawed back in accordance with SpC 9.3 (Price Control Deliverable assessment principles and reporting requirements).

5.14 The full text of the proposed modifications to SpC 3.18 in the Licence is set out in Annex 1 to this notice, with the text to be deleted marked with double strikethrough and new text to be inserted shown double underscored.

5.15 A copy of the proposed modifications and other documents referred to in this notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from information.rights@ofgem.gov.uk.

5.16 Any representations with respect to the proposed modifications to the Licences must be made on or before [dd month yyyy] to: [contact name], Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to ReopenerConsultations@ofgem.gov.uk.

[5] The terms "the Authority", "we" and "us" are used interchangeably in this document.

5.17 We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.

5.18 If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

....

Anita Payne

Deputy Director, Network Price Controls

Duly authorised on behalf of the

Gas and Electricity Markets Authority **[Date]**

Annex 1: Draft modification for SP Transmission Plc electricity transmission licence

We have set out the proposed changes to Appendix 1 in SpC 3.18. Text proposed to be added is double underscored and text removed is double struck through.

Appendix 1

Load Re-opener Outputs and allowances (LRAt) (£m)

Project name	Outputs	Delivery date	2026/27	2027/28	2028/29	2029/30	2030/31	Total
SPT200473 VSRE - XH and XJ Routes Overhead Line Uprating Works	Replacement of existing OHL conductor on XH and XJ routes with a High Temperature Low Sag (HTLS) conductor system, as part of the major refurbishment of these 400kV OHL routes.	28 June 2028	66.53	52.51	4.82	-	-	123.85

Appendix 4. Privacy policy

Personal data

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

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

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

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

2. Why we are collecting your personal data

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

3. Our legal basis for processing your personal data

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

4. With whom we will be sharing your personal data

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

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

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. 'six months after the project is closed')

6. Your rights

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

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/, or telephone 0303 123 1113.

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

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

9. Your personal data will be stored in a secure government IT system. (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, click on the link to our "ofgem privacy promise".