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Dear [REDACTED]

Response from National Grid Electricity Transmission plc to the Consultation on Bramford to Twinstead – Project Assessment (dated 30 January 2026)

National Grid Electricity Transmission plc (NGET) welcomes the opportunity to respond to the above consultation, following the submission of the BTNO Project Assessment (PA) on 03 December 2024. We value the constructive engagement that has taken place since the submission and note Ofgem's support, as well as its acknowledgement of the necessity to progress this project in a timely manner.

This letter summarises our response and should be read alongside the accompanying appendices. Where NGET holds a different view to Ofgem on its minded-to position, we have provided supporting arguments and evidence in the responses that follow and welcome further engagement with Ofgem ahead of a final decision.

Confidentiality

Redacted version.

1. Do you agree with our minded-to position on direct costs for BTNO?

Overall, we are comfortable with the position Ofgem has reached on direct costs and welcome Ofgem's consideration of additional evidence provided ahead of issuing its minded-to decision.

We note and welcome Ofgem's minded-to position to apply an ASTI Uncertain Cost Reopener to the final costs for Bramford substation. NGET will aim to provide robust and transparent evidence to support any cost variations, demonstrating the underpinning drivers and the steps taken to ensure that expenditure remains prudent, efficient, and aligned with delivering value for consumers. We would appreciate continued engagement on this topic throughout its development.

In relation to specific disallowances, we agree with the proposal to disallow costs relating to the storage of the OHL metal works, as stated in the minded-to decision as this is no longer required. In addition, we agree with the disallowance of costs for pain/gain.

2. Do you agree with our minded-to position on non-EPC costs and indirect costs for BTNO?

Whilst we agree with most of Ofgem's minded-to position in relation to these costs, several clarifications are required. In addition, we do not agree with Ofgem's minded-to position in relation to Personnel costs. We welcomed engagement with Ofgem on this topic prior to the publication of the minded-to decision including the additional detail provided by Ofgem to explain how it has reached its conclusion. We have provided additional evidence as part of this response to support our original PA submission and would be happy to discuss this further with Ofgem.

We have summarised our views on both Direct non-EPC costs and Indirect costs below and refer Ofgem to Appendix 1 for more detailed evidence and justification in relation to Personnel costs.

Direct non-EPC cost disallowances

- We agree to the proposal to remove Community Benefit funding and recover eligible costs through the RIIO-ET3 Community Benefit Funding Pass-through mechanism. It is important to note that we provided Ofgem with updated costs in Ofgem November 2025 in line with latest policy and legislation. The figure in the PA is therefore no longer accurate, and our updated figures are [REDACTED] for Community Benefit funding, and [REDACTED] for associated admin. Should the option to utilise this pass-through mechanism change, then we will require that an alternative route is identified and made available.
- We agree with Ofgem's proposal to allow Biodiversity Net Gain (BNG) funding for the initial delivery plus a year of operation at PA stage and to remove [REDACTED] out of the 30-year management and maintenance costs and instead allow NGET to recover costs incurred complying with BNG legislation through the new ASTI Uncertain Cost Re-opener (AUCR). If, following either the BTNO PA consultation and/or the AUCR consultation taking place later this year, it is confirmed that the AUCR mechanism will not be available for BNG cost recovery, then we request that an alternative funding route is made available.

Indirect costs

- We welcome the decision from Ofgem in the RIIO-T3 Final Determinations to fund ASTI overheads through the ASTI PA process and we are pleased to have started detailed discussions on this. We understand one option that Ofgem is considering is to fund efficient overhead costs through the AUCR. Our understanding of this mechanism is that it will operate fully ex-post – i.e. allowances will only be set after spend has occurred. We have concerns about whether this is an appropriate mechanism in relation to overheads and would welcome further discussions on this. The costs are more akin to costs found in our base project costs or baseline price control funding, which in our view should be funded ex-ante.
- Ofgem's detailed analysis in relation to personnel costs provided ahead of the publication of the minded-to decision was extremely useful in helping us to understand the rationale for Ofgem's position. Additionally, we are fully cognisant of the importance of ensuring costs are efficient and comparable across the ASTI portfolio. However, following NGET's review of the benchmarking approaches applied by Ofgem, we are not in agreement with the proposed reductions. We ask that Ofgem revisit its assessment on the basis of the evidence and justification set out in Appendix 1. We welcome continued engagement with Ofgem to ensure its assessment accurately reflects the scope and requirements of the project.

3. Do you agree with our minded-to position in relation to risk funding for BTNO? If not, could you provide more information on how best to appropriately balance the risk between consumers and the TOs, while incentivising risks to be managed to a level as low as practicable?

We do not agree with Ofgem's position in relation to risk funding. We have set out in detail our rationale and supporting evidence in Appendix 2 of our response.

We acknowledge Ofgem's position and have considered it in our response. It is our view that the ASTI portfolio is fundamentally different to the type of work NGET has delivered in the past. This, combined with the required acceleration means we believe that a different approach to risk is required. Evolving the way risk is funded will ensure we prevent funding uncertainty from limiting incentives for Transmission Owners to seek innovative, but often higher risk, solutions that create acceleration opportunities and seek to mitigate constraint costs borne by consumers.

4. Do you agree with our minded-to position on the requested 0% materiality threshold re-opener mechanism for BTNO?

NGET had suggested and requested four specific cost-reopeners without a qualifying materiality threshold; as per our response to Q1, we are pleased that Ofgem is minded to allow a re-opener for Bramford Substation. Furthermore, we welcome the provision of an additional route for submitting PAM funding requests. However, if following consultation on this mechanism the new AUCR for PAMs is not accessible by or applicable to BTNO then, we request that an alternative funding route be made available.

As per our response to Q2, we agree with Ofgem's minded-to with regards to BNG.

In relation to Horizontal Directional Drilling (HDD), NGET acknowledges Ofgem's minded-to position and the opportunity to submit further evidence in support of our original request for a re-opener. Following re-assessment, we are proposing through this consultation response, that Ofgem either:

- i) Establishes a specific COAE threshold set no higher than 1%; or
- ii) Permits an update to the HDD-related risk allowance to incorporate the revised mean exposure.

Should Ofgem deem the former approach acceptable, NGET requests that the final determination and subsequent licence modification explicitly confirms that any HDD-related risk, will be eligible under the COAE mechanism. Please refer to Appendix 3 for NGET's full response to Ofgem's minded-to position on the HDD item.

5. Do you agree with our minded-to position on the COAE threshold adjustment for BTNO?

Apart from HDD, as set out in response to Q4, NGET agrees with Ofgem's minded-to position of a 5% COAE threshold for BTNO. Please refer to Appendix 3 for further detail in relation to HDD.

NGET appreciates Ofgem's continued engagement throughout this process and welcomes the constructive dialogue that has supported the development of the BTNO PA to date. We remain committed to working collaboratively with Ofgem to ensure that the final determination enables the timely, efficient, and value driven delivery of this important infrastructure. We thank Ofgem for its ongoing consideration of the issues raised within this response and look forward to further collaboration as we work together to reach an outcome that is robust, transparent, and in the best interests of consumers.

Regards,



Head of Consumer Value and Regulatory Support