Dear Colleagues,

SSEN Transmission response to Ofgem's Draft Determinations for the RIIO-ET3 Load Re-opener: May 2026 submission window.

We welcome the opportunity to respond to Ofgem's consultation on its Draft Determinations for the RIIO-ET3 Load Re-opener May 2026 submission window. This response focuses on the draft decisions relating to SSEN Transmission's (SSEN-T) submitted Load Re-opener applications, including the proposed eligibility outcomes, Pre-Construction Funding allowances, and associated regulatory treatment set out in Ofgem's consultation documents.

SSEN-T is responsible for the electricity transmission network in the north of Scotland. We maintain, develop and invest in the high voltage transmission network needed to support security of supply, economic growth and the transition to net zero. The Load Re-opener is an important mechanism within RIIO-ET3, enabling timely regulatory assessment of new load-driven transmission investment requirements that were not funded, or were only partially funded, at the start of the price control period.

We support the role of the Load Re-opener in providing flexibility to respond to changing system needs. It is critical that the mechanism provides clear, timely and investable outcomes so that transmission owners can progress the development and delivery of essential network infrastructure at the pace required.

Our response therefore focuses on the areas where we consider further clarification, correction or consideration is required before Ofgem reaches its Final Determinations. In particular, we provide views on Shetland's allocation to Track 3, the proposed approach to PCF allowances, and the treatment of risk, contingency, biodiversity costs.

In summary, our response focuses on the following key areas:

- **Project eligibility and PCF:** we agree that the four May 2026 Eligibility Letter projects are eligible for PCF under Part F of Special Condition 3.15, and consider that timely PCF approval is required to maintain programme momentum and support progression towards Project Assessment and construction.
- **Assessment Track allocation:** we agree that Energy Isles, Loch na Cathrach and Knocknagael–Farigaig are appropriately treated as Assessment Track 2 projects, reflecting their low materiality, low delivery risk and alignment with the PASE framework. However, the £300m threshold is being applied as a decisive criterion, rather than as part of a broader assessment framework. The result is that projects most critical to network delivery and strategic objectives may be directed into Track 3, with implications for delivery certainty and programme timelines.
- [redacted]

- **PCF allowance calculation:** we do not agree with Ofgem's proposed PCF allowance methodology. PCF should be awarded at 8.2% of submitted project Totex, not calculated on project specific PCF, as requested in our May 2026 Eligibility Letters and consistent with Ofgem's RIIO-3 Final Determinations and Load Re-opener Guidance.
- **Ongoing efficiency:** we do not support the application of blanket ongoing efficiency reductions where costs are contracted, committed or based on near-final supplier inputs. Any ongoing efficiency adjustment should be evidence-led, selective and assessed on a project-specific basis.
- **Risk and Contingency (R&C):** we do not agree with the application of a fixed 10% R&C cap. Risk and contingency should be assessed at Project Assessment using scheme-specific evidence, recognised risk methodologies and the maturity of the project under consideration.
- **Biodiversity Net Gain costs:** we do not agree that BNG costs should be determined or constrained at Eligibility Letter stage. These costs remain uncertain due to evolving planning policy, site-specific requirements and project maturity, and should be assessed at Project Assessment using more developed evidence.
- **Publication and redaction process:** we have concerns that no embargoed decisions were provided in advance, despite Ofgem raising concerns about Transmission Owner compliance with publication and redaction requirements, and that the published determinations appear to have been released without redactions to project material.

We also note that neither the Load Re-opener Guidance, the relevant licence provisions, nor the PCF framework require detailed breakdowns of Risk and Contingency or Biodiversity Net Gain costs to be provided at Eligibility Letter stage. Accordingly, any information provided on these matters should be treated as indicative and subject to further development. SSEN-T is not requesting allowances for Risk and Contingency at this stage; these costs should be assessed, where relevant, at Project Assessment when project scope, cost, risk, consenting and biodiversity evidence is more mature.

We consider that the Final Determinations should recognise the maturity of the submitted evidence, the pace at which customer requirements and system need are developing, and the importance of avoiding regulatory uncertainty or funding gaps.

We would welcome further clarity on the publication and redaction process for Draft and Final Determinations. Given the potential sensitivity of project information, it would be helpful for Transmission Owners to receive an embargoed copy of consultation materials ahead of publication. This would provide an opportunity to review any potentially sensitive information and its potential impact.

We look forward to continuing to engage constructively with Ofgem ahead of the publication of its Final Determinations and would be happy to provide further information where this would assist Ofgem's assessment.

Yours sincerely,

Liam Hinton

Senior Regulation Analyst

EAQ3. Do you agree that these SHET projects are eligible for PCF funding under Part F of Special Condition 3.15?

Yes. SSEN-T agrees that the four projects submitted as Eligibility Letters in the May 2026 Load Re-opener window are eligible for Pre-Construction Funding under Part F of Special Condition 3.15. These submissions were made to progress projects that are required to respond to developing load-related network needs and which were not funded at the outset of RIIO-ET3. In this context, PCF is essential to enable the projects to continue through the next stages of development at the pace required to support timely delivery.

Eligibility at this stage is important because the funding requested is not for full construction allowances, but for the efficient pre-construction activities needed to mature the projects ahead of Project Assessment. This includes activities such as further design development, engineering studies, consenting and land-related work, procurement preparation, environmental assessment, stakeholder engagement and other enabling works needed to develop robust cost, scope and programme evidence. Without timely PCF, there is a material risk that these projects would be delayed before they are able to reach the level of maturity required for subsequent assessment and delivery.

We therefore consider that confirming eligibility for PCF is consistent with the purpose of the Load Re-opener mechanism, which is to provide flexibility for Electricity Transmission Owners to progress necessary load-driven transmission infrastructure where requirements emerge or develop during the price control period. Awarding PCF now will allow SSEN-T to maintain programme momentum, preserve delivery optionality, and avoid inefficient development where projects are required to progress to meet customer, system and network need dates.

On that basis, SSEN-T supports Ofgem's minded-to position that these projects are eligible for PCF funding under Part F of Special Condition 3.15. Timely approval of PCF will support continued development of the projects, enable the production of more mature evidence for future Project Assessment submissions, and help ensure that the projects remain capable of progressing into construction in line with required programme and delivery timelines.

EAQ4. Do you agree with our assessment of the needs case for these SHET Assessment Track 2 projects?

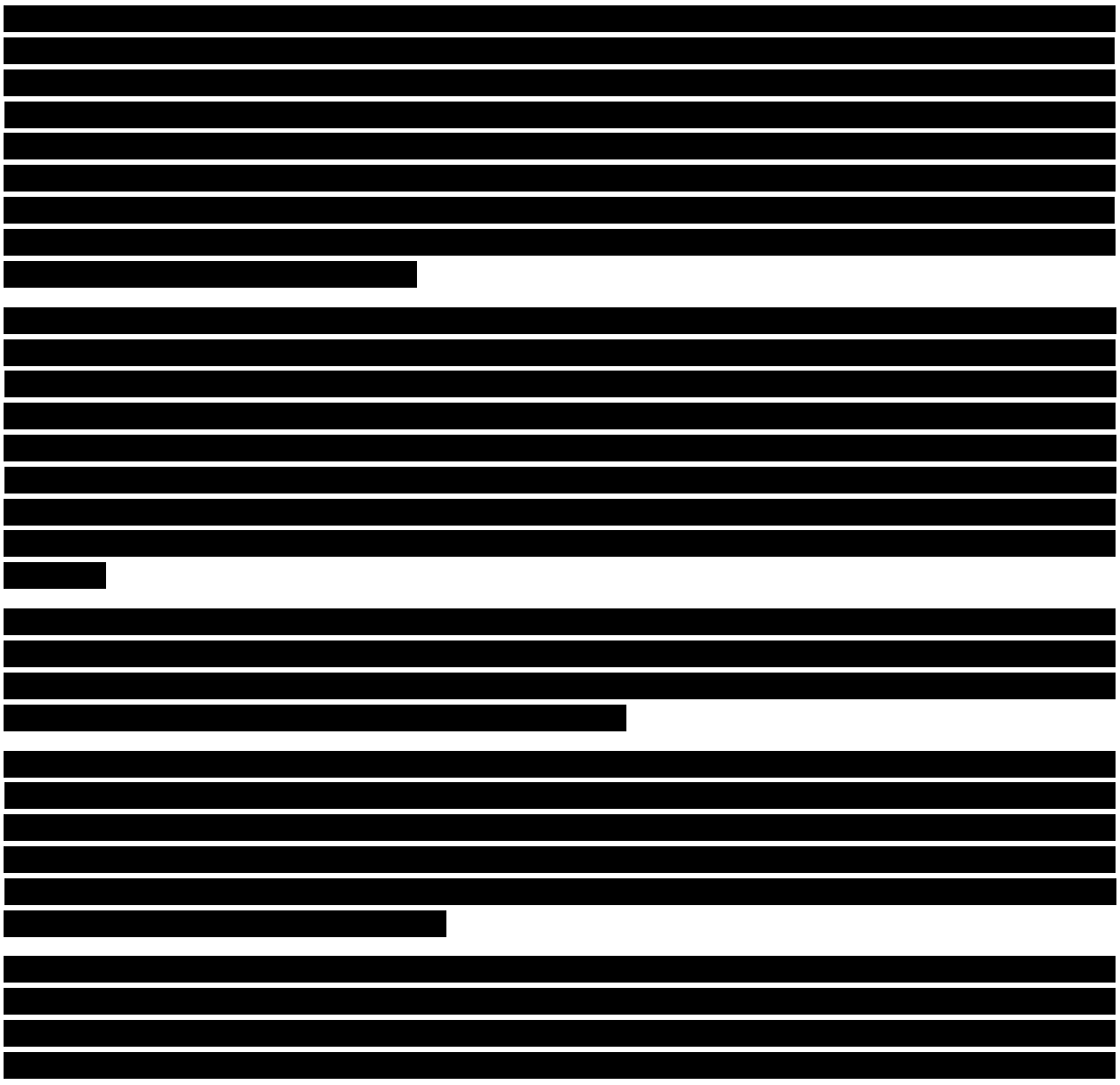
Yes. SSEN-T agrees with Ofgem's assessment of the needs case for the SHET Assessment Track 2 projects, Energy Isles, Loch na Cathrach and the Knocknagael–Farigaig High Voltage Project. We agree that these projects are appropriately assessed under Track 2, recognising their comparatively low materiality and low delivery risk profile at this stage. For Final Determinations, Ofgem must confirm, for each Track 2 project, whether the proposed solution is accepted and justified. This confirmation is needed to provide regulatory clarity, support efficient project progression, and avoid unnecessary duplication of assessment.

These projects have clear load-related drivers and are required to support the timely development of the transmission network in response to emerging customer and system requirements. On the basis of the evidence submitted through the May 2026 Eligibility Letters, we consider that the needs case for each project is sufficiently established for the purposes of Early Options Needs Case approval and that there is no need for these projects to be subject to a separate Needs Case Assessment before progressing to Project Assessment.

However, while we welcome Ofgem's minded-to position on these projects, we consider that further clarification is required on the application of the PASE framework. In particular, there remains technical ambiguities around how key criteria are defined and applied, including the definition of urban density, the application of non-SF6 GIS and the basis on which altitude and coastal proximity thresholds have been specified. These factors can materially affect project assessment outcomes and require a more nuanced, project-specific assessment rather than a one-size-fits-all approach.

We are also concerned that PASE does not fully capture the environmental, consenting and customer-connection complexities that are particularly relevant to projects in the north of Scotland. As currently framed, the framework may not sufficiently reflect the challenges associated with remote locations, constrained geography, coastal exposure, environmental sensitivities, consenting risk or the need to respond to specific customer connection requirements. This risks making Eligibility Letters more extensive than intended, as many project solutions in the north of Scotland may not align neatly with the PASE framework despite requiring a proportionate route to funding assessment.

EAQ6. Do you agree that this SHET project is eligible for PCF funding under Part F of Special Condition 3.15?



[redacted]

[redacted]

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

No. SSEN Transmission does not agree with Ofgem's proposed approach to setting PCF allowances for eligible projects. As clearly set out in our four Eligibility Letters we have requested 8.2% of project totex as set out in Final Determinations.

[redacted]**. We note that PCF has been calculated at 8.2% of total project costs after the application of risk and contingency, biodiversity and cost adjustments. Our views on the approach of these cost adjustments are provided in EAQ9 and EAQ10 below.**

While we welcome Ofgem's minded-to position that the four SSEN-T projects submitted in the May 2026 Load Re-opener window are eligible for PCF, we do not agree with the methodology used to determine the level of PCF allowances proposed in the Draft Determinations.

As per table 1, Ofgem should apply 8.2% to the adjusted cost and not utilise forecasted PCF which was provided in SQ 26. The requested rate of PCF is incorrect, as per our eligibility letters we clearly requested 8.2% of forecast Totex.

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Table 1

Ofgem's RIIO-3 Final Determinations and the Load Re-opener Guidance establish that eligible projects should receive PCF to support efficient pre-construction development ahead of Project Assessment. For projects progressing through this route**, the relevant PCF allowance should be calculated as 8.2% of the submitted project Totex**. This percentage reflects Ofgem's established policy position for PCF and provides a clear, transparent and consistent basis for determining an appropriate level of development funding. [redacted] This PCF forecast also represents the known view of the projects' current maturity, which for the four projects submitted in May is Gate 1 in development. At Final Determinations there were no cuts to risk or BNG and 8.2% applied (pre OE) to the PCF granted within our licence.

SSEN-T clearly requested PCF on this basis in each of the four Eligibility Letters submitted in May 2026. Our submissions set out the required PCF as 8.2% of project Totex, reflecting the level of funding needed [redacted]

The application of a lower or alternative calculation would risk underfunding the development phase of these projects and could undermine the purpose of PCF. PCF is intended to enable projects to mature sufficiently so that Ofgem can make a robust and evidence-based decision at Project Assessment. If the allowance is set below the level provided for in Ofgem's own framework, there is a material risk that essential development activities will be delayed, deferred or constrained, which in turn could affect the ability of the projects to progress to construction in line with required programme and delivery timelines.

We are also concerned with the interaction between Ofgem's proposed PCF calculation and its treatment of ongoing efficiency. Applying a blanket ongoing efficiency reduction at the eligibility PCF stage risks double-counting efficiencies or disallowing legitimate costs that reflect current market conditions, procurement outcomes and project-specific delivery requirements.

If ongoing efficiency is to be considered at all, it should be assessed selectively and, on a case-by-case basis, taking account of the specific cost category, contract status, procurement maturity, remaining scope for efficiency and the quality of evidence provided. A universal percentage reduction is not appropriate where Ofgem is simultaneously requiring near final or well-evidenced cost estimates to support Load Re-opener assessment. There is a clear inconsistency between requiring mature, project-specific cost evidence and then applying a broad, non-project-specific efficiency adjustment across eligible projects.

Ofgem should therefore revise its approach so that any consideration of ongoing efficiency is applied only where genuine future efficiency opportunities remain and where those opportunities can be evidenced on a project-specific basis. This would avoid imposing an unsupported reduction to PCF allowances and would better align with the purpose of PCF, which is to enable efficient project development rather than constrain it through broad adjustments that do not reflect the specific circumstances of each project.

We therefore consider that Ofgem should revise its approach in the Final Determinations and award PCF for the four eligible SHET projects at 8.2% of submitted project Totex, as requested in our May 2026 Eligibility Letters. This would be consistent with Ofgem's published Load Re-opener guidance, provide a transparent and predictable funding basis, and ensure that the projects can continue to progress efficiently towards Project Assessment and subsequent construction.

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

No. SSEN Transmission does not agree with Ofgem's proposed approach of applying a fixed 10% cap on Risk and Contingency (R&C) allowances to projects submitted through the Load Re-opener.

We do not consider a uniform cap to be appropriate for Load Re-opener projects. These projects are assessed through a different framework, at an earlier stage of development, and can have materially different risk profiles. [redacted]

Ofgem's proposed approach assumes that projects with different characteristics, maturity levels, delivery environments and uncertainty profiles can be accommodated within a single standard allowance. We do not believe this reflects efficient project risk management or the purpose of the Load Re-opener framework.

The evidence presented by SSEN-T throughout the RIIO-ET3 price control process demonstrated that risk allowances should be based on project-specific assessments and recognised estimation methodologies, rather than an arbitrary percentage cap. In response to Ofgem's RIIO-ET3 Draft Determinations, SSEN-T stated that Ofgem's reduction in R&C allowances failed to take proper account of market conditions, established cost estimation methodologies and industry best practice regarding uncertainty allowances. We also highlighted that supply-chain conditions, contractor pricing behaviour and wider market uncertainty had materially changed relative to RIIO-ET2, justifying higher risk provisions in certain circumstances.

At Final Determinations (5.30 of the ET Final Determinations Document), Ofgem stated that it intended to work with TOs to enhance future reporting on R&C and will look for TOs input to move away from a flat risk allocation in favour of scheme-specific data approach that that adequately factors in scheme characteristics such a size, complexity, maturity and intervention type.

[redacted]

We also note an apparent inconsistency between Ofgem's RIIO-ET3 Final Determinations, and the approach proposed in this consultation. In the Final Determinations, Ofgem indicated that R&C allowances for projects covered by re-opener mechanisms would be determined through the individual project assessment process, using the established re-opener guidance and more applicable and timely cost inputs. This supports assessment of re-opener projects on their specific circumstances, rather than through a blanket cap.

The application of a generic contingency percentage creates a contradiction with [redacted]

[redacted]

This is reinforced by Ofgem's own stated direction of travel in the RIIO-ET3 Final Determinations. Ofgem recognised the value of improving future reporting on risk and contingency, including more structured data collection on the risk sources factored into each Transmission Owner's methodology. Ofgem also indicated that it would look for TO input to move away from a flat risk allocation in favour of a scheme-specific approach, reflecting characteristics such as size, complexity, maturity and intervention type. The blanket 10% approach proposed in this consultation is difficult to reconcile with that position.

This is also consistent with the position SSEN-T has already provided to Ofgem in response to supplementary questions on risk and contingency. We noted that there is no requirement in Special Condition 3.18, the Load Re-opener and Price Control Deliverable provisions, or the Load Re-opener Guidance and Submissions Document to provide detailed R&C breakdowns as part of Eligibility Letter submissions. Eligibility Letters are early-stage submissions and are not Project Assessment submissions. The R&C information provided should therefore be treated as indicative, reflecting project maturity at that point in time, and reassessed at Project Assessment when more mature cost, scope, programme and risk evidence is available.

Importantly, SSEN-T is not asking Ofgem to provide allowances for Risk and Contingency at the Eligibility Letter stage. Any R&C values provided in response to supplementary questions were submitted for information only and should not be used by Ofgem as a basis for determining an allowance, applying a cap, or informing future benchmarking or comparative analysis. Given the early maturity of these schemes, the indicative R&C values are unlikely to be directly comparable with other projects and should not be treated as robust data points for future analysis.

Where percentages were provided, these were calculated by dividing the Risk and Contingency value by total Main Works Contract costs. This is consistent with the RIIO-ET3 Final Determinations position that R&C should be considered as a percentage of direct costs. However, that calculation should not be interpreted as acceptance that a flat allowance is appropriate; it reinforces the need for Ofgem to assess R&C on a project-specific basis at Project Assessment.

SSEN-T therefore considers that Ofgem should adopt a proportionate approach which preserves flexibility at Project Assessment. Rather than prescribing a fixed percentage cap or a single methodology at Eligibility Letter stage, the framework should allow risk allowances to be considered within the relevant cost class envelopes, where supported by the maturity of the project, the quality of the evidence available, and the nature of the uncertainty being managed.

- risk allowances can be considered as part of the relevant cost class envelopes at Project Assessment, where supported by appropriate evidence;
- the maturity of the project and quality of cost and risk evidence are taken into account when determining the efficient level of allowance;
- scheme-specific factors, including remoteness, stakeholder dependencies, consenting risk, outage risk and supply-chain constraints, can be taken into account where relevant; and
- Ofgem retains the ability to scrutinise, challenge and adjust unsupported or inefficient risk assumptions through the normal Project Assessment process.

This approach would better align with the principles of the Load Re-opener mechanism by allowing risk to be assessed using timely and project-specific evidence, without predetermining the outcome at Eligibility Letter stage. It would also maintain appropriate regulatory oversight, while ensuring that

network companies retain the ability to include efficient and justified risk allowances within the relevant cost class envelopes as projects progress and the evidence base matures.

In summary, SSEN-T does not support the application of a fixed 10% R&C cap for Load Re-opener projects. We consider that risk should be assessed on a project-specific basis at Project Assessment, using robust evidence, established risk assessment methodologies and the maturity of the project under consideration. This should include the ability to reflect efficient and justified risk allowances within the relevant cost class envelopes, rather than applying a blanket cap that may not reflect the legitimate delivery risks associated with complex projects, particularly those in the north of Scotland.

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

No. SSEN Transmission does not agree with Ofgem's proposed approach to Biodiversity Net Gain (BNG) costs for projects submitted through the Load Re-opener. While we support appropriate scrutiny of biodiversity-related expenditure and remain committed to delivering biodiversity enhancement in line with our environmental commitments, we do not consider it appropriate for Ofgem to determine or constrain BNG costs at the Eligibility Letter stage.

BNG costs are inherently uncertain at this point in the project lifecycle. Eligibility Letters are submitted before projects have reached the level of design, consenting and land maturity required to determine the final biodiversity baseline, residual impacts, mitigation requirements, delivery route or long-term management arrangements. At this stage, project boundaries, access arrangements, construction methodology, temporary land-take, environmental mitigation, habitat impacts and opportunities for on-site or off-site delivery may all continue to evolve. As a result, any assessment of BNG cost efficiency at Eligibility Letter stage is necessarily based on indicative assumptions rather than mature project-specific evidence.

This uncertainty is particularly acute in Scotland because the biodiversity planning and policy landscape continues to develop. Current planning policy under National Planning Framework 4 requires development proposals to contribute to biodiversity enhancement and, for national, major or EIA development, to demonstrate that biodiversity will be conserved, restored and enhanced so that it is left in a demonstrably better state than without intervention. However, the practical application of this policy remains subject to project-specific planning judgement, local authority expectations, evolving guidance and the development of Scottish approaches to biodiversity measurement. NatureScot has recognised that NPF4 Policy 3 requires significant biodiversity enhancement for relevant developments, while Scottish Government planning guidance continues to set expectations for how NPF4 biodiversity policies should be implemented. This means there is not a single fixed or fully settled basis for determining BNG requirements or associated costs at the early Eligibility Letter stage.

[redacted]

Our May 2026 Eligibility Letters reflected this position. [redacted]

[redacted] This reinforces the point that BNG assessment is a developing evidential matter and is more appropriately considered at Project Assessment, when SSEN-T can provide a more mature and auditable basis for any allowance request.

We therefore consider that Ofgem should not make a definitive assessment of BNG cost efficiency, or disallow biodiversity-related costs, at Eligibility Letter stage. Instead, Ofgem should confirm that BNG costs are eligible in principle where they are required to meet planning, consenting, regulatory or corporate environmental obligations, and should assess the efficient level of those costs at Project Assessment. At that stage, SSEN-T will be able to provide more developed evidence, including updated environmental surveys, BNG calculations, habitat impact assessments, land and access assumptions, delivery route, cost build-up, benchmark evidence and any planning or consent requirements imposed by the relevant authority.

This approach would be consistent with the purpose of the Load Re-opener framework, which is to allow projects to develop from early eligibility through to a more detailed Project Assessment using the best available and most timely project-specific evidence. It would also avoid the risk of prematurely underfunding legitimate biodiversity obligations, which could create planning and consenting delays, increase delivery risk and undermine the ability of projects to progress efficiently to construction. Future submissions will continue to reflect the most appropriate and evidence-based estimates available at the time. SSEN-T therefore considers that BNG costs should be assessed at Project Assessment, not determined at the Eligibility Letter stage.

Major Projects ODI

A2.14 MPQ1. For each project where we are minded-to apply the Major Projects ODI F, do you agree with our proposal?

We note that none of our submitted projects have been identified for application of the Major Projects ODI-F at this stage. We agree with Ofgem's current proposal and consider that this is appropriate given the nature and maturity of the projects submitted through the May 2026 Load Re-opener window. In particular, these projects are connection-driven and are being progressed to support specific customer and localised network requirements, rather than to deliver large boundary transfer capability or wider strategic reinforcement benefits of the type the Major Projects ODI-F was designed to incentivise.

We encourage Ofgem to take a holistic, evidence-based approach to Major Project determinations rather than relying on any single criterion in isolation. Greater clarity on how evidence is evaluated and how decisions are reached would improve transparency and regulatory certainty. We also support the principle that major projects should be defined by reference to clear and objective criteria, including materiality, strategic designation and the nature of the network benefit being delivered. In this context, we consider that projects should only be brought within scope of the Major Projects ODI-F where they meet the relevant threshold, for example projects above £300m or projects specifically designated as strategic by Ofgem or by NESO through Centralised Strategic Network Plan outputs. The projects submitted through this window contribute to the achievement of Clean Power 2030 and wider decarbonisation objectives, but they are primarily localised connection projects and do not, in our view, meet the policy intent of the Major Projects ODI-F.

This position is consistent with the RIIO-ET3 Final Determinations Electricity Transmission annex, which explains that the policy intent of the Major Projects ODI-F is to focus on large boundary transfer projects,

while the Connections ODI is intended to incentivise more localised upgrades. Ofgem also stated that the Major Projects ODI-F is expected to support delivery of projects that relieve constraint costs. Where a project is designed to connect a specific customer, does not facilitate material boundary transfer capability and is not associated with constraint cost relief, we do not consider that it would be appropriate to apply the Major Projects ODI-F.

We also consider that applying the Major Projects ODI-F at this stage would not be practical because the submitted projects are not yet mature enough to support a fair and accurate target delivery date. Under our internal Large Capital Projects process, the projects remain at an early development stage and are not yet sufficiently mature to establish a robust P50 delivery date. Key development activities, including detailed ground investigations, surveys, supply chain appointment, detailed design, constructability assessment and the development of mature risk registers, have not yet been completed. Until that work has been undertaken, we do not consider that there is a sufficiently robust evidential basis to calibrate an incentive against a target delivery date.

Setting an ODI against an immature P50 date would create regulatory risk for both SSEN-T and consumers. If the delivery date were set too aggressively, SSEN-T could be exposed to inappropriate penalties for delay risks that were not capable of being fully understood or quantified at this stage. Conversely, if the date were set too generously, consumers could be exposed to unnecessary reward payments. We therefore consider that applying the Major Projects ODI-F before the project schedule, risk profile and supply chain delivery assumptions have matured would risk a poorly calibrated incentive and would not be in consumers' interests.

In reaching its Final Determinations, Ofgem should also ensure that its approach is consistent with both the Load Re-opener Guidance and the Major Projects ODI guidance document. This is important to provide a clear, transparent and predictable assessment framework, and to avoid projects being brought within scope of the Major Projects ODI-F where this would not align with the stated purpose of the mechanism, the maturity of the project evidence, or the assessment route established under the Load Re-opener process.

We therefore agree with Ofgem's current proposal not to apply the Major Projects ODI-F to these projects at this stage. Any future consideration of the mechanism should be based on a mature project evidence base, a robust and auditable P50 delivery date, and a clear demonstration that the project meets the policy intent and eligibility criteria for the Major Projects ODI-F.

A2.16 MPQ3. Do you consider any projects we have not proposed to apply the Major Projects ODI-F on should be applicable?

No. We do not consider that the Major Projects ODI-F should apply to any of our submitted projects at this stage. The projects submitted through the May 2026 Load Re-opener window are being developed in response to specific connection requirements and localised network needs. While they support delivery of wider decarbonisation and Clean Power 2030 objectives, this does not in itself mean that they should be treated as major projects for the purposes of the Major Projects ODI-F. In our view, the mechanism should be reserved for projects that meet the relevant materiality and strategic criteria, including large boundary transfer projects or projects specifically identified as strategic by Ofgem or NESO through the Centralised Strategic Network Plan.

The RIIO-ET3 Final Determinations make clear that the Major Projects ODI-F is intended to focus on large boundary transfer projects, with the Connections ODI incentivising more localised upgrades. Ofgem also

linked the Major Projects ODI-F to projects that relieve constraint costs. The projects submitted through this window do not have those characteristics. They are not CSNP boundary transfer projects, are not associated with NESO Optimal Delivery Dates, and are not driven by the relief of constraint costs. They are instead being progressed to enable customer connections and the associated local network infrastructure required to support those connections.

There is also a practical and evidential issue with applying the Major Projects ODI-F at this stage. The submitted schemes are not yet sufficiently mature to set a fair and accurate target delivery date for incentive calibration purposes. In line with our internal Large Capital Projects process, a robust P50 date requires a mature delivery programme, developed design, detailed survey and ground investigation information, a more certain consenting and land position, supply chain input, and robust risk registers with realistic probability and impact assessments. Those inputs are not yet available for these projects.

[redacted]

Connections Reform also remains a relevant uncertainty. Where projects rely on customers accepting connection offers, there remains a risk that customer requirements, connection dates or acceptance positions change. Until those matters are sufficiently settled, any P50 delivery date would be subject to material uncertainty and would not provide a reliable basis for an output delivery incentive.

Applying the Major Projects ODI-F on the basis of an immature P50 date would create a significant risk of poor incentive calibration. This could result in unfair penalties for SSEN-T if the date is set too aggressively, or inappropriate consumer-funded rewards if the date is set too generously. We therefore consider that it would not be in the interests of either consumers or network companies to apply the Major Projects ODI-F until there is a mature and reliable evidence base to support any target delivery date.

We also note that, where projects are connection-driven, delivery incentives are more appropriately considered through the Connections ODI or any successor arrangements that apply to customer connection dates. As these projects are not CSNP projects and are not expected to have NESO Optimal Delivery Dates, we do not consider there is a clear rationale for applying the Major Projects ODI-F in addition to, or instead of, the connections-related incentive framework. Ofgem should avoid double-counting delivery incentives by introducing an explicit interaction rule to ensure the Major Projects ODI-F and Connections ODI-F only apply together where they relate to genuinely distinct outputs, consumer benefits and delivery activities, and do not duplicate rewards or penalties for the same underlying acceleration or delay.

Ofgem should also ensure that any decision on whether to apply the Major Projects ODI-F is made consistently with the Load Re-opener Guidance and the Major Projects ODI guidance document. A consistent application of these documents is essential to ensure that projects are assessed against the correct regulatory framework, that the interaction between the Load Re-opener and incentive mechanisms is clear, and that connection-driven projects are not inappropriately captured by an incentive designed for a different category of major strategic investment.

For these reasons, SSEN-T does not consider that any of the submitted projects should be brought within scope of the Major Projects ODI-F at this stage. Any future application should only be considered where the project clearly meets the policy intent of the mechanism, where it has a sufficiently mature and robust delivery programme, and where a reliable P50 date can be established for incentive calibration purposes.