Decision

RIIO-ET3 Load Re-opener: May 2026 submission window Final Determinations - Overview document

Publication date:	06 November 2026
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The Load Re-opener enables the delivery of essential network infrastructure by allowing Electricity Transmission Owners (ETOs) to request additional allowances for new load projects which were not funded at the start of the RIIO-3 Price Control Period.

In August 2026, we published our Draft Determinations, where we consulted on the assessment of 30 applications made in the May 2026 Load Re-opener submission window from the three ETOs: National Grid Electricity Transmission plc (NGET), Scottish Hydro Electric Transmission plc (SHET) and SP Transmission plc (SPT).

This Overview Document summarises our Final Determinations and confirms the:

- eligibility of 27 of 28 projects submitted for Eligibility Assessment, granting Pre-Construction Funding (PCF) of £487.294m;
- ineligibility of one of 28 projects submitted for Eligibility Assessment, suggesting the project is funded through the Load Use-It-Or-Lose-It (UIOLI) mechanism;
- allocation of 15 of 27 eligible Eligibility Assessment projects to Assessment Track 2, with the 12 of 27 remaining in the standard Assessment Track 3;
- provision of £131.478m of the requested £142.077m funding for SPT's VSRE project, the single assessed Project Assessment application; and
- eligibility of SPT's VSRE project for the Major Project ODI-F, reversing our Draft Determinations position not to apply it on this project.

This document is published alongside three annexes which provide more detail on our Final Determinations across the different Assessment Stages of the Load Re-opener. These documents also provide summaries of our Draft Determinations and responses

to the consultation, explain our views on the responses received and how we have factored consideration of the responses into our Final Determinations.

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1. Introduction

1.1 Network companies are natural monopolies. Effective regulation of privatised for-profit monopolies is essential to ensure they cannot unfairly exercise their monopoly power to the detriment of their customers. This is particularly important in the case of essential utilities, such as energy, where consumers have no choice over whether or not to pay what they are charged. It is therefore crucial that an effective regulator protects energy consumers by controlling how much network companies can charge their customers.

1.2 Ofgem does this through periodic price controls that are designed to ensure network companies are properly incentivised to deliver the best possible outcomes for current and future energy consumers. This includes ensuring that consumers only pay for investments that are needed and do not overpay for those investments.

1.3 The current price control model is known as RIIO (Revenue = Incentives + Innovation + Outputs). RIIO-3 is the third electricity and gas price control under the RIIO model. The RIIO-3 Price Control Period runs from 1 April 2026 until 31 March 2031 for Electricity Transmission (ET), Gas Transmission (GT) and Gas Distribution (GD).[1] It includes a range of Uncertainty Mechanisms (UMs) that allow us[2] to assess network companies' applications for further funding during RIIO-3 and adjust their allowances[3] in response to changing developments during the Price Control Period.

1.4 Where possible, we have set automatic UMs, known as Volume Driver mechanisms, which provide network companies with immediate funding when they are required to undertake new customer connection works. In other areas, where the degree of uncertainty is too great to allow for an automatic mechanism, we set "re-openers".

1.5 Re-openers allow us to assess network companies' proposals robustly, once sufficiently accurate information is available. They are a type of UM that allow us to adjust a licensee's allowances (in some cases up and in some cases down), outputs and delivery dates in response to changing circumstances during the Price Control Period. For some re-openers we can do this by issuing a direction, provided certain requirements are met in line with the Gas Act 1986 and the

[1] RIIO-3 Final Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors | Ofgem

[2] 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.

[3] See our publication of the RIIO-3 Final Determinations for full information on the ETOs baseline funding allowances.

Electricity Act 1989. For some re-openers, modifications (ie modifications of licence conditions) must be made under section 11A of the Electricity Act 1989 or under section 23 of the Gas Act 1986.

1.6 The Load Re-opener applies to all Electricity Transmission Owners (ETOs) as governed by Special Condition 3.18 (Load Re-opener and Price Control Deliverable, LR_t) of the ET licence. It enables ETOs to request additional allowances for new load projects which were not funded or only partially funded at start of the Price Control Period.

Why we introduced the Load Re-opener in RIIO-3

1.7 The RIIO-ET3 price control framework recognises the step change in investment that is needed over the coming years to build a more secure, reliable, and affordable energy system. It responds to the scale and urgency of infrastructure delivery required to increase energy security and resilience and meet government growth and decarbonisation targets, while keeping a strong focus on cost control and protecting consumers.

1.8 RIIO-ET3 reflects the realities of delivering infrastructure at scale, with the possibility that, across the Price Control Period, over £70bn of investment in electricity transmission networks will be needed. The Load Re-opener was introduced as one of the key mechanisms to enable the delivery of essential network infrastructure. It is designed to balance the need to make investment decisions at pace with the need to robustly scrutinise the ETOs investment proposals, ensuring that overall, we arrive at the best outcomes for consumers. The Load Re-opener and interacting mechanisms have a number of design features that help deliver these outcomes, including:

- early provision of Pre-Construction Funding (PCF), enabling ETOs to fully develop critical strategic projects ahead of full project funding applications. The PCF covers the cost of surveys, assessments, stakeholder engagement, project design and engineering development, tasks associated with wayleaves and planning applications and Early Enabling Works (EEW);
- the Major Projects Output Delivery Incentive (MP ODI-F) and Connections ODI-F incentivise ETOs to deliver projects on-time or early where there is a consumer benefit, and for timely connection of customers to the network;
- the fast-tracking of projects where the engineering solution that the ETO has proposed aligns with pre-defined design and engineering principles under the Pre-Approval of Solution by Engineering (PASE) framework; and

- the Advanced Procurement Mechanism (APM) that helps mitigate supply chain risks by enabling ETOs to procure essential equipment years in advance of project approval, reducing the risk of delivery delays and higher costs arising from supply chain constraints.

1.9 Alongside the Load Re-opener, the Generation and Demand Volume Drivers, and the Load and Closely Associated Indirect (CAI) Use-It-Or-Lose-It (UIOLI) mechanisms provide automatic funding for projects expected to require only minimal levels of upfront scrutiny or where post-delivery scrutiny is considered sufficient.

The Load Re-opener mechanism design

1.10 Figure 1 sets out when and how our assessment of project applications varies through the different Assessment Tracks of the Load Re-opener mechanism.

Figure 1: Load Re-opener Assessment Tracks and their applicable Assessment Stages

Assessment Track	Eligibility assessment	Need assessment	Options assessment	Costs Assessment
Assessment Track 1	At RIIO-ET3 FDs or through a RIIO-ET2 re-opener mechanism.	At RIIO-ET3 FDs or through a RIIO-ET2 re-opener mechanism.	At RIIO-ET3 FDs or through a RIIO-ET2 re-opener mechanism.	Load Re-opener **PROJECT ASSESSMENT stage**
Assessment Track 2	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **PROJECT ASSESSMENT stage**
Assessment Track 3	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **ELIGIBILITY ASSESSMENT** stage[4]	Load Re-opener **NEEDS CASE ASSESSMENT** stage	Load Re-opener **PROJECT ASSESSMENT stage**

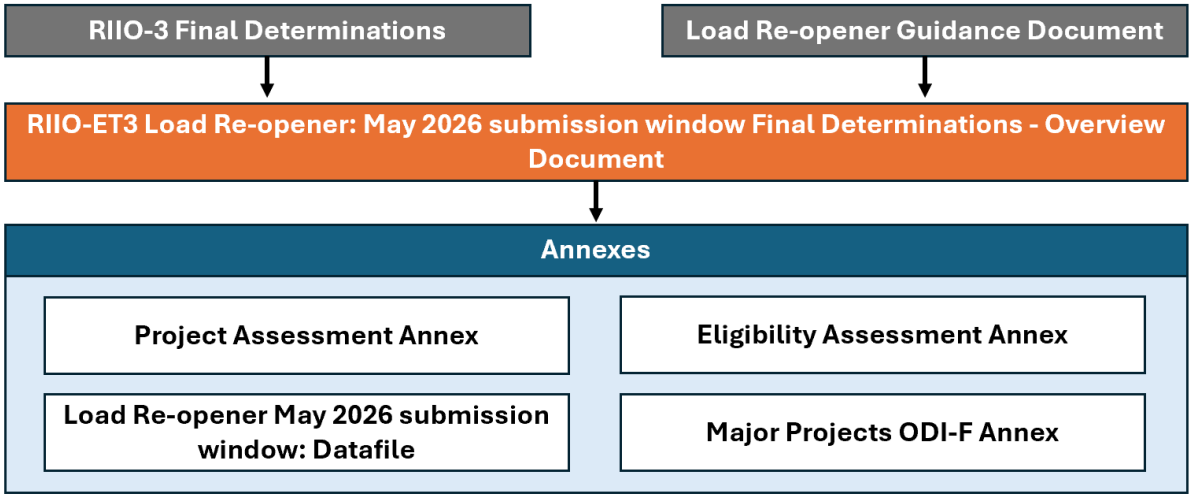
[4] While we primarily assess the need (ie whether there is a need for any money to be spent) at the Eligibility Assessment stage, in some cases, there may require the ETO to submit some further evidence at Needs Case Assessment stage to fully justify the need for investment.

1.11 For more details on our standard approach to re-opener assessment, as well as the mechanics of the Load Re-opener, please see Appendix 2.

Navigating our Final Determinations

1.12 Our Final Determinations are a suite of documents set out in Figure 3Figure 2 below. This document is the Overview Document, which sets out our standard assessment approach of ETOs' re-opener applications and an overview of our Final Determinations decisions - including the proposed project allowances for each Load Re-opener application. Where there are specific Assessment Stage or Assessment Track considerations, we have set this detail out in the relevant annexes.

Figure 2: Navigating our Final Determinations



Consultation stages and timings

1.13 This consultation ran for 28 days and closed on 24 September. The key stages are:

- **Stage 1:** Consultation open: 27 August 2026.
- **Stage 2:** Consultation closes (awaiting decision). Deadline for responses: 24 September 2026.
- **Stage 3:** Responses reviewed and published: with decision.
- **Stage 4:** Consultation outcome (decision).

Giving legal effect to our Load Re-opener decisions

1.14 We will give effect to our Final Determinations through licence modifications as set out in the associated licence conditions in the ET licences.

1.15 As part of our Draft Determinations, we consulted on a direction to modify Special Condition 3.15 (Pre-Construction Funding Re-opener and Price Control Deliverable (PCF_t and $PCFRE_t$)) and set PCF allowances for Load Re-opener Outputs following our Eligibility Assessment and Project Assessment. We have considered the responses and issued the directions as part of this publication.

1.16 Statutory licence modifications are required to give effect funding decisions as part of Project Assessment and to confirm the application of the MP ODI-F on any project. We will combine these consultations into a single publication which will take place in the near future.

Related publications

1.17 This document is intended to be read alongside:

- 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 Document & Re-opener Guidance and Application Requirements Document: Electricity transmission price control 2026 to 2031 (RIIO-ET3) guidance | Ofgem
- Re-opener Guidance and Application Requirements Document: Network price control 2026 to 2031 (RIIO-3) guidance page.
- 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 consultation responses and our Final Determinations

What we consulted on

2.1 On 27 August 2026, we consulted on our Draft Determinations for Load Re-opener applications made by ETOs in the May 2026 submission window (the first of 10 windows in RIIO-3). We considered each proposal and relevant justification for funding requested in accordance with our statutory duties, as well as the Load Re-opener Guidance Document and Re-opener Guidance and Application Requirements Document.

2.2 We also consulted on associated draft directions that would be used to implement the Authority's decision regarding changes to licensee PCF allowances.

2.3 We received 30 applications from the ETOs in total:

- 28 projects for Eligibility Assessment, with an associated PCF request of £541.670m;
- zero applications for standalone Needs Case Assessment; and
- two projects for Project Assessment, with ETOs' total requested funding of £425.947m.

2.4 We assessed 29 of these applications. This is because one application, NGET's Woolavington project submitted for Project Assessment, was previously submitted for Final Needs Case (FNC) approval under the RIIO-ET2 Large Onshore Transmission Investment (LOTI) mechanism. It will be eligible for funding through the Load Re-opener once the FNC decision has been published. We will publish a consultation on the FNC shortly, and will consult on full project funding under the Load Re-opener as soon as possible after the FNC decision is published.

Consultation responses

2.5 We received nine consultation responses in total. These consisted of one from each of the ETOs, Citizens Advice, four stakeholder groups and an independent individual. Some responses covered the majority of the consultation, whilst others were limited in scope to individual projects and/or questions.

2.6 Our proposed decisions for Eligibility Assessment stage applications received eight relevant responses. There was broad agreement in some key areas, such as our proposal to confirm the eligibility of 27 Eligibility Assessment stage applications and award PCF, as well as regarding all instances of Assessment

Track 2 allocation. Where we decided to allocate projects to Assessment Track 3, there was a more varied response which was different from project-to-project. There was also some disagreement regarding our proposal to reject the eligibility of one project, namely from the project owner NGET, as well as regarding our proposed PCF calculation methodology - where we had proposed some adjustments to requested funding.

2.7 Our proposed decisions for Project Assessment stage applications received three responses that directly addressed some or all of our Project Assessment consultation questions. We also took into consideration general comments or responses to other consultation questions that were relevant to Project Assessment. Our cost adjustments to SPT's VSRE project received the most detailed responses, with one respondent being broadly supportive of our approach and other respondents disagreeing.

2.8 Our proposals regarding the application of the MP ODI-F to Load Re-opener projects received seven consultation responses. Regarding our minded-to positions on Eligibility Assessment stage projects, the responses were either in agreement with or neutral to our proposals. Regarding the proposed decision not to apply the MP ODI-F to SPT's VSRE project, there was a more varied response.

2.9 For full details on the consultation responses, see each Assessment Stage annex as well as the redacted copies of the responses published alongside this decision.

Summary of our decisions

Eligibility Assessment (EA)

2.10 Through an Eligibility Letter, ETOs may apply for a determination that a project:

- is eligible for a full funding application through the Load Re-opener; or
- is eligible for a full funding application through the Load Re-opener, and qualifies for 'fast-track' assessment through Assessment Track 2 due to acceptance of the early optioneering (ie Early Options Needs Case).

2.11 Eligibility Letters should detail projects in the ETO's pipeline where eligibility was not agreed in our RIIO-ET3 Final Determinations (ie projects agreed at RIIO-ET3 Final Determinations progress through Assessment Track 1). If we determine a project to be eligible, it may progress through the Load Re-opener in either Assessment Track 2 or 3.

2.12 If we determine a project is eligible for Assessment Track 2 or 3, a PCF allowance of up to 8.2% of total project costs will be granted, with a Price Control

Deliverable (PCD) applied in line with Special Condition 3.15 Pre-Construction Funding Re-opener and Price Control Deliverable.

2.13 In our Draft Determinations, we proposed that 27 out of 28 Eligibility Assessment stage applications were eligible for the Load Re-opener and would receive PCF. Of these 27, we allocated 15 to Assessment Track 2, with the other 12 remaining in Assessment Track 3.[5] We proposed to reject the eligibility of one project, NGET's ETRE, as we determined the forecast cost to be below the £40m threshold for Load Re-opener eligibility. We also proposed a number of adjustments to the ETOs proposed forecast costs before applying the PCF calculation, which resulted in a total PCF allowance difference of -£54.376m from the requested £541.670m.

2.14 We received eight consultation responses regarding our Eligibility Assessment. There was agreement regarding proposed eligibility for all 27 projects and the corresponding provision of PCF. There was also broad agreement with all proposed Assessment Track 2 project allocations. There was some disagreement regarding the allocation of certain projects into Assessment Track 3, as well as the proposed ineligibility of the ETRE project. Some respondents also disagreed with elements of our PCF calculation methodology as well as on broader process points.

2.15 Table 1 below summarises the 28 Eligibility Letter applications received from NGET and SHET, and our respective final determinations. We have decided to confirm the provision of PCF to all 27 eligible projects and the ineligibility of NGET's ETRE project. We have also decided to retain all proposed Assessment Track allocations. We have decided to maintain our PCF calculation methodology meaning there is no difference in allowance compared to our Draft Determinations.

[5] Assessment Track 3 is the default Assessment Track that Eligibility Assessment applications are allocated to unless the project is below £300m and the ETO is successful in its application of Early Options Needs Case approval, which is required for it to be allocated to Assessment Track 2.

Table 1: Our final determinations for May 2026 Load Re-opener Eligibility Letter applications

ETO	Total EA applications by ETOs (#)	Total EA applications determined eligible (#)	Total PCF request for eligible projects (£m)[6]	Ofgem's DD PCF allowances for eligible projects (£m)	Ofgem's FD PCF allowances for eligible projects (£m)	Number of Assessment Track 2 projects (#)	Number of Assessment Track 3 projects (#)
NGET	24	23	407.900	372.954	372.954	12	11
SHET	4	4	130.470	114.340	114.340	3	1

2.16 For the full details on consultation responses and our final determinations on the Eligibility Assessments, please see the Eligibility Assessment Annex published alongside this document.

Needs Case Assessment (NCA)

2.17 Needs Case Assessment is the second Assessment Stage of the Load Re-opener for all Assessment Track 3 projects. We did not receive any Needs Case Assessment applications in the May 2026 submission window.

Project Assessment (PA)

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

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

2.20 In our Draft Determinations, we proposed an allowance of £130.080m, compared to the requested of £142.077m for SPT's VSRE project. This comprised of £123.852m Load Re-opener allowances and £14.548m of assessed PCF (which includes £8.320m of existing PCF allowances for the project).

[6] 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.

2.21 We received three consultation responses that directly addressed some or all of our Project Assessment consultation questions. We also took into consideration general comments or responses to other consultation questions that were relevant to Project Assessment. Our cost adjustments to SPT's VSRE project received the most detailed responses, with one respondent being broadly supportive of our approach and other respondents disagreeing.

2.22 Table 2 below summarises the total RIIO-ET3 allowances submitted for Project Assessment for the Load Re-opener May 2026 application window, and our respective final determinations.

Table 2: Our final determinations for May 2026 Load Re-opener Project Assessment applications

ETO	Number of PA Applications (#)	Company requested funding (£m)	Cost adjustment (£m)	Ofgem's Draft Determination allowances (£m)	Ofgem's adjustment from Draft Determinations to Final Determinations (£m)	Ofgem's Final Determination allowances (£m)
SPT	1	142.077	-11.997	130.080	+1.398	131.478

2.23 For the full details on consultation responses and our final determinations, please see the specific Project Assessment Annex published alongside this document.

3. Major Projects ODI-F (MP ODI-F) and Independent Technical Adviser (ITA) allocation

Allocation of projects for the MP ODI-F

3.1 For all projects eligible for the Load Re-opener, we have determined whether there is sufficient justification for applying an incentive to reward on-time delivery and penalise late delivery. Our determination considers the potential for consumer benefits, the strategic importance of the project, and whether there is sufficient information and certainty to support the design of an incentive – as set out in the MP ODI-F Governance Document.[7] When we consider these factors fulfilled, we will consult on the application and design of the incentive for specific projects.

3.2 Where we consider there may be consumer benefit from applying the incentive, but the incentive cannot be applied at this stage due to the unavailability of necessary inputs (eg delivery timelines are unclear or optioneering is immature), we can only determine a minded-to position. This position will be revisited in subsequent Load Re-opener consultations during RIIO-ET3.

3.3 In our Draft Determinations, we proposed not to confirm the application of the MP ODI-F on any projects submitted this window, including a proposed decision not to apply the incentive on SPT's VSRE project (the one project assessed at Project Assessment stage this submission window). Instead, we proposed minded-to positions to apply the MP ODI-F to 11 projects currently at the Eligibility Assessment stage. This means that the information we have now indicates that an incentive will be beneficial, but we need more information before making a final decision on its application and design. These positions will be revisited in subsequent Load Re-opener consultations before confirming the application of the incentive. All other projects were not considered suitable for the MP ODI-F at this stage.

3.4 We received seven consultation responses regarding the application of the MP ODI-F. The responses were either in agreement with or neutral to our proposals on all projects at the Eligibility Assessment stage. Respondents were mixed in their views on our proposal not to apply the MP ODI-F to SPT's VSRE project, which was submitted at the Project Assessment stage. In addition, there were some general

[7] Electricity transmission price control 2026 to 2031 (RIIO-ET3) guidance | Ofgem, Major Projects ODI-F Governance Document

comments regarding how the assessment criteria was applied, the scope of the incentive and potential for overlap with the Connections ODI-F.[8]

3.5 Our final determination is to maintain our position at Draft Determinations for all projects at the Eligibility Assessment stage. This means that we are minded-to apply the MP ODI-F at a later stage to 11 projects submitted as part of the May 2026 submission window for the Load Re-opener. We have decided to change our position on SPT's VSRE XH & XJ Routes 400kV Major Refurb project and apply the MP ODI-F to this project. We will publish a further policy consultation on the calibration of the ODI for this project.

3.6 For the full details on our proposed MP ODI-F application, please see the specific Major Projects ODI-F Annex published alongside this document.

Appointment of an ITA to Load Re-opener projects

3.7 We may appoint an Independent Technical Advisor (ITA) to assure Load Re-opener projects under Special Condition 6.2 Independent Technical Adviser of the ET licence. As set out in the ITA Guidance Document,[9] our ITA eligibility assessment is based on our view of the strategic importance, materiality, and complexity of eligible projects (which is all load projects).

3.8 As it is a new mechanism to RIIO-ET3, and the first window of the Load Re-opener falls within the first six months of the Price Control Period, the ITA remains in its early stages of implementation. As such, we have not yet allocated the ITA onto any Load Re-opener projects. In response to our Draft Determinations, Citizens Advice noted disappointment that the mechanism was not yet in use. We aim to provide an update during the October 2026 submission window cycle on the allocation of the ITA onto projects.

[8] The Connections ODI-F is a RIIO-ET3 incentive mechanism designed to incentivise ETOs to deliver connections projects in a timely manner, such that they meet contractual arrangements with customers.
[9] Electricity transmission price control 2026 to 2031 (RIIO-ET3) guidance | Ofgem, Independent Technical Advisor (ITA) Guidance Document

4. Total amount that consumers will pay through their bills

4.1 Any allowances we award to ETOs in the RIIO-3 Price Control Period, including through re-opener mechanisms, will be recorded against the relevant Regulatory Year in which that spending is expected to take place. When we award annual allowances under the Load Re-opener, these feed through to ETOs' annual allowed revenues (and so consumer bills) through two components:

1. 15% of the allowance in any Regulatory Year will be added to the allowed revenues for that year, ie will feed through to consumer bills in the year incurred. This is often referred to as "fast money".
2. The remaining 85% is then spread over the following 45 years. This is often referred to as "slow money".

4.2 Consumers pay an additional amount on this 85% to cover the interest on any debt raised by the company to finance the work (Cost of Debt, CoD) and allow the ETOs' shareholders to make a return (Cost of Equity, CoE).[10] From a consumer perspective, this is conceptually the same as repaying a 45-year loan to the ETOs with associated interest payments (with the interest rate being a combination of the Cost of Debt and the Cost of Equity).

4.3 For the May 2026 submission window, we have estimated how much the funding decisions in our Final Determinations will cost consumers in total over the full 45-year period in which consumers will pay through their energy bills. The total amount that consumers will pay to each ETO is summarised in Table 3 below. The headlines from this analysis are presented below with all amounts in 2025/26 prices, which is the most recent completed Regulatory Year. Allowance figures are for all Price Control Periods (ie they include RIIO-3 allowances, as well as any allowances that will be awarded through subsequent price controls):

- For the total £672m re-opener allowances approved, consumers will pay an estimated £1,324m to the ETOs.

[10] For more information, please see the RIIO-3 Final Determinations: Finance Annex, with the CoD and CoE discussed in Chapters 2-4, and capitalisation rates (the 15% and 85% split) discussed in Chapter 12. RIIO-3 Final Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors | Ofgem

- For some projects, the allowances we award at Project Assessment stage through the Load Re-opener include allowances for Closely Associated Indirect (CAI) activities. For the other projects, ETOs may utilise funding provided through the CAI UIOLI mechanism to cover their efficiently incurred CAI costs. We estimate the ETOs will receive an additional £10m through the CAI UIOLI for these projects.
- The remaining £643m additional amount paid by consumers is to cover the ETOs' debt interest payments and shareholder returns. This breaks down as follows:
  (1) £348m (+51% of total allowances) additional will be paid over 45 years by consumers to cover the ETOs' debt interest payments; and
  (2) £295m (+43% of total allowances) additional will be paid by consumers over 45 years to the ETOs as a return on their shareholders' investments.
- The present value of the £1,324m total amount to be paid by consumers to the ETOs is £730m.

4.4 Please note that we have updated our methodology since publication of our Draft Determinations to align with updated RIIO-3 financing assumptions. These updates include introducing the Weighted Average Cost of Capital (WACC) and the Regulatory Asset Value (RAV) in a semi-nominal price base. For more information, see Chapters 2 and 4 of the Finance Annex of RIIO-3 Final Determinations.

4.5 It should be noted that the estimates do not account for any rewards or penalties that may apply under any delivery-related incentive mechanisms (eg MP ODI-F), and do not account for the impact of any amounts that consumers may pay to ETOs to cover the tax payable on their profits.

4.6 The estimates also assume that the ETOs spend no more or less than their allowances. If an ETO over-spends or under-spends, the Totex Incentive Mechanism (TIM)[11] shares the cost or benefit between consumers and ETOs. Consumers pay for a portion (between 75% and 95%) of any over-spend, and the total amounts they pay will be reduced by amounts equal to similar proportions of the under-spend.

[11] For RIIO-3, we have introduced a 'Stepped TIM' for ET. For over/under-spend of up to 5% from allowances, ETOs share, meaning they are exposed to or rewarded with, 25% of that over/under-spend, with the remaining 75% paid for or returned to consumers. ETO sharing decreases with larger over/under-spend, with 10% sharing at 5%-20% over/under-spend and 5% sharing beyond 20% over/under-spend.

Table 3: Estimated total amount to be paid by consumers through their bills for these Final Determination (£m)

Company	Price Base	Paid by Consumers: Reopener Allowances	Paid by Consumers: CAI UIOLI Mechanism	Paid by Consumers: Company Debt Repayments	Paid by Consumers: Company Shareholder Return	Total Paid by Consumers	Present Value of Total Paid by Consumers
NGET	2023/24	372.954	-	187.398	162.117	**722.469**	395.630
SHET	2023/24	114.340	-	61.521	49.702	**225.563**	123.615
SPT[12]	2023/24	139.798	9.240	75.929	63.130	**288.096**	161.895
Total	**2023/24**	**627.092**	**9.240**	**324.848**	**274.948**	**1,236.128**	**681.140**
Total	**2025/26**	**671.797**	**9.898**	**348.006**	**294.549**	**1,324.251**	**729.698**

4.7 We did not carry out an Impact Assessment for this consultation for the reasons set out in our Draft Determinations. This reasoning has not changed following consultation, with the impacts of our decisions factored into the estimates published at the time of RIIO-ET3 Final Determinations. We will continue to be transparent regarding the consumer bill impacts of our decision-making and aim to monitor the cumulative effect of our Load Re-opener decisions on an ongoing basis as we progress through the Price Control Period.

[12] For projects at Project Assessment stage, this includes existing PCF allowances set at RIIO-ET3 Final Determinations as well as any additional PCF granted through our assessment.

5. Conclusions and next steps

5.1 For decisions related to PCF, directions have been issued by Ofgem, setting out relevant outputs and allowance adjustments. These allowances have been adjusted by changing the value of the re-opener terms listed within the licence and for the Regulatory Years to which that adjustment relates. We have included the directions in the attachments of this publication.

5.2 We will in due course issue statutory consultations to modify the relevant ETOs' licences to give effect to our Project Assessment decisions related to funding, outputs, delivery timelines, and delivery incentives (MP ODI-F) associated with these Final Determinations.

5.3 We will include the draft text for the proposed licence amendments in the relevant statutory consultation document. Please note, this may be revised following consultation on the proposed licence drafting.

Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this consultation. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

Appendix 1. Glossary

A1.1 Definitions in this Glossary are relevant to this document only and do not supersede other definitions in the Load Re-opener Guidance Document and ET licences.

Term	Definition
Assessment Stages	Eligibility Assessment, Needs Case Assessment, and Project Assessment stages under the Load Re-opener.
Assessment Tracks	Three regulatory tracks determining scrutiny level based on maturity, complexity, and PASE alignment.
Atypical Project	Connection project with forecast costs outside RIIO-ET3 volume driver thresholds.
Boundary Reinforcement	Reinforcement increasing transfer capability across system boundaries and/or maintaining SQSS compliance.
CAI UIOLI Allowance	The Closely Associated Indirect (CAI) Use it or lose it (UIOLI) allowance is an uncertainty mechanism which provides upfront funding for operational expenditure associated with load-related projects (with direct costs under £150m) via an allowance which can be recovered for projects in scope.
Clean Power 2030 (CP2030)	Policy target requiring transmission capacity to support a decarbonised power system by 2030.
Closely Associated Indirect (CAI) Costs	Costs that support the operational activities. These costs include network policy (including research and development), network design and engineering, engineering management and clerical, wayleaves administration, control centre, system mapping and health and safety functions.
Cost and Output Adjusting Event (COAE)	Event under Special Condition 3.18 allowing amendment of outputs, delivery dates or allowances.

Term	Definition
Centralised Strategic Network Plan (CSNP)	NESO-led plan identifying strategic system reinforcements.
Early Options Needs Case	Means when an ETO is seeking approval of the needs case for a preferred option at Eligibility Assessment.
Eligibility Assessment (EA)	Stage determining whether a project meets criteria and assigning Assessment Track 2 or Assessment Track 3.
Eligibility Letter	Means the document that the licensee must provide to the Authority in accordance with Part D of Special Condition 3.18 (Load Re-opener and Price Control Deliverable (LR_t)) when seeking to apply for a Project Assessment Decision under that condition.
Engineering Justification Paper (EJP)	Document required at Needs Case Assessment stage for Assessment Track 3 projects.
Independent Technical Adviser (ITA)	The party (or parties) appointed by the Authority to fulfil the role of providing assurance to the Authority on the design, procurement, cost and overall delivery of selected load projects delivered by Transmission Owners. It may be used to inform Authority decisions, by providing assurance of the information on which a decision is being taken.
Load Re-opener Guidance Document	Means the document of that name issued by the Authority in accordance with Part J of Special Condition 3.18 (Load Re-opener and Price Control Deliverable).
Load Related Expenditure	Means expenditure incurred by the licensee in relation to transmission infrastructure works that are primarily driven by changes in system demand or generation, and which are: (a) ETO identified works; (b) supported by ETO Construction Agreements (TOCAs); (c) recommendations from NESO; or (d) associated with new or modified connections, reinforcement,

Term	Definition
	or fault level mitigation works required to accommodate load growth or generation changes.
Load Re-opener Output	Means outputs specified in Appendix 1 of Special Condition 3.18 (Load Re-opener and Price Control Deliverable) which are the assets constituting an investment in the Transmission System, which investment: (a) is expected to cost more than £40m of capital expenditure; and (b) is, in whole or in part, load-related.
Major Project	For the purpose of Special Condition 4.8 (Major Projects output delivery incentive (MPI_t)), means an infrastructure project constituting an investment in the Transmission System, which has been designated as a Major Project under Special Condition 4.8 (Major Projects output delivery incentive (MPIt)), Part B or Part C.
Major Projects (MP) ODI-F	Incentive mechanism rewarding timely delivery of strategically important projects.
Material Project Change	Significant change in cost, scope or timing requiring reassessment.
National Energy System Operator (NESO)	Organisation responsible for system planning, NOA and strategic design inputs.
Needs Case Assessment (NCA)	Assessment Track 3 stage validating need, justification and consumer value.
Network Options Assessment (NOA)	NESO's recommendation process for reinforcements and system options.
Optimal Delivery Date (ODD)	NESO independent assessment of the date which delivery of the major project would bring the most benefit for the consumer.

Term	Definition
Outputs Delivery Incentive (ODI)	Incentive attached to performance against project delivery obligations.
P50 Delivery Date	Delivery date with 50% probability used for ODI-F parameters.
PASE (Pre-Approval of Solutions by Engineering)	Ofgem's framework for pre-approved engineering design solutions.
PASE Primary Option	Engineering design fully aligned with PASE principles.
PASE Variant Option	Adapted engineering design still consistent with PASE principles.
Pre-Construction Funding (PCF)	Means the funding required to complete Pre-Construction Works on a Load Re-opener Output or CSNP Re-opener Output or output otherwise listed in appendix 2 of Special Condition 3.15 (Pre Construction Funding Re-opener and Price Control Deliverable (PCF_t and $PCFRE_t$)).
Project Assessment (PA)	Stage determining efficient cost allowance and readiness for delivery.
Price Control Deliverable (PCD)	Defined licence output with associated allowance and delivery date. PCDs allow us to return money to consumers in the event that the output is not delivered.
Price Control Period	Means the period of five Regulatory Years commencing on 1 April 2026.
Regulatory Year	Means a 12-month period beginning on 1 April and ending on 31 March of the following year.
RIIO-ET3	Electricity transmission Price Control Period 2026–2031.

Term	Definition
Target Delivery Date (TDD)	The reference date for setting the Major Projects ODI-F.
UIOLI (Use It or Lose It)	Mechanism requiring return of unspent allowances.
Whole-Life Cost Analysis (WLCA)	Assessment of lifetime cost including construction, O&M, carbon and extendibility impacts.

Appendix 2. Load Re-opener assessment and approval processes

A2.1 Re-openers are a type of RIIO uncertainty mechanism (UM). Depending on their design, they allow us to adjust a licensee's allowances (in some cases up and in some cases down), outputs and delivery dates in response to changing circumstances during the Price Control Period.

A2.2 The purpose of our decision-making process for re-opener applications is to ensure efficient use of the consumers' money and that consumers only pay for projects that deliver sufficient benefits relative to their cost. 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 overall we arrive at the best outcomes for consumers. Our assessment and approval process comprises a number of stages.

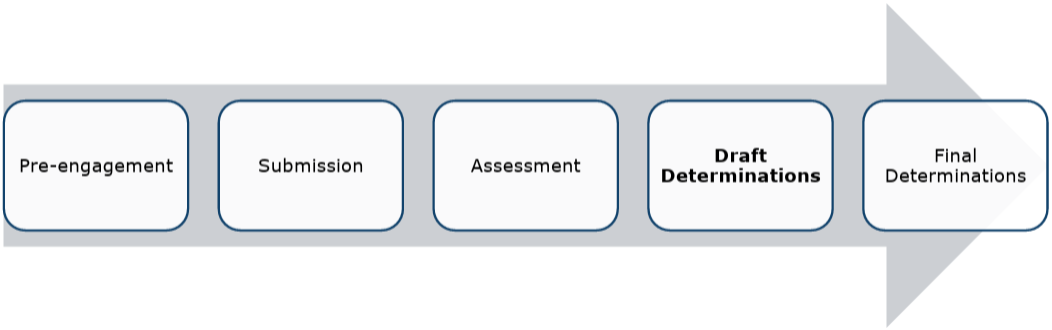
Standard re-opener application assessment processes

A2.3 The re-opener assessment and decision-making process are as follows:

- **Pre-engagement:** Before applications are made, we engage with licensees to understand the materiality and complexity of the projects and to help ensure that their applications contain the information we need to properly assess them.
- **Application:** Licensees are required to submit their re-opener applications in defined application windows. Licensees are also required to publish their complete applications (subject to some permitted redactions) on their websites in accordance with the Re-opener Guidance and Application Requirements Document.
- **Assessment**: Project proposals and funding requests are assessed in accordance with the Re-opener Guidance and Application Requirements and the relevant licence requirements.
- **Draft Determination:** We consult on our Draft Determination which provides our minded-to position on any applications. This includes the allowances we are proposing to award based on our view of the efficient cost of delivering work we consider to be justified. We also typically publish for consultation, alongside our Draft Determination, drafts of the directions that will be required to give effect to the proposed decisions.

- **Final Determination:** Following consideration of consultation responses, the Final Determinations finalises our position on our assessment of the re-opener applications. We also issue a direction for implementing the Authority's decision for the relevant licensee's re-opener application, and where required, will undertake a statutory consultation on proposed licence modifications to give effect to the Authority's decision.

Figure 3: Our standard re-opener assessment process



Standard project assessment process

A2.4 To be approved for specific funding, all projects, regardless of which mechanism funding is being requested through must undergo three assessments:

1. **Need**: assessment of whether there is a need for any money to be spent. The need for investment might be demonstrated by one or multiple drivers, for example new windfarms and batteries requiring a connection to the grid in the same area might demonstrate a need for a new transmission substation.
2. **Options**: the purpose of options assessment (or 'optioneering') is to ensure that network companies have appropriately considered all viable options for meeting the previously demonstrated need, and that it has selected the option that overall is in the best interest of consumers. For example, where the need is to connect multiple new windfarms and batteries in the same area there may be a range of viable options. All viable options might involve the construction of a new substation, but might differ in substation technology choice (such as Air-Insulated Switchgear or Gas-Insulated Switchgear) or choice of location for siting the new substation. Each option will have different costs, and may deliver different benefits. The option that is in the best interest of consumers is usually the one that delivers the highest net benefit (ie benefit to consumers minus the cost that consumers will pay).
3. **Costs**: once need has been demonstrated the best option has been determined we next need to set the level of funding ('allowance'). The

allowance is set based on our assessment of the cost an efficient network company would deliver the project for. Allowances may be split across different funding mechanisms, meaning when setting allowances for a project under one mechanism (eg the Load Re-opener) we need to consider the allowance that has been or may be provided through other mechanisms (eg other uncertainty mechanisms or historical funding).

Project delivery timeframes

A2.5 The RIIO price control framework has been designed to ensure that project delivery timeframes are not dependent on the timing of individual in-period funding decisions, such as those through re-opener mechanisms. The framework as a whole ensures that where a network company proposes a project that is in the best interest of consumers, then the company can invest with confidence that it will receive the appropriate level of allowances. The network company therefore does not need to wait for funding decisions from Ofgem if it needs to mobilise or commence construction in order to meet required delivery timeframes (eg to meet a required customer connection date).

A2.6 The Load Re-opener has also been specifically designed to ensure that ETOs have clarity over the levels of funding that they will receive as early as possible, including:

- confirmation of PCF at Eligibility Assessment stage, meaning that the ETO will have early confirmed funding for the initial phases of eligible projects. This early funding confirmation ensures that ETOs, can progress the projects without risk and at the pace needed to fulfil any obligations to customers and to meet strategic objectives.
- our aim to make decisions on applications within six months of application submission. This ensures that consumers have clarity as early as possible on how much they will pay for projects, and ETOs have clarity on final levels of funding in accelerated timeframes compared to projects of similar magnitude in previous Price Control Periods.

The Load Re-opener mechanism design

A2.7 As part of the RIIO-3 price control, we introduced the Load Re-opener mechanism in ET to allow ETOs to apply for additional allowances for new load projects which were not included in baseline allowances set out in our RIIO-3 Final Determinations. The Load Re-opener provides flexibility for ETOs to deliver necessary network infrastructure at pace, whilst protecting consumers from unnecessary costs.

A2.8 Due to uncertainty regarding ET load system needs at the time of RIIO-3 business plans, relatively low load baseline allowances were agreed in our RIIO-3 Final Determinations compared to ETO forecasts. This means we expect a significant amount of load investment to flow through the Load Re-opener when compared to similar re-opener mechanisms in previous price controls. The investment is expected to enable ET infrastructure investment associated with connection requirements, as well as national strategic decarbonisation and energy security goals.

A2.9 Qualification criteria for projects eligible for funding through the Load Re-opener are set out in Special Condition 3.18 of the ET licences. In summary, these projects are typically either associated with boundary reinforcement, are identified by National Energy System Operator (NESO) in its strategic planning, or are atypical generation or demand connection projects. To be eligible, projects must also expect capital cost of more than £40m, and not be funded through other mechanisms, such as the Load Use-It-Or-Lose-It (UIOLI) or connections volume driver.

Our approach to Load Re-opener application assessment

A2.10 Under the Load Re-opener, how and when we carry out our three standard re-opener assessments (ie need, options, costs) varies depending on the Assessment Track that we consider to be appropriate, and at defined Assessment Stages.

- **Assessment Tracks** - define the overall pathway an application follows, ensuring that each project is scrutinised appropriately considering its materiality, complexity, and maturity, as well as taking account of any prior assessment carried out by the start of the Price Control Period. There are three Assessment Tracks, ranging from a single-stage review for projects with established engineering options at RIIO-3 Final Determinations (Assessment Track 1) to multi-stage assessments dependent on project complexity and value (Assessment Tracks 2 and 3).
- **Assessment Stages** - are the distinct steps within each Assessment Track that serve specific regulatory purposes – first confirming project eligibility for the Load Re-opener, before carrying out the assessments explained in paragraph A2.4 above (ie need, options, costs). There are three defined Assessment Stages:
  1. Eligibility Assessment (EA)
  2. Needs Case Assessment (NCA)
  3. Project Assessment (PA)

An ETO is required to submit a separate application for a project at each relevant Assessment Stage.

A2.11 Figure 4 sets out when and how our assessment of project applications varies through the different Assessment Tracks of the Load Re-opener mechanism.

Figure 4: Load Re-opener Assessment Tracks and their applicable Assessment Stages

Assessment Track	Eligibility assessment	Need assessment	Options assessment	Costs Assessment
Assessment Track 1	At RIIO-ET3 FDs or through a RIIO-ET2 re-opener mechanism.	At RIIO-ET3 FDs or through a RIIO-ET2 re-opener mechanism.	At RIIO-ET3 FDs or through a RIIO-ET2 re-opener mechanism.	Load Re-opener **PROJECT ASSESSMENT stage**
Assessment Track 2	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **PROJECT ASSESSMENT stage**
Assessment Track 3	Load Re-opener **ELIGIBILITY ASSESSMENT** stage	Load Re-opener **ELIGIBILITY ASSESSMENT** stage[13]	Load Re-opener **NEEDS CASE ASSESSMENT** stage	Load Re-opener **PROJECT ASSESSMENT stage**

A2.12 Where the purpose of the ETO's application is to establish eligibility only (ie Stage 1: Eligibility Assessment of Assessment Track 3), our assessment considers:

- the materiality of the project (ie is the project above the materiality threshold of £40m);
- the network need the ETO is seeking to address;
- the credible options under consideration; and
- indicative or average cost ranges associated with those options to enable us to set an appropriate PCF allowance.

[13] While we primarily assess the need (ie whether there is a need for any money to be spent) at the Eligibility Assessment stage, in some cases, there may require the ETO to submit some further evidence at Needs Case Assessment stage to fully justify the need for investment.

A2.13 Where the purpose of the application is to establish eligibility and Early Options Needs Case (ie Stage 1: Eligibility Assessment of Assessment Track 2), in addition to the assessment set out above in paragraph A2.12, we consider:

- the materiality of the project (ie is the project below the materiality threshold of £300m);
- the suitability of the preferred design choice of the ETO and quality of optioneering;
- whether the project is PASE aligned, and if not, whether a non-PASE aligned option is justified sufficiently; and
- the economic case for the project from the perspective of energy consumers.

A2.14 Where the purpose of the application is to confirm project funding and outputs (ie Stage 3: Project Assessment of all Assessment Tracks), our assessment:

- considers the proposed project scope, outputs, delivery timelines and cost estimates by the ETO; and
- applies quantitative modelling with qualitative judgement to reach a robust and proportionate view of efficient funding.

A2.15 Full descriptions of our approach to each Assessment Stage can be found in the relevant consultation annexes.

Other Load Re-opener project decisions

A2.16 There are a number of other RIIO-ET3 mechanisms that interact with the Load Re-opener. Our Load Re-opener decision process therefore includes decisions on relevant interacting mechanisms. As such, where appropriate we will determine:

- whether the MP ODI-F[14] will be applied to Load Re-opener projects; and
- whether a Load Re-opener project will be applicable for the ITA.[15]

A2.17 As projects mature and progress from design to delivery and operation we expect events to occur that will require us to consider modifying or supplementing decisions we previously made. We therefore may through our Load Re-opener Draft and Final Determinations:

[14] The MP ODI-F incentives the timely delivery of significant new ET projects where this provides a meaningful consumer benefit. The incentive may be applied to any project eligible for the Load Re-opener.

[15] The ITA is the party (or parties) appointed by the Authority to fulfil the role of providing assurance to the Authority on the design, procurement, cost and overall delivery of selected load projects delivered by Transmission Owners. It may be used to inform Authority decisions, by providing assurance of the information on which a decision is being taken.

- report, and where required, consult on any changes to past Load Re-opener decisions, such as Project Cancellations, Material Project Changes, and/or Cost and Output Adjusting Events (COAEs).

ETO application requirements

A2.18 ETOs may submit an application at an appropriate Assessment Stage in any of the defined Load Re-opener application windows during RIIO-ET3. There are ten windows in total, two each year, one in spring and one in autumn.

A2.19 The requirements that licensees must adhere to when submitting applications under the Load Re-opener are set out in two documents:

- The Re-opener Guidance and Application Requirements Document, which sets out the general requirements applying to re-openers in RIIO-3, and
- The Load Re-opener Guidance Document, which gives additional requirements specific to the Load Re-opener

The latest versions of both of these documents can be found here: Network price control 2026 to 2031 (RIIO-3) guidance page.

A2.20 In our RIIO-ET3 Final Determinations we committed to making Load Re-opener decisions within six months of application. This is significantly shortened compared to comparable decisions in previous price controls. Our ability to robustly assess an application is highly dependent on the quality of an ETO's application and timeliness in subsequent engagement. If, having reviewed an ETO's application material, we consider there are gaps or non-compliance with application requirements, then it is likely that the application will be rejected or subject to significant disallowances if at the Project Assessment stage.

ETO publication requirements

A2.21 Given the materiality of projects that may be funded through the Load Re-opener, with total allowances potentially worth tens of billions of pounds, it is essential that ETOs are open and transparent with consumers and other stakeholders in relation to the projects and how much consumers will need to pay for them. To aid with this, the Re-opener Guidance and Application Requirements Document requires an ETO to publish its complete application in a prominent place on its website.

A2.22 The ETO must publish the application within five days of it submitting its application to Ofgem. Although the ETO is required to publish the complete application, it is permitted to redact some elements in accordance with the Redaction Policy (Annex 12 to the Re-opener Guidance).

A2.23 The ETO may make redactions only where they are necessary. Except in the case of national security, if redacting any information from its application then the ETO is required to publish an explanation of the nature of the redactions and reasons for them.