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Dear RIIO-ET3 team,

We welcome the opportunity to respond to this consultation. We are responding in our role as the statutory advocate for energy consumers.

In network price controls, we aim to influence outputs and incentives so that they best reflect consumer outcomes, and ensure that consumers see the best value from the money they invest in their networks. Throughout RIIO-ET3, we have supported the need for major upgrades to the electricity transmission system, as this can bring down constraint costs and future-proof the electricity network for more clean power connections. This in turn can support increases in demand from electrification. Though we would have preferred to see more costs outlined in the TOs' business plans (and therefore subject to full regulatory scrutiny), we understand that a rapidly evolving market and ongoing uncertainty means that most investment decisions will have to be made through re-openers in the ET3 period.

Although we judge the investments will be in consumers' interests, it is important that this does not happen at any cost. As Ofgem notes in its bill impacts analysis, every £1 million of allowed capex translates to £1.91 million paid by consumers over a 45-year asset life due to debt interest and equity returns. This highlights the total cost to consumers for current and future consumers, and indicates how support for decarbonisation policy could easily erode if consumers do not feel that they have received appropriate value for their money.

We welcome Ofgem's transparency over bill impacts as part of this consultation, although it is unclear how this specific re-opener window will impact the whole picture of RIIO-ET3 investment. We are also concerned that bill impacts could be sensitive to project delays or cost overruns, and would welcome a commitment from Ofgem to retain transparency throughout the price control period.

Additionally, we are disappointed that the Independent Technical Advisor has yet to be deployed. We were supportive of its introduction in the ET3 policy setting process as a way to

redress information asymmetry between networks and the regulator, and provide stakeholders with reassurance that independent audits will occur over what will turn out to be considerable sums of money. We appreciate that it is a new mechanism, however work should begin as soon as possible to test and learn the process and ensure it can operate as effectively as possible.

RIIO-3 Load Re-opener Draft Determination: May 2026 submission window - Eligibility Assessment annex

EAQ1 - EAQ6 Eligibility and track allocation questions

We are broadly in alignment with the decisions Ofgem has made regarding the 27 projects approved to progress to the next stage. We support Ofgem's track reclassifications from Assessment Track 2 to Assessment Track 3 in multiple cases, as this would unlock the standalone Needs Case Assessment. Given the current state of the connections queue, where projects may not be in a fit state of readiness, it gives Ofgem more chance to scrutinise high value projects and prove the underlying need before unlocking full funding.

EAQ7. Do you agree with our assessment that the ETRE project is ineligible for the Load Re-opener?

We agree with Ofgem's assessment that the ETRE project should be ineligible, as the proposal only meets the £40 million materiality threshold with a risk and contingency allowance set at 32%. We felt that the 10% set at ET3 Final Determinations already offered generous margins for networks, and agree with Ofgem's position that this cannot be justified for this project.

EAQ8. Do you agree with our approach to setting PCF allowances for eligible projects?

Yes. Allowing a set proportion of 8.2% allows for consistency, and strikes a balance between enabling timely delivery and mitigating against a stranded asset risk should a project, for example, fail to gain the necessary planning permission.

We feel that exposing Pre-Construction Funding (PCF) to the ongoing 1% per annum efficiency challenge is both necessary and fair, especially as consumers could be seen to be less likely to see value for money from investments delivered through Uncertainty Mechanisms (UMs) as opposed to baseline funding.

EAQ9. Do you agree with our approach to Risk and Contingency Allowance for projects submitted to the Load Re-opener?

A standardised approach to Risk and Contingency Allowance makes sense to ensure a fair approach for all TOs, and standardise an element of applications that could make them easier for the regulator to analyse. We find 10% to be generous, though it does make sense to align with the position outlined in ET3 Final Determinations. We note that no application that requested an amount higher than 10% was able to make a sufficient justification.

EAQ10. Do you agree with our approach to Biodiversity costs for projects submitted to the Load Re-opener?

More information is needed to make a final decision on how biodiversity costs should be capped in PCF allowances, although at this stage we accept Ofgem's proposal of a 3.5% cap. This should be reviewed to ensure that the TOs can meet their legal environmental obligations, without being granted an overly generous buffer on their budget.

RIIO-3 Load Re-opener Draft Determination: May 2026 submission window - Project Assessment annex

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

It is difficult for us to provide a view on efficient costs, given that we have no visibility over supply chain costs or the TOs' optionality. However, it appears that appropriate scrutiny has been applied to the two projects, NGET's through the LOTI mechanism in ET2 and SPT's through Ofgem's determinations in this re-opener window. We support the removal of £0.67 million in operational training costs (double counted due to already having been funded through baseline allowances), aligning the risk allowance to the 10% cap, and applying the 1% efficiency challenge. We have some concern over SPT's procurement resulting in a single bidder, and feel that this merits Ofgem applying tighter cost benchmarking to ensure value for money.

We agree with Ofgem's re-routing of indirect costs to a Use-It-Or-Lose-It (UIOLI) mechanism, as it is preferable to capital allowances due to money being returned to consumers directly rather than subject to the TIM. We note, however, that this mechanism does remove some incentive for money to be spent efficiently.

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)?

Although we would prefer a standardised approach to PCF, we accept Ofgem's rationale for increasing PCF on SPT's VSRE project to reflect the verified costs of early enabling works. This

also corresponds to a reduction in the main Load Re-opener allowance, so there will be a net neutral effect on consumer bills.

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

Our preference is for Ofgem to resist creating standalone funding mechanisms, especially where un-capped and pass-through. Environmental mitigation costs should remain subject to materiality caps, and cost assessments should include audits to ensure they reflect reality at each proposed site.

RIIO-3 Load Re-opener Draft Determination: May 2026 submission window - Major Projects ODI-F annex

MPQ1. For each project where we are minded-to apply the Major Projects ODI-F, do you agree with our proposal?

Our concerns with the Major Projects ODI-F were noted extensively in the ET3 policy setting process. Though we recognise the need for a strong financial incentive to reflect the high consumer reward and detriment on offer in the transmission investment programme (through either the reduction or the increase in constraint costs), in our view the final incentive design set delivery dates that do not fully align with the consumer impact, and asymmetry could lead to unintended consequences.

In light of this, we would prefer to apply the Major Projects ODI-F tightly, consistently with its scope for RIIO3, and only to genuine cases where consumer benefit is evident and immediate. Ofgem drafted the ODI-F to "*encourage the timely delivery of infrastructure to ensure that consumers realise benefits as early as possible and are compensated for delays, and to support delivery of the United Kingdom's (UK's) decarbonisation targets*".[1] It is clear that the ODI-F was designed primarily for low carbon generation projects rather than demand connections. As noted above, we have supported the need for major upgrades to the electricity transmission system where they can bring down constraint costs and future-proof the electricity network for more clean power connections. This in turn can support increases in demand from electrification, including potentially from data centres.

We note that TOs can benefit financially from investments without the Major Projects ODI-F applying. At a minimum, the increase to their RAV increases project per annum, and they can gain rewards through the Connections ODI-F. The prioritisation of the connections queue and

[1] Ofgem, RIIO-3 Final Determinations: electricity transmission, December 2025

general approach to data centre connections are questions for government policy, but this lever is one open to Ofgem to ensure that consumers are not rewarding networks and private companies for commercial endeavours they may not directly benefit from.

Of Ofgem's decisions, we would welcome more information around NGED's Blyth project, with 'multiple large demand connections', and Tees Dock, where the main customer is an AI data centre with a contracted demand of 1400MW. Although generation is part of the needs case, we would urge Ofgem to reassess whether the consumer benefit merits the application of the Major Projects ODI-F, which we have said consistently is generous.

The Bridgend project, while expected to facilitate future generation connections, is primarily commissioned to facilitate 860MW of data centre connections. We recommend that more information is provided to show how this project will deliver consumer benefits and decarbonisation and is therefore worthy of inclusion in the Major Projects ODI-F.

When and if evidence is available into how data centres positively interact with the wider system and provide consumer benefits (such as supporting decarbonisation or bringing down bills), we would be open to TO projects that connect them being eligible under this ODI-F.

MPQ2. For the VSRE XH & XJ Routes 400kV Major Refurb project, do you agree that this project does not meet the criteria for the Major Projects ODI-F, and that the ODI-F should not be applied?

We agree with Ofgem's position. As stated above, we would advocate for broad discretion on the application of the Major Projects ODI-F. In this case, the project appears to be a standard asset refurbishment scheme, and delivery rewards are better placed on more complex or strategic network expansions.