Decision

RIIO-ET3 Load Re-opener: May 2026 submission window Final Determinations - Eligibility Assessment annex

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We received 28 Eligibility Assessment applications from National Grid Electricity Transmission plc (NGET) and Scottish Hydro Electric Transmission plc (SHET) in the May 2026 submission window for the RIIO-ET3 Load Re-opener. In August 2026 we published our Draft Determinations, and following consideration of the nine consultation responses, this document and the others published alongside it set out our Final Determinations.

Our Final Determinations is to confirm the:

- eligibility of 27 of the 28 projects submitted for Eligibility Assessment, granting associated Pre-Construction Funding (PCF) of £487.294m;
- ineligibility of one of the 28 projects submitted for Eligibility Assessment, providing no PCF and suggesting the project is funded through the Load Use-It-Or-Lose-It (UIOLI) mechanism; and
- Early Options Needs Case of 15 projects, allocating them to Assessment Track 2 - with the remaining 12 eligible projects allocated to Assessment Track 3.

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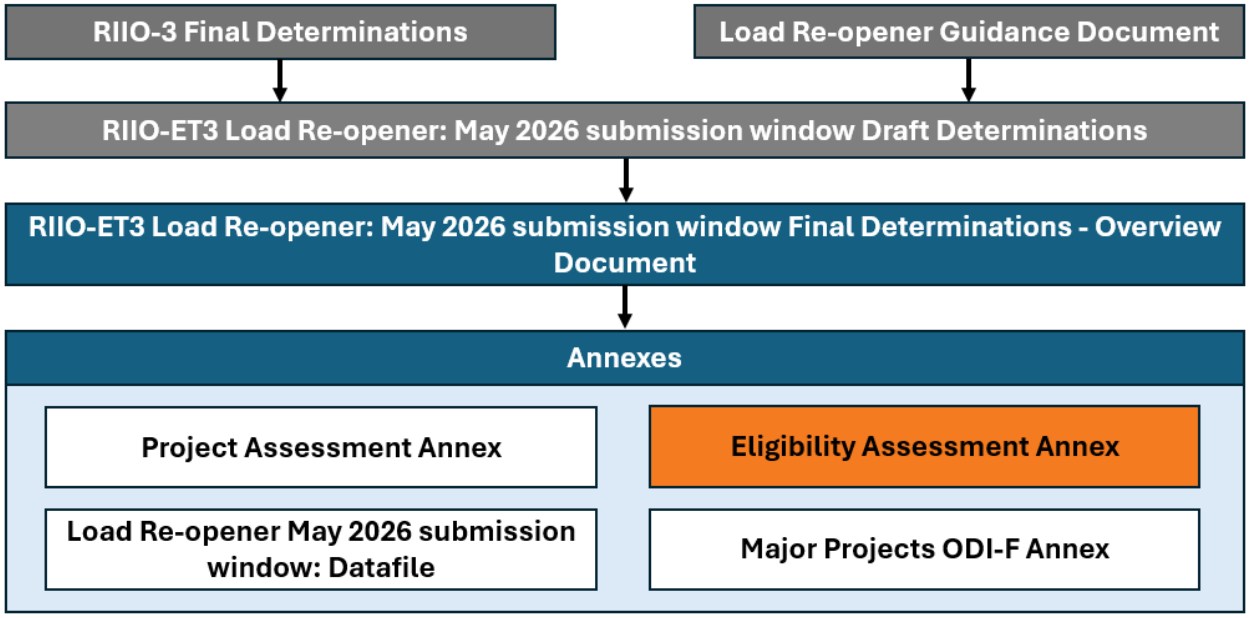
1. Introduction

1.1 This document is one of the annexes published alongside the RIIO-ET3 Load Re-opener May 2026 Final Determinations. It focuses on the Eligibility Assessment stage of the Load Re-opener regulatory process. It summarises the relevant consultation responses received from stakeholders, and provides an explanation of the changes made, if any, to our Draft Determination positions since the consultation.

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

- our consultation approach, stages, and summary of all related decisions; and
- the Load Re-opener regulatory processes and assessment approach.

Figure 1: Navigating our Final Determinations



What did we consult on?

1.3 In August 2026, we[1] published our Draft Determinations on our assessment of the 28 Eligibility Assessment applications received from NGET and SHET in the May 2026 submission window for the Load Re-opener. This included:

[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.

- any Pre-Construction Funding (PCF) allowances and our associated methodology;
- any decisions relating to needs cases (eg Early Options Needs Case approval as part of Assessment Track 2); and
- specific decisions relating to individual projects where required (eg where we proposed to reject the eligibility of a project).

1.4 We consulted on our Draft Determinations between 27 August 2026 and 24 September 2026, as well as drafts of the directions and licence modifications that would be used to implement the Draft Determinations. We received nine responses in total – one from each Electricity Transmission Operator (ETO), four from data centre developer and interest groups, one independent individual, and one from Citizens Advice.

1.5 We have also issued directions to set out any adjustments to PCF alongside this Final Determinations.

Related publications

1.6 This document is intended to be read alongside:

- RIIO-ET3 Load Re-opener: May 2026 submission window Final Determinations - Overview document
- Draft determinations for the RIIO-ET3 Load Re-opener May 2026 submission window | Ofgem
- ETO published May 2026 Load Re-opener applications:
  - NGET - RIIO T3 Re-openers | RIIO-T3
  - SHET - Our RIIO-T3 Business Plan - SSEN Transmission
  - SPT - RIIO-T3 Load Re-openers - SP Energy Networks
- Load Re-opener Guidance and Submission Requirements 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 Final Determinations

2.1 Assessment of a project's eligibility is the first stage for all Load Re-opener projects, irrespective of the Assessment Track.

2.2 Some projects were confirmed as eligible for the Load Re-opener in our RIIO-ET3 Final Determination (Assessment Track 1 projects). For all other projects, eligibility is determined during the RIIO-ET3 Price Control Period. ETOs must submit Eligibility Letters, which we assess to determine the project's eligibility for the Load Re-opener, as well as the appropriate Assessment Track (either 2 or 3).

2.3 Eligibility Letter submissions must meet the requirements set out in the Load Re-opener Guidance, dependent on the proposed Assessment Track, in order to be eligible. Through an Eligibility Letter, ETOs may apply to:

- determine whether the project is eligible for the Load Re-opener; or
- determine whether the project is eligible for the Load Re-opener and get approval of early optioneering and needs case (referred to as 'Early Options Needs Case').

2.4 A project will be allocated to Assessment Track 2 if the preferred option is PASE[2] aligned or, where the preferred option is not PASE-aligned, the ETO has demonstrated that the justification for its proposed solution is clear and uncomplicated, and the estimated total project direct costs are below the materiality threshold of £300m.

2.5 A project will be allocated to Assessment Track 3 if there is not yet a preferred option, the preferred option is non-PASE aligned and cannot be justified without the requirement for a detailed optioneering assessment, and/or the estimated total project direct costs are above the materiality threshold of £300m.

2.6 The Load Re-opener Assessment Track approach ensures that a proportionate amount of regulatory scrutiny is applied to each application, accelerating our assessment where certainty exists while ensuring robust consumer protection for projects with greater uncertainty.

2.7 If we determine a project is eligible for Assessment Track 2 or 3, a PCF allowance will be set, with a Price Control Deliverable (PCD) applied in line with Special Condition 3.15 (Pre-Construction Funding Re-opener and Price Control

[2] PASE (Pre-Approval of Solutions by Engineering) is Ofgem's framework for pre-approved engineering design solutions. A project being PASE aligned will minimise our need for detailed optioneering and engineering reviews. See the Load Re-opener Guidance Document for more details.

Deliverable). PCF provides ETOs with funding at early stages of project development to continue to design and seek consent for large ET investments.

2.8 Once a project has been developed further, the ETOs must submit the project for the next Assessment Stage of the relevant Assessment Track (ie Needs Case Assessment or Project Assessment).

2.9 Table EA1 lists all the Eligibility Letter applications received in the May 2026 Load Re-opener submission window and summarises our Final Determinations.

Table EA1: Summary of the May 2026 submission window Load Re-opener Eligibility Assessment Final Determinations

Project Name	ETO	Confirmed Assessment Track	Draft Determinations PCF allowances (£m)	PCF adjustment from Draft to Final Determinations (£m)	Final Determinations PCF allowances (£m)
Aberthaw – Site Strategy	NGET	Track 3	40.219	0.000	40.219
Banwen (Rhigos B)	NGET	Track 2	14.692	0.000	14.692
Berkswell	NGET	Track 2	5.831	0.000	5.831
Blyth 400kV Site Strategy	NGET	Track 3	29.733	0.000	29.733
Bodelwyddan 400kV Extension	NGET	Track 3	14.717	0.000	14.717
Bolney 400kV Site Strategy	NGET	Track 2	7.736	0.000	7.736
Bridgend	NGET	Track 3	23.946	0.000	23.946
East Claydon – Enderby – Patford Bridge 1 and 2 OHL	NGET	Track 2	12.439	0.000	12.439
ETRE	NGET	Rejected	N/A	N/A	N/A
Farmoor	NGET	Track 3	10.164	0.000	10.164

Project Name	ETO	Confirmed Assessment Track	Draft Determinations PCF allowances (£m)	PCF adjustment from Draft to Final Determinations (£m)	Final Determinations PCF allowances (£m)
Feckenham – Hams Hall OHL	NGET	Track 2	3.985	0.000	3.985
Feckenham – Ironbridge OHL	NGET	Track 2	5.908	0.000	5.908
Imperial Park 400/132kV Upgrade	NGET	Track 2	4.632	0.000	4.632
Ince SGT Extension	NGET	Track 2	4.597	0.000	4.597
Keadby 132kV	NGET	Track 2	4.088	0.000	4.088
Kingsnorth 400kV Extension	NGET	Track 2	7.291	0.000	7.291
Laleham 132kV Extension	NGET	Track 3	16.392	0.000	16.392
Lower Frankton 400kV AIS Substation	NGET	Track 3	25.694	0.000	25.694
North West London	NGET	Track 3	29.995	0.000	29.995
SCRE (COTT4 – STAY4) and WRRE (WBUR4 – RATS4) OHL	NGET	Track 2	12.039	0.000	12.039
Tees Dock Substation	NGET	Track 3	49.081	0.000	49.081
Tilbury 275kV Rebuild - RIIO T3 Holistic Site Strategy	NGET	Track 3	17.472	0.000	17.472
Warley 275kV Substation Replacement	NGET	Track 3	29.053	0.000	29.053

Project Name	ETO	Confirmed Assessment Track	Draft Determinations PCF allowances (£m)	PCF adjustment from Draft to Final Determinations (£m)	Final Determinations PCF allowances (£m)
Willington 132kV Rebuild	NGET	Track 2	3.250	0.000	3.250
Energy Isles (Kergord) Windfarm Connection[3]	SHET	Track 2	3.967	0.000	3.967
Knocknagael Farigaig HVP[3]	SHET	Track 2	15.955	0.000	15.955
Loch Na Cathrach Cluster[3]	SHET	Track 2	12.956	0.000	12.956
Shetland On-Island Infrastructure[3]	SHET	Track 3	81.462	0.000	81.462

[3] SHET explained in its consultation response that it disagreed with the presentation of requested PCF allowances in our Draft Determinations. SHET has clarified that the data provided in response to a supplementary question on requested PCF, which we used in our Draft Determinations, is the current view of the phasing of actual PCF funding and SHET's PCF request for each eligibility application is 8.2% of forecast costs. This clarification does not impact the PCF allowances presented in the table above as the 8.2% funding level was used in our calculation.

3. Our Eligibility Assessment (EA) decision-making

Our assessment process

3.1 In our Draft Determinations, we explained the information requirements which ETOs must follow when submitting an Eligibility Letter. We also set out our approach to Eligibility Assessment, which follows the process set out in the Load Re-opener Guidance and Submission Requirements document.

3.2 Through the Eligibility Assessment process we establish whether we determine the project to be eligible for consideration under the Load Re-opener mechanism, and where the project is deemed eligible decide an appropriate PCF allowance. We also assign an Assessment Track (which determines the next Assessment Stage for the project) Assessment Track 3 is the default, unless we determine it justified to approve the Early Options Needs Case and assign a project to the 'fast-track' Assessment Track 2.

3.3 The Eligibility Assessment does not confirm the needs case (outside of Early Options Needs Case approval) or provide full project funding. A more comprehensive quantitative analysis is carried out at Project Assessment, where final costs and outputs are set and granted PCF allowances can be reconciled. For more details on our assessment process, see the Draft Determinations Eligibility Assessment Annex.

Responses related to our assessment process

3.4 In its response to our Draft Determinations, NGET expressed some concerns relating to Ofgem's application of the Load Re-opener framework and the extent of the explanation of our proposals contained in our Draft Determination. NGET argued that the principles of procedural fairness require Ofgem to provide clear, evidence-based reasons for its proposals and decisions.

3.5 NGET called for earlier and more detailed engagement during the assessment process, particularly in relation to potential changes in assessment route and evidence requirements. NGET considered that this would provide greater clarity at an earlier stage and help mitigate the risk of delays, additional costs and uncertainty in project delivery.

3.6 We remain satisfied that our assessment of the projects submitted in the May 2026 submission window is consistent with the Load Re-opener framework and our published Guidance. The reasons for our assessment outcomes are set out clearly in our Draft Determinations documents. Additionally, our Draft Determinations provided ETOs with further guidance on the evidence required to

support effective assessment of their subsequent Needs Case submissions, where needed. Where necessary and appropriate we have expanded on our reasoning in the Final Determination, including in this document, and have provided commentary on issues raised in the consultation responses.

3.7 In the development of the Load Re-opener mechanism and assessment framework, we engaged extensively with ETOs, including on decision timelines and what these mean for the levels of engagement that will be possible during the assessment phases. The Load Re-opener assessment process aims to reach a final decision within six months of application submission, which in this first window we have achieved.

3.8 The Load Re-opener timescales mean that Ofgem needs to focus on appropriately scrutinising the ETO's submissions, and this leaves limited time for active engagement with the ETOs during the assessment process. To mitigate this limitation, it is essential that ETOs ensure that their applications are fully compliant with the guidance, unambiguous, and sufficiently comprehensive to enable Ofgem to assess them and arrive at fully informed decisions without the need to fill in any gaps through bilateral engagement.

3.9 Ofgem makes decisions on the submissions based on the information which is available, and considering our statutory duties. Where pertinent information is lacking, or unclearly or inaccessibly presented, it may be appropriate to reject submissions, or ask that they are resubmitted with complete information.

3.10 While we recognise NGET's desire for earlier clarity on our proposed positions and Assessment Track allocation, we disagree that failure to provide earlier clarity will impact on project delivery. We have explained this in Draft Determinations, Overview Document, paragraphs 3.5 and 3.6.

3.11 The Load Re-opener is designed to balance the need to make investment decisions at pace with the need to robustly scrutinise the ETOs investment proposals, ensuring that we arrive at the best outcomes for consumers. We recognise that this is the first assessment window of this new mechanism, and we will continue to consider ways to improve the process.

4. Our decisions on individual projects

4.1 In their May 2026 Load Re-opener Eligibility Letter submissions, NGET and SHET set out their initial plans to deliver the projects outlined below. There were no Eligibility Letter submissions from SPT in this submission window.

4.2 NGET submitted 24 eligibility applications with a total proposed forecast cost of £5,017.090m, and associated PCF allowance request of £411.200m.

4.3 SHET submitted four eligibility applications with a total proposed forecast cost of £1,591.374m, and associated PCF allowance request of £130.470m.

4.4 We received responses from eight stakeholders to our Draft Determinations in relation to our proposed Eligibility Assessment decisions. All responses agreed with the proposed eligibility of the 27 projects we proposed as eligible for the Load Re-opener and correspondingly granting PCF. However, there was some disagreement regarding Assessment Track allocation and our PCF methodology. NGET also disagreed with our proposal to reject the eligibility of its ETRE project.

4.5 We also received one response from an independent individual, which provided extensive commentary on the Load Re-opener, Major Projects ODI-F (MP ODI-F) and other associated mechanisms, as well as the individual projects set out in our Draft Determinations. The response did not provide clear views on the consultation questions or indicate agreement or disagreement with our proposals. Rather, it largely focused on broader evidential, procedural, and definitional considerations, supported in places by hypothetical scenarios. As such, while we have considered the points raised, they have not directly informed our conclusions on the matters consulted upon, with many of the topics already considered at RIIO-ET3 Final Determinations and in the mechanism design, and so the response is not referenced further below.

4.6 The below section sets out our Assessment Track decisions for all Eligibility Assessment stage applications, consultation responses pertinent to individual projects, and thematic issues that impact decision-making across projects.

Assessment Track 2 decisions

4.7 Table EA2 below provides an overview of the NGET and SHET projects we have determined for Assessment Track 2, and the respective PCF allowance.

Table EA2: Projects assigned to Assessment Track 2 and associated PCF allowances

Project name	ETO	Project forecast cost by ETO (£m)	Adjustment to project forecast cost (£m)	Project forecast cost informing PCF (£m)	ETO's PCF request (£m)	Ofgem's DD PCF allowance (£m)	Ofgem's FD PCF allowance (£m)
Banwen (Rhigos B)	NGET	196.500	-9.840	186.660	16.000	14.692	14.692
Berkswell	NGET	76.600	-3.836	72.764	6.300	5.831	5.831
Bolney 400kV Site Strategy	NGET	102.600	-5.138	97.462	8.400	7.736	7.736
East Claydon – Enderby – Patford Bridge 1 and 2 OHL	NGET	167.800	-8.403	159.397	13.800	12.439	12.439
Feckenham – Hams Hall OHL	NGET	54.300	-2.719	51.581	4.500	3.985	3.985
Feckenham – Ironbridge OHL	NGET	79.700	-3.991	75.709	6.600	5.908	5.908
Imperial Park 400/132kV Upgrade	NGET	60.450	-3.027	57.423	4.900	4.632	4.632
Ince SGT Extension	NGET	61.520	-3.081	58.439	5.000	4.597	4.597
Keadby 132kV	NGET	53.690	-2.689	51.001	4.400	4.088	4.088
Kingsnorth 400kV Extension	NGET	96.700	-4.842	91.858	7.900	7.291	7.291
SCRE (COTT4 – STAY4) and WRRE (WBUR4 – RATS4) OHL	NGET	157.800	-7.902	149.898	12.900	12.039	12.039

Project name	ETO	Project forecast cost by ETO (£m)	Adjustment to project forecast cost (£m)	Project forecast cost informing PCF (£m)	ETO's PCF request (£m)	Ofgem's DD PCF allowance (£m)	Ofgem's FD PCF allowance (£m)
Willington 132kV Rebuild	NGET	43.200	-2.163	41.037	3.500	3.250	3.250
Energy Isles (Kergord) Windfarm Connection[4]	SHET	52.369	-0.331	52.038	4.290	3.967	3.967
Knocknagael Farigaig HVP[4]	SHET	215.392	-10.569	204.822	17.660	15.955	15.955
Loch Na Cathrach Cluster[4]	SHET	162.618	0.000	162.618	13.330	12.956	12.956

4.8 In our Draft Determinations we proposed the projects set out in Table EA2 as eligible for the Load Re-opener and to be allocated to Assessment Track 2. Stakeholder responses demonstrated broad agreement with our proposed Assessment Track for these projects, with NGET and SHET agreeing with all allocations, as did Citizens Advice.

4.9 We also received responses from two data centre developers regarding specific projects. One response from a data centre developer, was in favour of our proposed allocation of NGET's East Claydon – Enderby – Patford project to Assessment Track 2. The other response, from a group of data centre developers, raised some concerns regarding the Assessment Track allocation of two NGET projects, Berkswell and Feckenham – Hams Hall OHL, which is discussed below.

4.10 Following consideration of all stakeholder responses, we have decided to confirm our Draft Determinations position and allocate all listed projects as eligible for Assessment Track 2. Additionally, we have decided not to move any projects proposed for Assessment Track 3 in our Draft Determinations to Assessment

[4] SHET explained in its consultation response that it disagreed with the presentation of requested PCF allowances in our Draft Determinations. SHET has clarified that the data provided in response to a supplementary question on requested PCF, which we used in our Draft Determinations, is the current view of the phasing of actual PCF funding and SHET's PCF request for each eligibility application is 8.2% of forecast costs. This clarification does not impact the PCF allowances presented in the table above as the 8.2% funding level was used in our calculation.

Track 2 - the reasoning for which is set out in the Assessment Track 3 section below.

Assessment Track 2: Project specific responses and decisions

NGET Berkswell, and Feckenham – Hams Hall OHL projects

4.11 In our Draft Determinations we proposed that both NGET's Berkswell, and Feckenham - Hams Hall OHL projects should be allocated to Assessment Track 2. This proposal was supported by both NGET and Citizens Advice.

4.12 While agreeing with their eligibility and the provision of PCF funding, one response from a group of data centre developers raised concerns over the choice of NGET's preferred engineering solutions on the basis that future demand growth associated with data centre developments in the regions could affect the suitability of the optioneering. As such, it proposed that the confirmation of eligibility for Assessment Track 2 and provision of PCF should not qualify as approval of the current design choices, delivery strategy or cost estimates. Instead, it proposed that PCF funding for these projects should have specific output conditions which consider demand developments relating to the projects, resulting in requirement for NGET to re-confirm project scope with Ofgem before submitting the projects for Project Assessment.

4.13 The response from the group of data centre developers did not provide any evidence of formal connection offers or other evidence that NGET's optioneering did not appropriately consider likely future connection scenarios. We do not consider additional PCF outputs to be necessary for these projects, as ETOs are already accountable for the consideration of needs case and project scope changes, which are to be managed through the Material Project Change process. Accordingly, we have decided NGET's Berkswell and Feckenham – Hams Hall OHL projects will proceed through Assessment Track 2.

Assessment Track 2: Cross-project responses and decisions

Approval of the preferred design choice

4.14 NGET and SHET requested explicit confirmation that Assessment Track 2 technical solutions are confirmed as "accepted" and "justified" by Ofgem. They argue this is required to provide certainty of their proposed solution and avoid unnecessary scrutiny at Project Assessment.

4.15 As set out in Special Condition 3.18 Load Re-opener and Price Control Deliverable and the associated Load Re-opener Guidance Document, by confirming Assessment Track 2 we have "approved" the needs case, optioneering and

preferred solution through an Early Options Needs Case approval. We believe this represents a clear formal position. The terms "Justified", "Partially Justified" and "Not Justified" are used only in relation to Assessment Stage 2: Needs Case Assessment, as this reflects the level of regulatory scrutiny provided at this stage of the Load Re-opener process. Where Assessment Track 2 confirmation is provided, ETOs can progress with regulatory certainty that the proposed solution will not be challenged again at Project Assessment, provided no substantive changes occur between submission of the Eligibility Letter and the Project Assessment that might be expected to materially impact the outcome of the needs case and/or option assessments. ETOs should engage with Ofgem and document any modifications to underlying assumptions or design elements that result from consenting/planning activities or stakeholder engagement between Assessment Stages.

Assessment Track 3 decisions

4.16 Following consideration of all consultation responses, Table EA3 below provides an overview of the NGET and SHET projects we have determined for Assessment Track 3, and the respective PCF allowance decision.

Table EA3: Projects assigned to Assessment Track 3 and associated PCF allowances

Project name	ETO	Project forecast cost by ETO (£m)	Adjustment to project forecast cost (£m)	Project forecast cost informing PCF (£m)	ETO's PCF request (£m)	Ofgem's DD PCF allowance (£m)	Ofgem's FD PCF allowance (£m)
Aberthaw – Site Strategy	NGET	530.300	-26.556	503.744	43.500	40.219	40.219
Blyth 400kV Site Strategy	NGET	400.900	-20.076	380.824	32.900	29.733	29.733
Bodelwyddan 400kV Extension	NGET	194.700	-9.750	184.950	16.000	14.717	14.717
Bridgend	NGET	319.500	-16.000	303.500	26.200	23.946	23.946
Farmoor	NGET	136.200	-6.820	129.380	11.200	10.164	10.164

Project name	ETO	Project forecast cost by ETO (£m)	Adjustment to project forecast cost (£m)	Project forecast cost informing PCF (£m)	ETO's PCF request (£m)	Ofgem's DD PCF allowance (£m)	Ofgem's FD PCF allowance (£m)
Laleham 132kV Extension	NGET	217.400	-10.887	206.513	17.800	16.392	16.392
Lower Frankton 400kV AIS Substation	NGET	347.700	-17.412	330.288	28.500	25.694	25.694
North West London	NGET	400.500	-20.056	380.444	32.800	29.995	29.995
Tees Dock Substation	NGET	657.500	-32.926	624.574	53.900	49.081	49.081
Tilbury 275kV Rebuild – RIIO T3 Holistic Site Strategy	NGET	231.770	-11.606	220.164	19.000	17.472	17.472
Warley 275kV Substation Replacement	NGET	389.090	-19.484	369.606	31.900	29.053	29.053
Shetland On-Island Infrastructure[5]	SHET	1160.995	-127.665	1033.330	95.190	81.462	81.462

4.17 In our Draft Determinations we proposed the projects set out in Table EA3 as eligible for the Load Re-opener and to be assigned to Assessment Track 3. Our reasoning can broadly be categorised into two groups:

1. projects that exceeded the £300m materiality threshold and are therefore automatically assigned to Assessment Track 3; and
2. projects below the £300m materiality threshold that in our judgement still did not meet the requirements for Early Options Needs Case approval through Assessment Track 2.

[5] SHET explained in its consultation response that it disagreed with the presentation of requested PCF allowances in our Draft Determinations. SHET has clarified that the data provided in response to a supplementary question on requested PCF, which we used in our Draft Determinations, is the current view of the phasing of actual PCF funding and SHET's PCF request for each eligibility application is 8.2% of forecast costs. This clarification does not impact the PCF allowances presented in the table above as the 8.2% funding level was used in our calculation.

4.18 Citizens Advice broadly supported all Assessment Track 3 project allocations, including where our proposal went against the proposals of the ETOs. NGET agreed with our proposed Assessment Track 3 allocation on three of its projects and disagreed on the remaining eight. SHET did not disagree with our allocation of its Shetland On-Island Infrastructure project to Assessment Track 3; however, it raised some project specific concerns. We also received responses from two data centre developers regarding NGET's North West London project.

4.19 Following consideration of all responses, we have decided to retain our Draft Determination position, approving eligibility and confirming Assessment Track 3 allocation of all the listed projects. Where consultation responses agreed with our draft decisions, the projects (NGET's Bridgend, Tilbury, and Lower Frankton 400kV AIS Substation) are not discussed further individually. Where consultation responses disagreed with our proposed Assessment Track allocation, or raised specific concerns, the details and our response are set out below.

Assessment Track 3: Project specific responses and decisions

NGET Bodelwyddan 400kV Extension

4.20 In our Draft Determinations, we proposed that NGET's Bodelwyddan project is eligible for the Load Re-opener and should be allocated to Assessment Track 3 for further scrutiny at Needs Case Assessment, as in our judgement it did not meet the requirements for Assessment Track 2 as proposed by NGET. Citizens Advice broadly supported our position. NGET agreed that the project is eligible for the Load Re-opener and eligible to receive PCF but disagreed with Ofgem's decision to allocate the project to Assessment Track 3.

4.21 NGET argued that the PASE framework is not being applied in accordance with the Load Re-opener Guidance Document. It argued that our position, to disqualify projects from Assessment Track 2 because they retain some legacy SF6 assets, disincentivises the transition to SF6-free technology - particularly where the overall design aligns with the PASE Variant and there is no evidence of increased engineering or consumer risk.

4.22 As set out in more detail in paragraphs 4.89-4.97 below, we disagree that the PASE framework has not been applied as written. While the proposed project incorporates SF6-free technology, it involves the extension of an existing SF6 Gas-Insulated Switchgear (GIS) installation and therefore does not fall within the pre-approved engineering solutions set out in the PASE framework. We therefore remain of the view that the preferred solution does not align with the relevant PASE category.

4.23 Our assessment is not intended to discourage adoption of SF6-free equipment. Rather, it reflects our view that the proposed configuration at Bodelwyddan requires further consideration through the Needs Case Assessment process before the preferred solution can be approved. We also consider that further evidence is required regarding the justification for the proposed GIS solution over Air-Insulated Switchgear (AIS) and the implications for future site development.

4.24 Given no further evidence has been provided by NGET in its consultation response, we maintain our Draft Determination position that the Bodelwyddan 400kV Extension is eligible for the Load Re-opener and PCF funding. We also maintain our decision that it will be allocated to Assessment Track 3 as this provides the appropriate level of scrutiny at Needs Case Assessment.

NGET Farmoor

4.25 In our Draft Determinations, we proposed that NGET's Farmoor project is eligible for the Load Re-opener and should be allocated to Assessment Track 3 for further scrutiny at Needs Case Assessment, as in our judgement it did not meet the requirements for Assessment Track 2 as proposed by NGET. Citizens Advice broadly supported our position. NGET agreed with our position that Farmoor is eligible for the Load Re-opener and to receive PCF, but disagreed with our decision to allocate the project to Assessment Track 3. NGET argued that the Farmoor project is below the £300m threshold for Assessment Track 3, has a single, technically defined preferred option, and that sufficient evidence to address any concerns was already supplied to Ofgem.

4.26 As set out in paragraph 4.17 above and the Load Re-opener Guidance Document, although a project being above the £300m materiality threshold dictates that it must be assigned to Assessment Track 3, being below the £300m threshold doesn't automatically assign the project to Assessment Track 2 (ie evidence to warrant the approval of the Early Options Needs Case must be provided). Similarly, the existence of a single, technically defined preferred option does not automatically determine the Assessment Track allocation. As such, projects can be assigned to appropriate Assessment Tracks based on our judgement in line with the Load Re-opener Guidance.

4.27 The key reason for our allocation of Farmoor to Assessment Track 3 was its proposed location in the Green Belt and the associated land and planning challenge with this, warranting in our view greater scrutiny at Needs Case Assessment to justify this preferred option. In its response, NGET argued that sufficient evidence was provided as to why sites outside the Green Belt were not selected and argued that doing so would not be in consumers' interest. NGET noted that they assessed non-Green Belt options on a multi-factor basis and that

progressing them would not add any overall planning or environmental benefit. We remain of the view that it has not been sufficiently evidenced why the preferred site inside the Green Belt was selected over options outside the Green Belt and why non-Green Belt options would be against consumer interests.

4.28 NGET also argued that our other concerns related to the Farmoor project are not justified. These included our request for further evidence that a PASE-aligned AIS option would face greater planning challenges than the preferred GIS option, insight into NGET's planning consent risk mitigation approach, and scenario planning regarding the BESS-customer connection.

4.29 We consider our concerns are justified for the reasons set out in our Draft Determinations and given that no further evidence has been provided by NGET in its response, we maintain our Draft Determination position that the Farmoor project will be allocated to Assessment Track 3 to proceed to a Needs Case Assessment.

NGET Laleham 132kV Extension

4.30 In our Draft Determinations, we proposed that NGET's Laleham 132kV Extension project is eligible for the Load Re-opener and should be allocated to Assessment Track 3 for further scrutiny at Needs Case Assessment, as in our judgement it did not meet the requirements for Assessment Track 2 as proposed by NGET. Citizens Advice broadly supported our position. NGET agreed with our position that the Laleham 132kV Extension project is eligible for PCF, but disagreed with Ofgem's decision that it should proceed through Assessment Track 3.

4.31 NGET stated that it disagrees because the project is below £300m, has a single preferred option, and it relied on the PASE framework within the Load Re-opener guidance as requiring the extension, not the existing substation, to be SF6-free.

4.32 A project being below the £300m threshold doesn't automatically assign the project to Assessment Track 2 as evidence to support the approval of the Early Options Needs Case is required. The existence of a single, technically defined preferred option does not automatically determine the Assessment Track allocation. As such, projects are assigned to appropriate Assessment Tracks based on our judgement in line with the Load Re-opener guidance.

4.33 As set out above in the section on NGET's Bodelwyddan 400kV Extension, and in further detail in paragraphs 4.89 - 4.97 below, we disagree that the PASE framework has not been applied as written. While the proposed project incorporates SF6-free technology, it involves the extension of an existing SF6 GIS installation and therefore does not fall within the pre-approved engineering

solutions set out in the PASE framework. We therefore maintain our decision that the preferred solution does not align with the relevant PASE category.

4.34 Our assessment is not intended to discourage the adoption of SF6-free equipment. Rather, it reflects our view that the proposed configuration at Laleham requires further consideration through the Needs Case Assessment process before the preferred solution can be approved.

4.35 NGET also stated that it addressed the future proofing concerns in answers to SQs provided during the assessment process. We disagree that the potential implications of a future uprating have been adequately considered.

4.36 As set out in our Draft Determinations, due to a strong likelihood that the network in west London will be uprated to 400kV in the future to cater for increasing demand, we are concerned that the Laleham site will need to be uprated to 400kV, and as such any investment which does not account for this may be written off in future. We require further information on the consideration NGET has given to the interface with potential future needs to uprate the network in west London to 400kV, including the potential for a rebuild of the new substation.

4.37 We maintain our Draft Determination position that the Laleham 132kV Extension is eligible for the Load Re-opener, and will award associated PCF. We also maintain our decision that it will remain in Assessment Track 3 and proceed to Needs Case Assessment.

NGET North West London

4.38 NGET agreed with our Draft Determination that the North West London (NWL) project is eligible for PCF but disagreed with Ofgem's decision that it should proceed through Assessment Track 3 based on its total project cost. It argued that NWL project comprises two underlying investment components (SER4 and ESC1) - neither of which individually exceeds the £300m threshold.

4.39 NGET explained that it presented those investment cases within one submission to streamline Ofgem's assessment and reflect its combined procurement strategy for delivering consumer value. It therefore considered that aggregating the investments should not automatically trigger Assessment Track 3.

4.40 In its submission, NGET stated that it's proposed technology choice for the NWL project has significant dependencies on, and interactions with, another related

project in its portfolio: the Letchmore Heath project.[6] NGET has indicated that it is likely to request allowances for the NWL project at Project Assessment stage through a combined submission with Letchmore Heath, as both projects are expected to be delivered jointly as a single programme. To streamline the assessment process, we therefore proposed in our Draft Determinations for NGET to submit a combined NWL – Letchmore Heath Needs Case submission under the Load Re-opener mechanism.

4.41 NGET opposed Ofgem's proposal of combining the Letchmore Heath with NWL in a singular standalone Needs Case Assessment submission under the Load Re-opener. It argued that this would duplicate scrutiny and delay Ofgem's decision on NGET's preferred option for Letchmore Heath, which it requires for its own internal approvals process. It claimed that an October 2026 resubmission could push the decision beyond a year after the original submission, despite construction due to start in December 2026.

4.42 Two data centre stakeholders expressed similar concerns that additional scrutiny could delay authorisation of the NWL project. They also considered that incorporating Letchmore Heath into the NWL package could further complicate and delay project delivery.

4.43 As recognised by NGET, NWL is a complex, multi-technology reinforcement package with significant interdependencies with Letchmore Heath. It is important that major reinforcement projects such as these are subject to appropriate scrutiny and due diligence before progressing to Project Assessment, to provide confidence that the proposals are in consumers' best interests.

4.44 For the NWL project, submitting the investment components separately would not remove the links between them or their interdependencies with Letchmore Heath. Separate submissions would therefore not have resulted in an Assessment Track 2 allocation simply because each component falls below the £300 million threshold. Given the project's scale, complexity and associated delivery risks, an integrated assessment is appropriate to ensure coherent assessment of the overall package and that it considers deliverability and consumer value. Our Draft Determination set out the information required to support effective assessment of the NGET's Needs Case submission for this project.

[6] NGET submitted the Letchmore Heath project for Final Needs Case assessment in February 2026 under the RIIO-T2 Large Onshore Transmission Investment mechanism.

4.45 Additionally, given the interaction with Letchmore Heath, any decision on the NWL Needs Case will consider the interactions and will not pre-empt or constrain any subsequent assessment and decision on Letchmore Heath.

SHET Shetland On-Island Infrastructure

4.46 In our Draft Determinations, we proposed that SHET's Shetland On-Island Infrastructure project is eligible for the Load Re-opener and should be allocated to Assessment Track 3 for further scrutiny at Needs Case Assessment as it is above the £300m materiality threshold.

4.47 SHET agreed with our Draft Determinations that the Shetland On-Island Infrastructure project was eligible for PCF; and recognised the rationale for allocating the project to Assessment Track 3, given the materiality of the investment and the importance of ensuring appropriate regulatory scrutiny before full project approval.

4.48 However, SHET argued that based on the evidence submitted to date, Ofgem should confirm its position on the appropriateness of the preferred 220kV solution. SHET stated that while the technology choice remains unresolved there is a material delivery risk as key procurement, consenting and design activities cannot progress with confidence. It stated that this could risk the timely connection of contracted generation and demand customers.

4.49 We note the additional information that SHET has provided to evidence its preferred solution, including the regulatory asset life assumptions for the onshore network and HVDC link. However, in line with the Load Re-opener process the next Assessment Stage, the Needs Case Assessment, is where the technology solution would be approved, if justified.

4.50 The provision of further information, as requested, through the Needs Case Assessment, should not delay delivery of the project. SHET can continue to progress its planning application along the timelines that it has indicated in its Shetland On-Island Infrastructure Eligibility Letter. The planning application is not dependent on the timing of any Needs Case Assessment approval (and subsequent Project Assessment), and the two processes can therefore run in parallel.

4.51 We also require additional information through the Needs Case Assessment on other aspects of the programme, beyond the 220kV technology choice. We have specified the information requested in our Draft Determinations Eligibility Assessment Annex document, paragraph 4.155.

4.52 SHET also stated that it is concerned that the £300m threshold is being applied as a decisive factor. We have addressed these concerns in paragraphs 4.59 - 4.62 of this document.

4.53 We maintain out Draft Determination position that the Shetland On-Island Infrastructure project is eligible for the Load Re-opener, and PCF. We also maintain our decision that it will be allocated to Assessment Track 3 and proceed to Needs Case Assessment.

Assessment Track 3: Cross-project responses and decisions

Assessment Track 3 and project delay

4.54 In its response to our Draft Determinations, NGET disagreed with our allocation of Assessment Track 3 on eight of its projects and reiterated preference for Assessment Track 2 allocation instead. As part of its reasoning, NGET expressed concern that allocation of projects to Assessment Track 3 may result in inefficient consumer outcomes due to the delay this causes to regulatory certainty of the preferred solution. To support its position, NGET refers to paragraph 1.18 of the Load Re-opener Guidance Document, which states: "*Where projects are above £300m and align with PASE we will aim to expedite these reviews*."

4.55 SHET also raised some similar concerns that Assessment Track 3 allocation would have implications for delivery certainty and programme timelines.

4.56 Assessment Track 3 is the default Assessment Track for all eligibility submissions unless justification is provided for Early Options Needs Case approval and resultant allocation to Assessment Track 2. Assessment Track 2 represents the acceleration of regulatory decision-making, where considered possible, within the agreed framework. Overall, this approach ensures that a proportionate amount of regulatory scrutiny is applied to each application, accelerating our assessment where sufficient certainty exists, while ensuring robust consumer protection for projects with greater uncertainty. We do not consider that allocation to Assessment Track 3 by default risks project delay. Projects assigned to Assessment Track 3 are allocated PCF allowing ETOs to develop them as required, with no need for network companies to wait for final funding decisions from Ofgem in order to mobilise or to commence construction.

4.57 Paragraph 1.18 of the Load Re-opener Guidance Document does not mandate Ofgem to expedite reviews of all projects in this category nor does "expedite" mean that a qualifying project would not be allocated to Assessment Track 3. Rather, it gives Ofgem discretion to determine whether an expedited review as part of the Assessment Track 3 process is appropriate based on the specific circumstances of each project.

4.58 Additionally, because NGET considers Assessment Track 3 allocation to risk project delay, it also considers that when a project's delivery is incentivised through the MP ODI-F it shouldn't also be allocated to Assessment Track 3. We do not consider Assessment Track 3 allocation to be inconsistent with application of the MP ODI-F. Project eligibility for the MP ODI-F is determined based on the criteria (project consumer value, strategic importance and other practicalities) set out in the MP ODI-F Governance Document. Given the high materiality of many projects assigned to Assessment Track 3 (ie due to the £300m materiality threshold), it's likely there may be correlation with incentive application (eg high-cost projects may be associated with strategic drivers or larger consumer benefits and so meet the incentive criteria).

Application of a £300m materiality threshold

4.59 NGET argued that the £300m threshold should be considered alongside each project's structure, strategic importance and delivery requirements, rather than automatically being assigned to Assessment Track 3. It considered that Ofgem should assess broader factors in its assessment of a project, rather than relying solely on the aggregate cost presented within the submission.

4.60 Similarly, SHET highlighted that using the cost threshold as the determining factor, rather than considering it alongside wider criteria, could place strategically important projects into Assessment Track 3 and therefore affect delivery certainty and programme timelines. We have addressed Assessment Track 3 and project delay above in paragraphs 4.54 - 4.58.

4.61 Ofgem determines the appropriate Assessment Track on a project-by-project basis. Assessment Track allocation is based on the evidence submitted and our assessment against the relevant requirements of the Load Re-opener framework.

4.62 In reaching our decision, we considered the cost threshold set out in the Load Re-opener Guidance Document. The Guidance states that major reinforcement projects exceeding £300m require a Needs Case Assessment, given their scale, materiality and potential consumer impact, irrespective of whether they align with the PASE Primary or Variant Options. It is important that the appropriate level of scrutiny and due diligence is applied to projects in this category as this is needed to progress to Project Assessment with confidence that the proposals are in consumers' best interests.

Ineligible applications

NGET Eggborough to Thorpe Marsh reconductoring (ETRE)

4.63 In our Draft Determinations, we proposed that NGET's ETRE project is ineligible for funding under the Load Re-opener as it does not exceed the £40m materiality threshold. NGET's forecast project cost is £40.670m. However, our assessment was that NGET had overestimated the level of risk and contingency provision and that a more appropriate risk and contingency estimate would bring the total forecast cost below the eligibility threshold value.

4.64 We received two responses regarding ETRE. One, from Citizens Advice, who supported our position. The other, from NGET, disagreed and argued that the project meets the eligibility requirements for the Load Re-opener. NGET argued that its estimate reflects project-specific quantitative risk analysis and reference class forecasting and is therefore appropriate for Eligibility Assessment purposes. NGET stated that its risk assessments represent the P-mean risk values, which in this case it estimates to be equivalent to a P65 risk value.[7]

4.65 The P50 project or portfolio risk represents the neutral view, where there is an equal chance of higher or lower outturn cost of all risk factors. According to NGET's own estimates the forecast project cost includes a P65 risk of approximately £10m, meaning that there is only a 35% chance that the final project cost will be as high as NGET's £40.670m total project forecast. Given that NGET's P65 forecast is only marginally above the threshold, the more likely outcome is that the outturn project cost will be below it. Accordingly, we have decided to maintain our draft determination that NGET's ETRE project is ineligible for the Load Re-opener.

4.66 In our Draft Determinations, we suggested the Load UIOLI can be used to fund the project instead of the Load Re-opener. In its response, NGET raised concern that using the Load UIOLI may result in unnecessary regulatory burden because there is a chance that future forecast costs could exceed the eligibility threshold. However, this argument could be applied to any project with a forecast cost just below the eligibility threshold as is not specific to this project.

[7] The P value of a risk assessment represents the estimated percent likelihood that the actual outturn cost of all risk factors will be equal to or lower than a given cost value. For example, a P50 risk of £10m, would mean that there is a 50% chance that the actual outturn cost will be equal to or lower than £10m and a 50% chance that it will be higher. On ETRE, NGET has estimated a P65 risk of approximately £10m. This means that there is a 65% chance that the risk value will be lower than NGET's estimate and a 35% (100% minus 65%) chance that it will be higher than the estimated £10m.

Thematic issues affecting all project decisions

Pre-Construction Funding (PCF)

4.67 In our Draft Determinations, we proposed to set PCF for eligible Load Re-opener projects by applying the funding level of 8.2% of forecast costs[8] for load and shared-driver projects established at RIIO-ET3 Final Determinations, alongside the 1% per annum ongoing efficiency challenge set for all companies across RIIO-3 at Final Determinations. Our approach was to apply this funding level to forecast project costs after reviewing the composition of ETOs' submitted forecasts and adjusting where necessary for risk and biodiversity-related costs (discussed in further detail below). Where relevant, we also took account of related project funding provided.

4.68 Citizens Advice was supportive of our approach to setting PCF allowances at the established 8.2% funding level and applying 1% per annum ongoing efficiency, striking a balance between enabling timely delivery while mitigating risks to consumers if a project is not delivered. NGET and SHET were supportive of setting PCF allowances at 8.2% of forecast costs, whereas SPT reiterated its response to RIIO-ET3 Draft Determinations that 8.2% is too low for the scope of pre-construction activities. All ETOs disagreed with our approach to applying ongoing efficiency to PCF allowances and applying adjustments to submitted forecast costs.

4.69 ETOs challenged the application of cost adjustments ahead of Project Assessment, and argued that the adjustments applied to PCF allowances risks underfunding pre-construction works and that any adjustments, if applied at all, should be applied on a case-by-case basis. ETOs also questioned whether applying adjustments to PCF at eligibility stage risks double counting potential future efficiency adjustments applied at project assessment.

4.70 We consider that our approach to setting PCF at 8.2% of forecast costs and applying the 1% per annum ongoing efficiency challenge remains appropriate, as it is consistent with the approach applied at RIIO-ET3 Final Determinations, including the approach to setting PCF for Assessment Track 1 Load Re-opener projects. NGET and SHET have emphasised in their consultation responses the relative immaturity of the early cost estimates provided at Eligibility Assessment stage, compared to Project Assessment. These early-stage cost estimates are

[8] Pre-Construction Funding (PCF) at 8.2% of total forecast project costs is a fixed rate that is set out in paragraph 1.19 of the Load Re-opener Guidance and Submission Requirements Document, which references the funding level for PCF set at RIIO-ET3 Final Determinations.

similar in maturity to many of the projects which were granted PCF in RIIO-ET3 Final Determinations, where ongoing efficiency was also applied.

4.71 Regarding the challenge of whether the PCF allowances proposed in our Draft Determinations risks underfunding pre-construction works, this view is incorrect. The purpose of the early provision of PCF is to reduce the risk that ETOs bear in progressing projects in consumers' interests. The early provision of PCF ensures that ETOs are provided with a reasonable level of funding across their portfolio of projects for pre-construction activities. The 8.2% rate applied to forecast costs at eligibility stage, when project costs are often highly uncertain, means that on some projects the ETO will receive more PCF than they eventually need and on others they will receive less. The PCF is reassessed at Project Assessment stage, and trued up or trued down, to ensure that ETOs are appropriately funded on all projects.

4.72 We consider setting PCF at the funding level established at RIIO-ET3 Final Determinations and applying the 1% ongoing efficiency challenge strikes a balance between funding ETOs to develop eligible Load Re-opener projects, while limiting risks to consumers when providing allowances at an early stage with less scrutiny than at Project Assessment. In addition, there remains an opportunity at project assessment to adjust PCF allowances to reflect the assessment of efficient costs at that stage. Therefore, we intend to maintain the same approach as set out in our Draft Determinations for PCF, including adjustments to forecast costs. Our response to the proposed adjustments to forecast costs set out in our Draft Determinations is discussed in the following sections on Risk and Contingency and Biodiversity costs.

Risk and Contingency

4.73 In our Draft Determinations, we proposed to adjust submitted forecast costs for eligible Load Re-opener projects by applying a risk and contingency cap of 10% of direct project costs for the purposes of calculating PCF. This is consistent with our proposed approach to risk and contingency for Project Assessment and aligns with the approach to risk and contingency set out in RIIO-ET3 Final Determinations for baseline load and non-load capex allowances.

4.74 Citizens Advice was supportive of applying adjustments to risk and contingency for the purpose of calculating PCF, but suggested that 10% is a generous amount. ETOs disagreed with our proposed risk and contingency adjustments to submitted forecast project costs for the purpose of calculating PCF allowances.

4.75 ETOs argued that the proposed approach does not reflect project-specific circumstances, including greater uncertainty and lower cost maturity for early-

stage projects. SHET also questioned statements in RIIO-ET3 Final Determinations setting out the intention to improve future reporting on risk and contingency.

4.76 The proposed approach in our Draft Determinations reflects the facts that cost forecasts at Eligibility stage are often highly uncertain, ETOs are not required to provide comprehensive justification for their forecasts, the application of an 8.2% flat rate for PCF is invariably imprecise when applied to individual projects, and PCF funding can be trued up or trued down at Project Assessment stage to ensure appropriate level funding on individual projects. It has been designed to be as consistent as possible with the approaches that will be applied to setting final project allowances at Project Assessment stage and to strike a balance between providing early funding for pre-construction works while limiting risks to consumers.

4.77 NGET used the same percentage multiplier to calculate risk and contingency in its submitted forecast costs for all eligible projects, indicating that it did not itself take a project-specific approach in developing this component of submitted forecast costs. The one exception to this is ETRE, discussed in the ineligible applications section above, where we concluded that the risk and contingency forecasts were too high and that a more appropriate forecast would bring the project below the £40m eligibility threshold.

4.78 The adjustments to risk and contingency did not result in a reduction to forecast costs for all of SHET's projects. Where a risk and contingency adjustment was applied, the resulting PCF allowances remained above SHET's current estimate of pre-construction costs submitted in its eligibility application. These adjustments have not resulted in SHET being underfunded relative to what it currently expects pre-construction costs to be for these projects.

4.79 Regarding SHET's comments on statements in RIIO-ET3 Final Determinations setting out the intention to improve future reporting on risk and contingency[9], development of more detailed reporting on risk and contingency is in progress, with new risk reporting introduced in the recent Draft Electricity Transmission reporting and guidance (RIIO-ET3) consultation.[10]

[9] RIIO-3-Final-Determinations: Electricity Transmission, paragraph 5.30, RIIO-3 Final Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors | Ofgem
[10] Draft Electricity Transmission reporting and guidance (RIIO-ET3)

Biodiversity costs

4.80 In our Draft Determinations we proposed to adjust biodiversity-related costs for the purpose of setting PCF allowances by applying a 3.5% cap to forecast project costs, addressing the variation observed in biodiversity cost estimates across projects with limited information on specific biodiversity impacts, and proposed enhancements. The calculation of the 3.5% cap was based on the percentage of biodiversity costs included in submitted forecast costs, across all May 2026 Load Re-opener Eligibility Letter submissions. We recognised the limited data available on biodiversity-related costs and explained our intention to continue to review the efficient level for biodiversity costs as further data becomes available.

4.81 ETOs disagreed with the application of a cap to biodiversity-related costs due to the limited data available to make this assessment. SHET also emphasised the uncertainty forecasting biodiversity-related costs in Scotland as the planning and policy landscape continues to develop. However, NGET and SPT were supportive of further work to refine the assessment approach for biodiversity-related costs.

4.82 Citizens Advice noted more information is required to make a final decision on how biodiversity costs should be determined, and suggested that the approach should be reviewed to ensure ETOs are funded to meet legal obligations without being granted an overly generous allowance.

4.83 Considering the responses to our consultation, we intend to maintain the same adjustment to biodiversity-related costs for calculating PCF. There was limited explanation provided in ETOs' Eligibility Letter submissions on how these estimates have been developed or why they represent an appropriate estimate. In their consultation responses, NGET and SHET highlighted the uncertainty involved with estimating these costs, but did not expand on how they had developed the forecasts submitted. The limited explanation means we do not consider a clear justification for biodiversity costs has been provided. We have therefore applied cost adjustments, for the purpose of calculating PCF, at Eligibility Assessment stage. As stated above, our approach seeks to strike a balance between providing funding for pre-construction works while limiting risks to consumers. PCF allowances can be adjusted for efficient costs at Project Assessment stage.

4.84 Further information on the assumptions used to develop biodiversity cost estimates would help to inform the appropriateness of adjustments proposed in our Draft Determinations. We would welcome further detail in future Load Re-opener submissions on how biodiversity-related cost forecasts have been developed and why they represent an appropriate estimate of efficient costs.

Battery Energy Storage System oversubscription

4.85 In our Draft Determinations, we recognised concerns arising from surplus Battery Energy Storage System (BESS) in the connections queue and wider Connections Reform uncertainties. We considered this uncertainty when assessing the May 2026 Load Re-opener applications, including whether each ETO's preferred option met its connection obligations while limiting the risk of consumers funding assets that may later not be required. [11]

4.86 We received two responses on this issue. Citizens Advice supported our position. NGET questioned whether the remaining uncertainty warranted Assessment Track 3 assessment of projects with BESS related customer connection drivers, and considered that targeted information requests and the Material Project Change process would be sufficient to manage this risk.

4.87 These projects would have been confirmed Assessment Track 3 regardless of whether the connecting customer was BESS or an any other type of connecting customer. We assessed each project individually with our decision reflecting the project's specific circumstances, including £300m project cost threshold, the preferred technology and the ETO's application of the PASE framework.

4.88 As set out in our Draft Determinations, we will continue to work with the National Energy System Operator (NESO), network companies and project developers to understand the implications of potential BESS oversubscription. This will support our aim of protecting consumers while enabling timely and robust connection offers across all technologies.

Application of PASE

4.89 NGET and SHET both expressed concerns regarding the PASE framework, including the need for clarity on interpretation. NGET stated that Ofgem had made decisions (including Assessment Track 3 allocation) that did not follow the PASE guidance or that were based on a version of the guidance which has been updated post application submission.

4.90 SHET stated that further clarification is required on the application of the PASE framework, and that there remains technical ambiguities on how key criteria are defined and applied, including the definition of urban density, the application of SF6-free GIS and the basis on which altitude and coastal proximity thresholds have been specified.

[11] Draft Determinations for the RIIO-ET3 Load Re-opener May 2026 submission window, Eligibility Assessment Annex, pg 48

4.91 NGET raised concerns about the published PASE guidance not being followed, especially around proximity to a coast being sufficient justification for a GIS option, and that the qualification around extensions of existing SF6 GIS was not explicit in the published wording of the framework. NGET argued that Ofgem must make decisions based on the guidance as it was established at the time of project submission development.

4.92 We addressed the topic of SF6-free extensions to existing SF6 GIS substations in our Draft Determinations. The guidance as currently written states that the PASE Variant category is for SF6-free extensions to existing SF6-free substations, with the result being that SF6-free extensions to existing SF6 GIS substations are non-PASE aligned.

4.93 We disagree that the PASE framework has not been applied as written in respect of these projects. While the proposed extensions for the Bodelwyddan and Laleham projects incorporate SF6-free technology, they involve the extension of an existing SF6 GIS installation and therefore do not fall within the pre-approved engineering solutions set out in the PASE framework as it is currently written. We therefore maintain our decision in these cases that the preferred solutions do not align with the relevant PASE category.

4.94 Additionally, for these two projects which included an SF6-free extension, the PASE categorisation was not the single deciding factor on the Assessment Track allocation, and was considered alongside other factors.

4.95 NGET also stated that several projects had been assigned to Assessment Track 3 based on interpretations of PASE that differ from the published guidance. We acknowledge that the PASE guidance on coastal proximity as a justification for GIS substations was clarified in correspondence with the ETOs in May, after submissions had been received.

4.96 The four projects which used coastal proximity as a justification for GIS over AIS (NGETs Aberthaw Site Strategy, Blyth 400kV Site Strategy, and Tees Dock Substation and SHETs Shetland On-Island Infrastructure), were all over the £300m threshold, which was the primary factor for allocation to Assessment Track 3. This was set out in our Draft Determinations, along with the further information required on the preferred solutions in each case.

4.97 Until it becomes more embedded, it is expected that there will be differences in interpretation in elements of the PASE guidance and areas where improvements can be made. We will continue working with stakeholders to improve clarity on the intent of our PASE framework as it becomes more embedded.

5. Conclusions and next steps

5.1 We have considered all consultation responses and concluded our assessment of the May 2026 RIIO-ET3 Load Re-opener applications with our Final Determinations.

5.2 This Annex sets out our decisions regarding all Eligibility Assessment applications. Projects approved for Assessment Track 2 can now proceed to the Project Assessment stage of the Load Re-opener, at which point final project funding and costs will be assessed. Projects approved for Assessment Track 3 will proceed to Needs Case Assessment stage of the Load Re-opener, for a dedicated assessment of the projects optioneering before being able to proceed to Project Assessment. ETOs must make their applications in an appropriate Load Re-opener submission window, as set out in the electricity transmission licence.

5.3 To give effect to our decisions on PCF, we consulted on the draft text for the required Directions to NGET and SHET's electricity transmission licences as part of the Draft Determinations. The final text issued for both directions can be found in the attachments of this publication.

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.