

# Consultation

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## North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

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Publication date:	12 February 2024
Response deadline:	11 March 2024
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We are consulting on our minded-to position on the Early Construction Funding (ECF) submission requested by National Grid Electricity Transmission plc (NGET) for the North-West Wales (NWW) electricity transmission project as governed by NGET’s electricity transmission licence (the Licence), Special Condition (SpC) 3.41 ‘Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR<sub>t</sub>)’. We are also consulting on our corresponding proposed modification to adjust the term ASTIA<sub>t</sub> as referenced in Appendix 1 of Spc 3.41.

We would like views from people with an interest in new transmission infrastructure, meeting the net zero challenge and competition in onshore transmission networks. We particularly welcome responses from consumer groups, stakeholders impacted by the project, stakeholders with an interest in the costs of electricity transmission infrastructure, and transmission owners. We would also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose, and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

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## **Contents**

<b>North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence .....</b>	<b>1</b>
<b>Executive summary .....</b>	<b>4</b>
Next steps .....	5
<b>1. Consultation .....</b>	<b>6</b>
What are we consulting on? .....	6
Related publications .....	6
Consultation stages .....	7
How to respond .....	7
Your response, data and confidentiality .....	7
How to track the progress of the consultation .....	8
<b>2. NWW Early Construction Funding assessment.....</b>	<b>10</b>
Overview of NWW .....	10
ECF request .....	12
Procurement for long lead items .....	12
Early enabling works .....	12
Our Minded-to position .....	14
Procurement for long lead items .....	14
Early enabling works .....	14
<b>3. Next steps .....</b>	<b>15</b>
<b>Appendices .....</b>	<b>16</b>
<b>Appendix 1 – Notice of statutory consultation to modify SpC 3.41 .....</b>	<b>17</b>
<b>Appendix 2 – Draft of proposed modifications to the Special Conditions of the electricity transmission licence held by National Grid Electricity Transmission Plc .....</b>	<b>19</b>
<b>Appendix 3 – Privacy notice on consultations .....</b>	<b>26</b>

## Executive summary

Under National Grid Electricity Transmission plc (NGET) electricity transmission licence, Special Condition (SpC) 3.41 'Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIR<sub>t</sub>)' Part C: Early Construction Funding (ECF), we can provide Transmission Operators (TOs) with ECF for any Accelerated Strategic Transmission Investment (ASTI) Output that may not exceed 20% (except in exceptional circumstances)<sup>1</sup> of the total forecast project cost to enable permitted early construction activities required to accelerate projects ahead of receiving planning permission. The permitted<sup>2</sup> early construction activities could include:

- Strategic land purchases
- Early enabling works
- Early procurement commitments
- Other activities approved in advance by Ofgem

As part of the ECF re-opener mechanism, we will undertake a high-level assessment of the proposed early construction activities to determine whether costs are reasonable, within the stated threshold of 20% of total forecast project cost and are in line with the purpose of the mechanism. We will not undertake a detailed cost assessment at this stage, and we will not form a view on whether the proposed expenditure is efficient. We will undertake a full cost assessment, including early construction costs, at the ASTI Project Assessment (PA) stage.

On 9 November, in line with the ASTI Guidance and Submission Requirements Document,<sup>3</sup> NGET notified us that it was going to make an ECF request regarding its North-West Wales (NWW) electricity transmission project which consists of Pentir to Trawsfynydd cable replacement (Network Options Assessment (NOA) code: PTC1) and a second transmission circuit on the existing Pentir to Trawsfynydd route (NOA code: PTNO). NGET's formal submission was made on 26 January 2024.

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<sup>1</sup> As detailed in Section 4 of the Accelerated Strategic Investment Guidance and Submission Requirements Document ([Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document \(ofgem.gov.uk\)](#))

<sup>2</sup> [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 4.13

<sup>3</sup> [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document , paragraph 3.12

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**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

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Our minded-to position is to adjust the allowances set out in Appendix 1 (ASTIA<sub>t</sub>) of Special Condition 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIA<sub>t</sub>)' in NGET's electricity transmission licence to allow NGET's ECF expenditure request. The term will have the value given in the corresponding updated version of the ASTI Confidential Annex. The statutory notice of our proposed modification to adjust the ASTIA<sub>t</sub> term as referenced in Appendix 1 SpC 3.41 is included in Appendix 1 of this consultation.

**Next steps**

We welcome responses to our consultation on the specific questions we have included in Chapter 2. If you would like to respond to this document, then please send your responses to: [RIIOElectricityTransmission@ofgem.gov.uk](mailto:RIIOElectricityTransmission@ofgem.gov.uk). The deadline for responses is 11 March 2024. We aim to publish our NWW ECF decision and the decision to modify NGET's license in spring 2024.

## 1. Consultation

### What are we consulting on?

- 1.1 This document sets out our minded-to position on NGET's ECF request for the NWW project which consists of Pentir to Trawsfynydd cable replacement (Network Options Assessment (NOA) code: PTC1) and a second transmission circuit on the existing Pentir to Trawsfynydd route (NOA code: PTNO).
- 1.2 Chapter 2 summarises our view on the ECF request for the NWW project at this stage and our minded-to decision. Our consultation questions are:
- Q1: Do you agree with our minded-to position to provide ECF for the NWW project? Please include your reasoning.
  - Q2: Do you agree with our proposed modification to adjust the ASTIA<sub>t</sub> for NWW as referenced in Appendix 1 SpC 3.41?
- 1.3 Our assessment and minded-to position set out in this document are subject to our consideration of any consultation responses and we invite stakeholders to respond using the contact details set out on the front of this document.

### Related publications

- 1.4 Decision on accelerating onshore electricity transmission investment:  
[Ofgem.gov.uk/publications/decision-accelerating-onshore-electricity-transmission-investment](https://www.ofgem.gov.uk/publications/decision-accelerating-onshore-electricity-transmission-investment)
- 1.5 Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment:  
[Ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment](https://www.ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment)
- 1.6 Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment, Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document:  
[Ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment](https://www.ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment)

**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

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- 1.7 Decision on Pre-Construction Funding for the NWW project: [Decision on the Pre-Construction Funding application for the North-West Wales Project in accordance with Special Condition 3.15 | Ofgem](#)

### Consultation stages

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Consultation open	Consultation closes (awaiting decision). Deadline for responses	Responses reviewed and published	Consultation decision/policy statement	Modification decision comes into force - 56 days after the decision by virtue of S.11A(9)
12/02/2024	11/03/2024	March 2024	March-May 2024	56 days after the decision (stage 4)

### How to respond

- 1.8 We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document’s front page.
- 1.9 We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 1.10 We will publish non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

### Your response, data and confidentiality

- 1.11 You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information such as under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.12 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you
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**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

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*do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

- 1.13 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations contained within Appendix 1.
- 1.14 If you wish to respond confidentially, we will keep your response confidential, but we will publish the number (but not the names) of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

#### General feedback

- 1.15 We believe that consultation is at the heart of good policy development. We welcome any comments about how we have run this consultation. We would also like to get your answers to these questions:
- 1) Do you have any comments about the overall process of this consultation?
  - 2) Do you have any comments about its tone and content?
  - 3) Was it easy to read and understand? Or could it have been written better?
  - 4) Were its conclusions balanced?
  - 5) Did it make reasoned recommendations for improvement?
  - 6) Any further comments?

- 1.16 Please send any general feedback comments to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk)

#### **How to track the progress of the consultation**

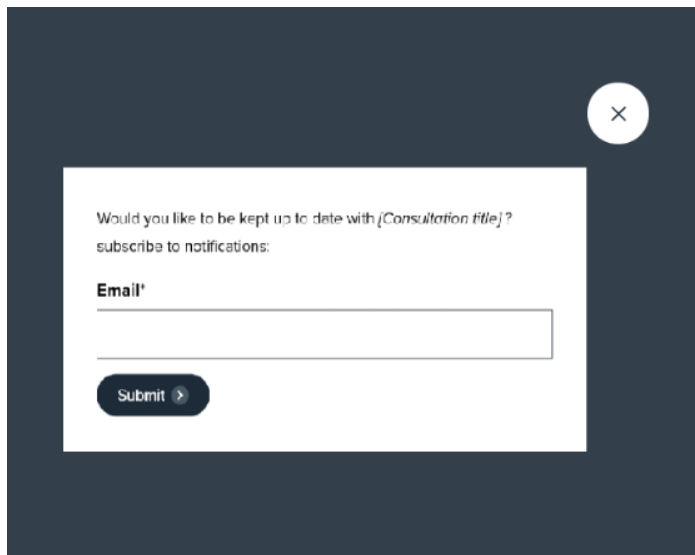
- 1.17 You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website, [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)



**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

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Notify me +



A screenshot of a notification subscription form. The form is white and centered on a dark blue background. It features a close button (an 'X' in a circle) in the top right corner. The text reads: "Would you like to be kept up to date with [Consultation title]?" followed by "subscribe to notifications:". Below this is a label "Email:" and a text input field. At the bottom left of the form is a "Submit" button with a right-pointing arrow.

1.18 Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

1.19 **Upcoming** > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

## 2. NWW Early Construction Funding assessment

### Section summary

This chapter sets out NGET’s ECF request and our minded-to position.

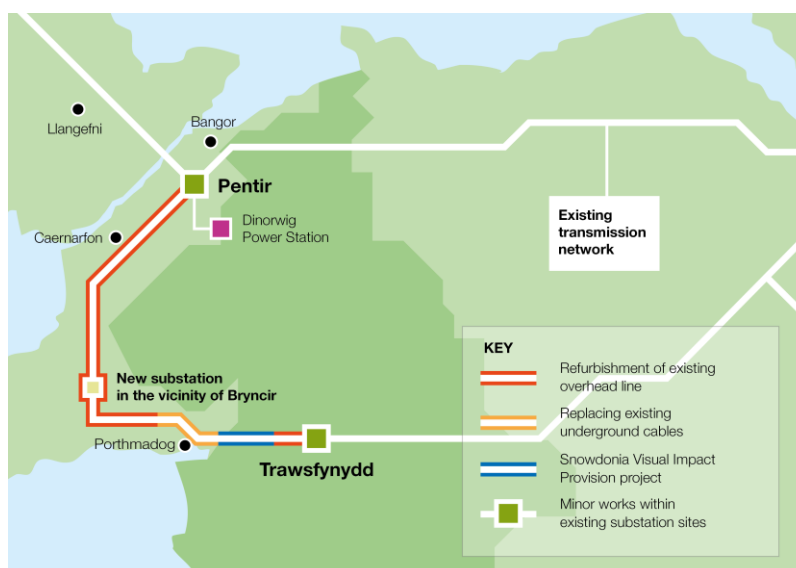
### Questions

Q1. Do you agree with our minded-to position to provide ECF for the NWW project?  
Please include your reasoning.

### Overview of NWW

1.20 The NWW reinforcement works includes PTC1 and PTNO which are projects that will enable the connection of key generation in the northwest as identified in the Network Options Assessment (NOA)<sup>4</sup> and the Holistic Network Design (HND) reports.<sup>5</sup> These projects are noted as essential and form part of the wider network transmission upgrades required within the northwest region to enable a combined total of 5.48 GW of offshore generation to connect. Specifically, these projects will enable the connection of the new 700MW Awel Y Mor Offshore Wind Farm. The latter is an extension to the existing Gwynt Y mor windfarm.

Figure 1: Project overview



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<sup>4</sup> [Electricity System Operator’s \(ESO\) Network Option Assessment \(NOA\) refresh](#)

<sup>5</sup> [The Pathway to 2030 Holistic Network Design | ESO \(nationalgrideso.com\)](#)

**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

Table 1: works description of PTC1 and PTNO eligible early construction activities<sup>6</sup>

	<b>Work description</b>
PTC1 and PTNO	<ul style="list-style-type: none"> <li>4ZC PENT-TRAW “Glaslyn cables” – Uprate existing NGET 400kV cables and replace Scottish Power Energy Networks (SPEN) 132kV cables with a second 400kV cable circuit (6km), including interactions with the Snowdonia Visual Impact Provision project<sup>7</sup></li> </ul>
PTNO	<ul style="list-style-type: none"> <li>4ZC PENT-TRAW: Replacement of existing OHL currently occupied by SPEN</li> <li>Bryncir substation: A new Grid Supply Point (GSP) provided for SPEN – facilitates the adoption of their 132kV Overhead Line (OHL) (strung on same towers as NGET’s existing 400kV OHL)</li> <li>Pentir substation: uprating existing cross site cables</li> <li>Trawsfynydd substation: uprating existing cross site cables and installation of a new shunt reactor</li> </ul>
PTC1	<ul style="list-style-type: none"> <li>Pentir to Trawsfynydd cable replacement - required by 2029</li> </ul>

2.1 The project progressed through Ofgem’s Large Onshore Transmission Investment (LOTI) re-opener mechanism under SpC 3.13. Ofgem published a direction in September 2022<sup>8</sup> that allowed NGET to submit a Pre-Construction Funding (PCF) request under SpC 3.15 prior to submitting an Initial Needs Case under LOTI. The PCF request was subsequently submitted to Ofgem, and following a consultation,<sup>9</sup> Ofgem published its decision<sup>10</sup> in March 2023 to allow £11.08mn (in 2018/19 price base) in accordance with SpC 3.15.

2.2 In 2022 the Electricity System Operator’s (ESO) NOA refresh, which now fully integrates the HND, confirmed that delivering the PTC1 and PTNO projects (which form the NWW project) are essential to achieving the Government’s net zero

<sup>6</sup> [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 4.4

<sup>7</sup> Snowdonia project which NWW interacts with, was submitted to Ofgem in March 2021 as a new Enhancing Pre-existing Infrastructure (EPI) project and was granted funding in May 2023: [Decision on National Grid Electricity Transmission's Enhancing Pre-existing Infrastructure project in the Snowdonia National Park | Ofgem](#)

<sup>8</sup> [Direction - North West Wales Pre-Construction Funding Request | Ofgem](#)

<sup>9</sup> [Consultation on the Pre-Construction Funding application for the North-West Wales Project \(NWWP\) in accordance with License Condition 3.15 | Ofgem](#)

<sup>10</sup> [Decision on the Pre-Construction Funding application for the North-West Wales Project in accordance with Special Condition 3.15 | Ofgem](#)

ambitions. The NWW project will therefore no longer be considered under the LOTI framework and is instead being considered under the new ASTI framework.<sup>11</sup>

## **ECF request**

- 2.3 NGET made an application for ECF under Part C of SpC 3.41 of their licence to enable the NWW project to proceed with procurement of long lead items and early enabling works. The total ECF request is lower than 6% of the total forecast project cost listed in the ASTI Confidential Annex.

## **Procurement for long lead items**

- 2.4 NGET power system studies have concluded that the uprating of the PTC1 will require an additional 200MVAR shunt reactor (SHR) at the existing Trawsfynydd substation. The SHR needs to be delivered to Trawsfynydd no later than April 2028 to secure timely delivery of the project. The supply chain for shunt reactors is limited to a small number of approved suppliers. Based upon market intelligence, shunt reactor suppliers have advised the lead time for units is up to 48 months which poses a significant time risk to the project. Therefore, to maintain the required Earliest in Service Dates (EISD), the required unit needs to be procured in early 2024.
- 2.5 The new grid supply point (GSP) to Scottish Power Energy Networks (SPEN) needs a new 400/132kV super grid transformer (SGT). The SGT must be commissioned earlier than other works to enable the connection for SPEN, ideally by September 2026. Similar to SHR, the supply chain is limited to a small number of approved suppliers. Based upon market intelligence, the SGT suppliers have advised there is a current lead time of up to 24 months. Therefore, to maintain the required EISD, the required unit needs to be procured in early 2024.

## **Early enabling works**

- 2.6 Enabling works are needed on the existing Pentir Trawsfynydd 400kV circuit and Four Crosses – Trawsfynydd 132kV SPEN distribution circuit which will enable the delivery of PTC1 and PTNO. These works need to be carried out by the contractor

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<sup>11</sup> [Decision on accelerating onshore electricity transmission investment](#) (NWW NOA code: OPN2) and [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), ASTI licence modifications (Special conditions 3.40, 3.41, and 4.9)

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HUK who is already delivering an existing project on these circuits – the Snowdonia project (see below).

- 2.7 The Snowdonia project was approved by Ofgem in May 2023 as an Enhancing Pre-existing Infrastructure (EPI) project.<sup>12</sup> It includes undergrounding of a section of the Pentir-Trasfynydd 400kV circuit and Four Crossess – Trawsfynydd 132kV SPEN distribution circuit between West of Cilfor and Garth Sealing End Compound (SEC) – **see figure 1**. Originally the undergrounding was designed to accommodate one 400kV cable and one 132kV cable. However, the current design of the PTC1 and PTNO means that the tunnel will now need to accommodate two 400kV cables. Although the tunnel itself was designed to enable this option, the associated elements (such as fans at both ends of the tunnel) need to be upgraded. This will require NGET to instruct the current contractor of Snowdonia to allow for additional detailed design, procurement of increase in power connection and procurement of Mechanical, Electrical, Instrumentation, Control and Automation (MEICA).
- 2.8 To allow this change to happen without significantly impacting EISD NGET must instruct a change under the construction contract with HUK, prior to PTNO and PTC1 gaining planning permission, instructing the Snowdonia contractor to make changes that will ensure that there is no lag between the forecasted planning permission decision, which is expected in January 2025, and commencing preliminary construction and procurement activity. This helps safeguard the overall EISD for the project and reduces the risk of incurring constraint costs for the consumer.
- 2.9 NGET’s submission set out the specific activities that they intend to carry out, the proposed year-by-year cost profile of the costs to be funded, and the justification for why it is in consumers interest for the costs to be incurred early.
- 2.10 As well as a detailed submission, NGET engaged on a regular basis with Ofgem to provide updates on progress of the project in general and discuss the ECF submission in particular.

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<sup>12</sup> [Decision on National Grid Electricity Transmission's Enhancing Pre-existing Infrastructure project in the Snowdonia National Park | Ofgem](#)

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## **Our minded-to position**

- 2.11 NGET’s ECF application is within the maximum ASTI ECF allowance of 20% of the total forecast project cost as set by SpC 3.41.8. The total ECF request is lower than 6% of the total forecast project cost listed in the ASTI Confidential Annex.
- 2.12 We consider that the activities identified by NGET fall within the ECF permitted<sup>13</sup> activity areas of *early enabling works* and *early procurement commitments*.

## **Procurement for long lead items**

- 2.13 We recognise that the supply chain for transmission infrastructure is highly constrained with increased procurement costs and significantly elongated lead times for critical assets. Funding activities that ensure contractor commitment and delivery of long-lead items helps to preserve the programme and de-risk the project.
- 2.14 Specifically, we agree with NGET that the supply chain for both SHR and SGT is limited to small number of approved suppliers, and that lead time for such units can be up to 48 and 24 months respectively.

## **Early enabling works**

- 2.15 The enabling work activities contributes to reducing overall schedule and cost risk on the project through progression of the changes that are needed on the existing Snowdonia project.
- 2.16 We are content that NGET could only instruct these changes once PTNO and PTC1 were approved by ESO as part of the NOA refresh published in summer 2022,<sup>14</sup> which was after the Snowdonia project was already designed and approved.
- 2.17 Our minded-to position is to approve NGET’s full ECF request.

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<sup>13</sup> [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 4.4

<sup>14</sup> [download \(nationalgrideso.com\)](#) in this page: [Network Options Assessment \(NOA\) | ESO \(nationalgrideso.com\)](#)

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## 3. Next steps

### Section summary

This chapter sets out the next steps in our assessment under the ASTI framework.

- 3.1 Our consultation on the positions set out in this document will close on 11 March 2024.
- 3.2 We aim to publish our ECF decision between March and May 2024 and, subject to the outcome of the consultation, this will be alongside the decision to modify NGET's licence in accordance with section 11A of the Electricity Act 1989.
- 3.3 The proposed modifications to SpC 3.41 Appendix 1 are set out in Appendix 1 of this consultation.

## Appendices

<b>Appendix</b>	<b>Name of appendix</b>	<b>Page no.</b>
<b>1</b>	Notice of statutory consultation to modify SpC 3.41	17-18
<b>2</b>	Draft of proposed modifications to the Special Conditions of the electricity transmission licence held by National Grid Electricity Transmission Plc	19-25
<b>3</b>	Privacy notice on consultations	26-27



## **Appendix 1 – Notice of statutory consultation to modify SpC 3.41**

**To: National Grid Electricity Transmission plc**

### **Electricity Act 1989 Section 11A(2)**

#### **Notice of statutory consultation on a proposal to modify the Special Conditions of the electricity transmission licence held by National Grid Electricity Transmission Plc**

1. The Gas and Electricity Markets Authority ('the Authority')<sup>15</sup> proposes to modify the Special Conditions (SpC) of the electricity transmission licence held by National Grid Electricity Transmission Plc (NGET) granted or treated as granted under 6(1)(b) of the Electricity Act 1989 by amending an allowance value (ASTIA<sub>t</sub>) referenced in Appendix 1 (ASTI Price Control Deliverable) of SpC 3.41 (Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR<sub>t</sub>)).
2. In line with SpC 3.41.10 and the Accelerated Strategic Investment Guidance and Submission Requirements Document, we are proposing this modification because we are satisfied that NGET's Early Construction Funding (ECF) request:
  - a. Is under 6% (which is then allocated 34% for the PTC1 project and 66% for PTNO of the total forecast project cost and therefore has not exceeded the stated threshold of 20% of total forecasted project cost as set by SpC 3.41.8 and therefore strikes the appropriate balance between assisting acceleration and protecting consumers from potentially excessive cost exposure in the unlikely event that the project does not progress;
  - b. was pre-empted by a notice in writing of NGET's intention to make the application under section 3.41.7 at least 8 weeks before NGET made the application; and
  - c. there is a clear justification for why it is in consumers' interests to provide funding for the proposed activities to take place ahead of our cost assessment as part of the PA process as the early construction activities will aid in accelerating project delivery.
3. The effect of the proposed modification is to adjust the allowances set out in the ASTI Confidential Annex as referenced in Appendix 1 (ASTIA<sub>t</sub>) of Special Condition 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIA<sub>t</sub>)' in NGET's electricity transmission licence to allow NGET's ECF expenditure request.
4. With the exception of the ASTI Confidential Annex, a copy of the proposed modification and other documents referred to in this Notice have been published on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively, they are available from [information.rights@ofgem.gov.uk](mailto:information.rights@ofgem.gov.uk)

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<sup>15</sup> The terms "the Authority", "we", "our" and "us" are used interchangeably in this document.

**Consultation - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence**

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5. The full text of the proposed modification to Appendix 1 of SpC 3.41 is set out below in Appendix 2 with the text to be deleted marked with strikethrough and new text to be inserted shown double underscored. For reasons of commercial sensitivity, details of the amended allowance are confidential but will be issued to NGET in the updated ASTI Confidential Annex.
6. Any representations with respect to the proposed licence modification must be made on or before 11 March 2024 to: Keren Maschler, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [RIIOElectricityTransmission@ofgem.gov.uk](mailto:RIIOElectricityTransmission@ofgem.gov.uk) and marked for the attention of Keren Maschler.
7. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
8. If we decide to make the proposed modification, it will take effect not less than 56 days after the decision is published.

.....  
**Jourdan Edwards**  
**Interim Deputy Director, Onshore Networks**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**12 February 2024**

## **Appendix 2 – Draft of proposed modifications to the Special Conditions of the electricity transmission licence held by National Grid Electricity Transmission Plc**

**Deletions are shown in strikethrough and new text is double underlined.**

### **Special Condition 3.41 Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIR<sub>t</sub>)**

#### **Introduction**

- 3.41.1 The purpose of this condition is to specify the value of the term ASTIR<sub>t</sub> (the accelerated strategic transmission investment Re-opener term). This contributes to the calculation of the Totex Allowance.
- 3.41.2 The effect of this condition is to:
- (a) specify the ASTI Outputs, delivery dates and allowances for the Price Control Deliverable;
  - (b) establish a Re-opener for the licensee to apply for an adjustment to the ASTI Outputs, delivery dates and allowances in Appendix 1 and the Minimum circuit availability standard after delivery in Appendix 2;
  - (c) provide for an assessment of the Price Control Deliverable; and
  - (d) establish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.
- 3.41.3 This condition also sets out the process the Authority will follow when making changes to Appendix 1 as a result of the Re-opener.

#### **Part A: Formula for calculating the accelerated strategic transmission investment Re-opener term (ASTIR<sub>t</sub>)**

- 3.41.4 The value of ASTIR<sub>t</sub> is derived in accordance with the following formula:

$$ASTIR_t = ASTIA_t - ASTIRA_t$$

where:

ASTIA<sub>t</sub> means the allowances in Appendix 1; and

ASTIRA<sub>t</sub> has the value zero unless otherwise directed by the Authority in accordance with Part G.

#### **Part B: ASTI Outputs**

**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

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- 3.41.5 The licensee must deliver the ASTI Outputs no later than 12 months after the delivery dates specified in Appendix 1.
- 3.41.6 After the ASTI Output has been delivered it must be operational and available for use by NGENSO for the period specified in Appendix 2 after application of the exclusions set out in Chapter 4 of the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.

**Part C: Early Construction Funding**

- 3.41.7 The licensee may, in respect of any ASTI Output, apply for an Early Construction Funding decision to adjust ASTIA<sub>t</sub>.
- 3.41.8 Unless the Authority directs otherwise, the aggregate allowances provided under paragraph 3.41.7 for any ASTI Output may not exceed 20% of the total forecast project cost listed in the ASTI Confidential Annex.
- 3.41.9 The licensee must notify the Authority in writing of its intention to make an application under 3.41.7 at least 8 weeks before making an application unless the Authority directs otherwise.
- 3.41.10 A modification under this Part will be made under section 11A of the Act.

**Part D: ASTI Project Assessment Decision**

- 3.41.11 The licensee may, in respect of any ASTI, apply for an ASTI Project Assessment Decision and an associated modification of Appendices 1 and 2 to:
- (a) specify or amend an ASTI Output, a delivery date and associated allowances; and
  - (b) specify the minimum circuit availability standard after delivery for the relevant ASTI Output.
- 3.41.12 Unless the Authority otherwise directs, the licensee may only apply for an ASTI Project Assessment Decision after submission of all material planning consent applications.
- 3.41.13 A modification under this Part will be made under section 11A of the Act.

**Part E: ASTI Cost And Output Adjusting Event**

- 3.41.14 The licensee may apply for a modification to the ASTI Outputs and allowances in Appendix 1 where it considers that there has been one or more ASTI Cost And Output Adjusting Event.
- 3.41.15 The licensee may only apply under this Part to modify allowances in Appendix 1 where:
- (a) expenditure has been caused to increase or decrease by at least the percentage specified in, or in accordance with, paragraph 3.41.17, calculated before the application of the Totex Incentive Strength, relative to the relevant allowance in Appendix 1 by the event or if there has been more than one event:
    - i. by each event;

- ii. if the Authority has directed that the events in relation to the relevant ASTI Output should count cumulatively towards the percentage threshold;; and
  - (b) the increase or decrease in expenditure is expected to be efficiently incurred or saved.
- 3.41.16 The licensee may apply under this Part to modify the ASTI Outputs in Appendix 1 only where there is a material change to the scope of the relevant ASTI project.
- 3.41.17 The percentage referred to in paragraph 3.41.15(a) is:
- (a) 5%; or
  - (b) such other percentage as the Authority may specify by direction.
- 3.41.18 An application under this Part must be made in writing and must:
- (a) include detailed supporting evidence that an ASTI Cost And Output Adjusting Event meeting the requirements set out in paragraphs 3.41.15, or where applicable 3.41.16, has occurred;
  - (b) set out the modifications requested to the ASTI Outputs or associated allowances in Appendix 1;
  - (c) explain the basis of the calculation for any proposed modification to the allowances in Appendix 1, which must be designed to keep, so far as is reasonably practicable, the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred; and
  - (d) include a statement from a technical adviser, who is external to and independent from the licensee, whether, considered in the context of the value of the ASTI Output, the proposed modification to the ASTI Output or associated allowances fairly reflects the effects of the ASTI Cost And Output Adjusting Event.
- 3.41.19 The Authority may make a modification under this Part where:
- (a) there has been an application under this Part;
  - (b) there has been an ASTI Cost And Output Adjusting Event in relation to the relevant ASTI;
  - (c) the requirements of paragraphs 3.41.14 to 3.41.18, where applicable, have been met; and
  - (d) the proposed modifications to Appendix 1 have the effect so far as is reasonably practicable of keeping the financial position and performance of the licensee the same as if the ASTI Cost And Output Adjusting Event had not occurred.

3.41.20 A modification under this Part will be made under section 11A of the Act.

**Part F: Modification of delivery date in Appendix 1 further to an ASTI ODI Penalty Exemption Period decision or ASTI ODI Target Date decision under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive)**

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3.41.21 The Authority will modify the delivery dates in Appendix 1 where it decides under Part B of Special Condition 4.9 (Accelerated strategic transmission investment output delivery incentive) to make a modification to the ASTI ODI Penalty Exemption Period or ASTI ODI Target Date in Appendix 1 of Special Condition 4.9.

3.41.22 A modification under this Part will be made under section 11A of the Act.

**Part G: Assessment of the Price Control Deliverable (ASTIRA<sub>t</sub>)**

3.41.23 The Authority will, in accordance with the assessment principles set out in Part A of Special Condition 9.3 (Price Control Deliverable assessment principles and reporting requirements), consider directing a value for ASTIRA<sub>t</sub> where the licensee has not Fully Delivered an output in Appendix 1.

**Part H: What process will the Authority follow in making a direction?**

3.41.24 Before making a direction under Part G the Authority will publish on the Authority's Website:

- (a) the text of the proposed direction;
- (b) the reasons for the proposed direction; and
- (c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.

3.41.25 A direction in respect of Part G will set out:

- (a) the delivery status of the ASTI Output that has not been Fully Delivered;
- (b) the value of the ASTIR<sub>t</sub> term and the Regulatory Years to which that adjustment relates; and
- (c) the methodology and data that has been used to decide the delivery status and value of any adjustments to the ASTIR<sub>t</sub> term.

**Part I: Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document**

3.41.26 The licensee must comply with the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document.

3.41.27 The Authority will issue and amend the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document by direction.

3.41.28 The Authority will publish the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document on the Authority's Website.

3.41.29 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will make provision about the detailed requirements for Parts C, D, E and F.

3.41.30 The Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document will also make provision about the detailed requirements under Special Condition 3.40 (ASTI Pre-Construction Funding Re-opener, Price Control Deliverable and Use It Or Lose It Adjustment) and Special Condition 4.9 (ASTI output delivery incentive).

**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

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3.41.31 Before directing that the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document comes into effect, the Authority will publish on the Authority's Website:

- (a) the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
- (b) the date on which the Authority intends the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect; and
- (c) a period during which representations may be made on the text of the proposed Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.

3.41.32 Before directing an amendment to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, the Authority will publish on the Authority's Website:

- (a) the text of the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document;
- (b) the date on which the Authority intends the amended Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document to come into effect;
- (c) the reasons for the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document; and
- (d) a period during which representations may be made on the amendments to the Accelerated Strategic Transmission Investment Guidance and Submissions Requirements Document, which will not be less than 28 days.

### **Appendix 1**

#### **ASTI Price Control Deliverable**

<b>ASTI Output</b>	<b>Delivery Date</b>	<b>Allowance (ASTIAt, £m)</b>	<b>ECF/PA</b>
New 400 kV double circuit in north East Anglia (NOA Code: AENC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit in south East Anglia (NOA Code: ATNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between Bramford and Twinstead (NOA Code: BTNO)	31 December 2029	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between Creyke Beck and the south Humber (NOA Code: CGNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)	31 December 2028	Have the values given in the ASTI Confidential Annex.	

**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)	31 December 2030	Have the values given in the ASTI Confidential Annex.	
Eastern Scotland to England 3rd link: Peterhead to the south Humber offshore HVDC (NOA Code: E4L5)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
400 kV upgrade of Brinsworth to Chesterfield double circuit and Chesterfield to High Marnham double circuit. New High Marnham and Chesterfield 400 kV substations (NOA Code: EDEU)	31 December 2029	Have the values given in the ASTI Confidential Annex.	
New Chesterfield to Ratcliffe-on-Soar 400 kV double circuit (NOA Code: EDN2)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between the south Humber and south Lincolnshire (NOA Code: GWNC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
Uprate Hackney, Tottenham and Waltham Cross 275 kV to 400 kV (NOA Code: HWUP)	31 December 2028	Have the values given in the ASTI Confidential Annex.	
New 400 kV double circuit between the existing Norton to Osbaldwick circuit and Poppleton and relevant 275 kV upgrades (NOA Code: OPN2)	31 December 2028	Have the values given in the ASTI Confidential Annex.	
Pentir to Trawsfynydd cable replacement (NOA Code: PTC1)	31 December 2029	Have the values given in the ASTI Confidential Annex.	<u>Have the values given in the ASTI Confidential Annex.</u>
North Wales reinforcement (NOA Code: PTNO)	31 December 2030	Have the values given in the ASTI Confidential Annex.	<u>Have the values given in the ASTI Confidential Annex.</u>
New Offshore HVDC link between Suffolk and Kent option 1 (NOA Code: SCD1)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)	31 December 2031	Have the values given in the ASTI Confidential Annex.	
Tilbury to Grain and Tilbury to Kingsnorth upgrade (NOA Code: TKRE)	31 December 2029	Have the values given in the ASTI Confidential Annex.	

**Appendix 2**

**ASTI Output availability standard**



**Consultation** - North West Wales – Consultation on Early Construction Funding and statutory consultation on proposed modification to special conditions of the electricity transmission licence

<b>ASTI Output</b>	<b>Minimum circuit availability standard after delivery (%)</b>		
	<b>0-6 months</b>	<b>6-12 months</b>	<b>12-24 months</b>
New 400 kV double circuit in north East Anglia (NOA Code: AENC)			
New 400 kV double circuit in south East Anglia (NOA Code: ATNC)			
New 400 kV double circuit between Bramford and Twinstead (NOA Code: BTNO)			
New 400 kV double circuit between Creyke Beck and the south Humber (NOA Code: CGNC)			
Eastern subsea HVDC link from Torness to Hawthorn Pit (NOA Code: E2DC)			
Eastern Scotland to England link: Peterhead to Drax offshore HVDC (NOA Code: E4D3)			
Eastern Scotland to England 3rd link: Peterhead to the south Humber offshore HVDC (NOA Code: E4L5)			
400 kV upgrade of Brinsworth to Chesterfield double circuit and Chesterfield to High Marnham double circuit. New High Marnham and Chesterfield 400 kV substations (NOA Code: EDEU)			
New Chesterfield to Ratcliffe-on-Soar 400 kV double circuit (NOA Code: EDN2)			
New 400 kV double circuit between the south Humber and south Lincolnshire (NOA Code: GWNC)			
Uprate Hackney, Tottenham and Waltham Cross 275 kV to 400 kV (NOA Code: HWUP)			
New 400 kV double circuit between the existing Norton to Osbaldwick circuit and Poppleton and relevant 275 kV upgrades (NOA Code: OPN2)			
Pentir to Trawsfynydd cable replacement (NOA Code: PTC1)			
North Wales reinforcement (NOA Code: PTNO)			
New Offshore HVDC link between Suffolk and Kent option 1 (NOA Code: SCD1)			
Eastern subsea HVDC Link from east Scotland to south Humber area (NOA Code: TGDC)			
Tilbury to Grain and Tilbury to Kingsnorth upgrade (NOA Code: TKRE)			

## **Appendix 3 – Privacy notice on consultations**

### **Personal data**

The Gas and Electricity Markets Authority is the controller (“Ofgem” for ease of reference). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally). It does not refer to the content of your response to the consultation.

#### **1. The identity of the controller and contact details of our Data Protection Officer**

The Gas and Electricity Markets Authority is the controller (“Ofgem” for ease of reference). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

#### **2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### **3. Our legal basis for processing your personal data**

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest, i.e. a consultation.

#### **4. With whom we will be sharing your personal data**

N/A.

#### **5. For how long we will keep your personal data or the criteria used to determine the retention period.**

Your personal data will be held for six months after the project is closed.

#### **6. Your rights**

The data we are collecting is your personal data and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data,
- access your personal data,
- have your personal data corrected if it is inaccurate or incomplete,
- ask us to delete your personal data when we no longer need it,
- ask us to restrict how we process your personal data,
- get your personal data from us and re-use it across other services,
- object to certain ways we use your personal data,
- be safeguarded against risks where decisions based on your personal data are taken entirely automatically,
- tell us if we can share your personal information with 3rd parties,
- tell us your preferred frequency, content and format of our communications with you,
- lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your personal data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> or telephone 0303 123 1113.

**7. Your personal data will not be sent overseas.**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure government IT system.**

**10. More information**

For more information on how Ofgem processes your data, click on "[Ofgem privacy promise](#)".