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Leo Michelmore
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Date: 1st October 2024

Dear Sai Wing,

Response from National Grid Electricity Transmission plc (NGET) to the consultation on the RIIO-2 Re-opener Applications 2024 Draft Determinations – ET Annex.

NGET welcomes the opportunity to respond to the above consultation in relation to the draft determinations of the six MSIPs submitted by NGET to Ofgem in January 2024 under Special Condition 3.14 (Medium Sized Investment Projects Re-opener and Price Control Deliverable) of the NGET Licence.

We would like to express our thanks to Ofgem for its engagement both prior to and following the submission of the January 2024 MSIP re-opener applications. We appreciate the feedback that Ofgem has provided through this – and other - engagements on engineering justification and how we explain the processes we have gone through to select the preferred option. The deep dives held were valuable opportunities for us to better understand Ofgem's perspective and identify new ways of working collaboratively in the interests of consumers. We have captured the lessons from this process and are applying them to our preparation of future submissions, including the RIIO-T3 Business Plan, which we will submit in December.

Our response provides our views relating to specific areas of Ofgem's draft determinations. These include:

1. the draft determination on the Hylton Castle MSIP;
2. Ofgem's position on defining Closely Associated Indirects (CAI);
3. the proposal to implement a standardised risk value;
4. clarity on the Elland PCD;
5. proposed licence changes;
6. commercial sensitivities, and;
7. Non-Op IT Capex.

Appendix 1 to this letter answers each of the three consultation questions posed by Ofgem within the Draft Determination ET Annex relevant to NGET's January 24 MSIP submissions.

We would be happy to provide further information to support our responses or discuss further any aspects of this response.

1. Hylton Castle MSIP

We are pleased that Ofgem has recognised and approved the needs case for the proposed investment. However, we have a number of concerns in relation to Ofgem's proposal to reject NGET's proposed solution on the basis of optioneering, and to fund allowances equivalent to those which would have been funded through the Volume Driver.

1.1 Sole Use Assets

In the draft determinations, Ofgem proposes that £20.1m of Sole Use Assets included in the Hylton Castle submission should be removed, because they are being paid for by the customer. While we agree that connection charges should not be passed on to consumers, we disagree with the proposal to remove these costs from the allowances requested by NGET in its MSIP submission. This is because the normal operation of NGET's licence already ensures that these costs are removed from what we are able to charge consumers.

Under NGET's licence, connection charges / sole use assets are Directly Remunerated Services (DRS), which are removed when revenue is set via the Calculated Revenue formula (in paragraph 2.1.7 of Special Condition 2.1 (Revenue Restriction) of the NGET Licence). Within the Price Control Financial Model (PCFM), any DRS are listed as a negative number. As such, once they are entered into the Calculated Revenue formula, they will be netted off.

If Sole Use Assets are also excluded from the allowances set by Ofgem at the outset, following its assessment of our MSIP submission, the associated cost would then be removed twice, i.e., once through Ofgem disallowances and again through the Calculated Revenue formula. This would result in transmission operators erroneously receiving less than the intended funding for efficiently incurred costs, contrary to Ofgem's intention in its Draft Determination.

We initially raised this point with Ofgem through a Supplementary Question ('SQ') response in August 2024 and in our call on 17th September 2024, after which we followed up with further explanation by email on 20th September 2024. We have also previously discussed these rules in respect of the Dinorwig-Pentir project in 2022, while Ofgem was developing its proposed decisions for that reopener. Removing sole use assets from the determination of project allowances is an incorrect interpretation of the licence and would constitute an erroneous decision by Ofgem.

We request that Ofgem reviews the current provisions relating to Sole Use Assets and Calculated Revenue within the NGET Licence and reinstates the £20.1m associated with Sole Use Assets, which are currently proposed to be removed for the Hylton Castle project. This would deliver the intended regulatory outcome in relation to Sole Use Assets and avoid Ofgem making an error in its final decision.

1.2 Optioneering

We disagree with Ofgem's proposal to reduce allowances for the Hylton Castle project by a further £7.74m in order to provide a level of funding equivalent to the Volume Driver, equal to £28.97m. We consider in particular that:

(1) Ofgem has not provided a clear rationale for the proposed link to the operation of the demand connection Volume Driver and their view on efficiency;

(2) Ofgem's assessment of NGET's Hylton Castle optioneering appears not to have taken into account the relevant supporting analysis provided by NGET, including the CBA demonstrating that the proposed solution is the most efficient option and the information on the additional capacity included in the solution where there was no confirmed customer need; and

(3) Ofgem should reconsider its proposed decision and provide NGET with the requested allowances, or provide a clear and specific rationale as to why they are not efficient, with reference to evidence provided and scope of work proposed.

We consider the requested allowances represent the efficient costs of delivering the NGET proposed solution and meeting the accepted need to provide connection capacity for this customer. The NGET proposed costs should form the basis of the allowances unless Ofgem provides evidence that such costs are not economic or efficient. Instead Ofgem is seemingly proposing allowances that are neither related to the NGET solution to provide the new demand customer connection, nor to any other scheme solution. Ofgem has not provided a clear rationale for this use of the Volume Driver in an MSIP assessment, i.e., effectively as a benchmarking tool. Similarly, Ofgem has not provided any indication of which elements of NGET's proposed scope of work would be deemed inefficient - the proposed decision (and associated allowances) does not correspond to any specific scope or option to enable delivery against the approved needs case.

NGET has provided a cost benefit analysis (CBA) to Ofgem which demonstrated that building Hylton Castle today, i.e., NGET's preferred solution, is a more efficient solution than rebuilding West Boldon today, the alternative option referred to by Ofgem in its Draft Determination. Ofgem has not provided any information on its assessment of the NGET CBA, either in advance of the consultation or in the draft determination itself. In this context, it is difficult to understand the rationale for Ofgem's Draft Determination position that the proposed solution is '*not efficient*.'

Accordingly, this element of the draft determination is irrational and cannot be the basis for a robust, fair decision – clear and specific justification is required by Ofgem, or else a revision to its position.

Notwithstanding our views on this specific investment, we recognise the importance of futureproofing investments and are responding to the general feedback we have received from Ofgem. On the specifics of this project, our proposed solution includes an element of additional capacity for future uncertainty: it includes an additional spare bay for which there has been some informal customer interest but no confirmed contract. We have also had preliminary discussions which have indicated there could be additional land in the area surrounding the proposed site creating some potential for expansion.

As such, we consider Ofgem must review its proposed decision. We welcome the opportunity to continue discussions before a final decision is made to ensure that the relevant information is considered to support a robust decision. This includes Ofgem providing evidence as to why the proposed solution is deemed 'not efficient' for consumers in the long term.

2. Closely Associated Indirects (CAI)

We note in the draft determination that Ofgem disagrees that some costs for activities such as surveys, project management and detailed design should be included as Direct costs within the submission, and they should be CAI Activities which are funded via the Opex Escalator (OE) mechanism. We disagree with Ofgem's proposal to adjust NGET's allowances by removing what it defines as CAI Activity costs from the direct costs in our submissions. The total impact of this adjustment across the five MSIPs is a reduction of £1.21m on allowances covering RIIO-T1 and T2 periods.

This split between Direct and Indirect costs has been the subject of much debate since the start of the RIIO-T2 period. In summary, NGET does not agree that the current application of the Opex Escalator by Ofgem reflects the way in which it was derived during the allowance setting process, and therefore the above approach is erroneous.

In addition to this broad concern regarding the application of the OE to re-openers, we also have concerns regarding Ofgem's interpretation of the current RIGs. Thank you for providing the additional (commercially confidential) information to NGET that supports the draft determination; this has been helpful to review the detailed breakdown of how Ofgem applied the CAI definitions in respect of the January 2024 MSIPs. Having reviewed the information, we consider some costs removed by Ofgem as CAI do not meet the latest RIGs definitions of CAI as published by Ofgem on 2 May 2024[1].

The 2024 RIGs state that:

- contractor indirect activities (which are activities that are treated as indirect regardless of the delivery party) are only those areas of spend classified as "very" Closely Associated Indirects. These areas of spend are 'Network Design & Engineering' and 'Project Management'.
- The definition of Network Design & Engineering excludes 'Manufacturing Configuration Design' or "Asset Specific Designs", i.e., design works undertaken by the construction contractor once a contract has been awarded and they are working on the design of the actual equipment to be installed (i.e., not a 'functional design' for the purposes of going out to tender).
- Other Closely Associated Indirects incurred by contractors, such as those carried out to enable the *"contractor to fulfil its contractual obligations to the ETO (e.g., contractor training its own staff)"* are *"to be treated as contractor over-head and cost absorbed to the relevant Direct Activity being delivered by the contractor*". This includes Engineering Management & Clerical Support, Health, Safety & Environment, etc.

Therefore, costs for temporary facilities established at construction sites, cleaners for those facilities, site security, site manager, safety advisor, environmental support, detailed design (i.e., asset-specific design), etc, should not be removed from the Direct cost assessment because they are not indirect costs. As such, they are not funded by the Opex Escalator. We consider the proposal to remove these costs from the value funded as Direct costs is an error.

[1] Decision on modifications to the Regulatory Instructions and Guidance (RIGs), Regulatory Reporting Packs (RRPs) and the Price Control Financial Model (PCFM) Guidance: RIIO-ET2 Year 3 - Electricity Transmission | Ofgem

NGET requests that Ofgem reviews the proposed decision in this area and provides further explanation of how it has applied the 2024 RIGs definitions in determining which costs are CAI, including a mapping from the supplementary spreadsheet back to our detailed cost models because we cannot reconcile some of the values that Ofgem has shared as adjustments to funding requests.

Unless there is new information, NGET considers that its classification of Direct and Indirect costs was correct and related RIIO-T2 costs of £1.14m should therefore be funded as Direct costs.

3. Risk and Contingency

We remain concerned with Ofgem's approach to risk and contingency. As points of principle, NGET disagrees with:

1. Ofgem's treatment of risk and contingency whereby it considers contractors' risk and contingency as part of NGET's risk and contingency. This is incorrect because:
    a. Depending on the form of contract, cost for risks that are best managed by contractors can be transferred via the commercial process and become fixed or certain, i.e., they are no longer a risk for consumers, and
    b. Ofgem has not provided any evidence that this is consistent with how RIIO-T2 allowances were set, and therefore whether the 7.5% value is the correct value to use.
2. Ofgem's application of a single risk value for all projects regardless of scope, size, or complexity.

We consider that the value for risk that is being used by Ofgem (i.e., the 7.5%) has been incorrectly derived and does not represent the average of comparable projects. We have previously set out our concerns in response to previous reopeners (for example our letter of 9 February 2024 concerning funding for the North Wessex Downs project and our letter of 28 March 2024 concerning the interaction of risk and contingency with the Totex Incentive Mechanism (TIM) in relation to SP Transmission's (SPT) MSIP reopener applications).

In our letter of 9 February 2024, we made a number of points that we consider have not been adequately addressed in the North Wessex Downs decision document or (as is referenced in that document) the SPT MSIP decision document. The same issues are now repeated in these draft determinations. To summarise, the concerns we flagged are:

- There is a disparity in the range and median quoted in the RIIO-T2 Final Determination document (paragraph 3.21 'RIIO-2 Final Determinations Electricity Transmission System Annex' dated 8 December 2020), the redacted spreadsheet that Ofgem provided as underpinning its analysis, and the 7.5% risk value. RIIO-T2 Final Determinations referred to projects having risk percentages that ranged from 5% to 25% and a median of 10%, while the spreadsheet included projects with a risk range of 0% to 20% and a median of 8.6%.
- On the basis of the redacted spreadsheet provided by Ofgem to substantiate the 7.5% risk value, the calculated average risk percentage includes a number of data rows with costs but zero risk. It appears that these were for pre-construction activities, i.e., they did not involve the

construction of assets and were not exposed to the risk inherent in a construction project, and therefore these should have been excluded from Ofgem's analysis.

- The dataset underpinning the risk and contingency cap was exclusively based on Scottish ETO data. We remain concerned regarding the relevance of this to NGET because (a) ETOs submitted costs in different ways in T2 Business Plan Data Tables (b) we have no visibility of whether the analysis included similar projects to those now being considered for funding via re-openers
- Ofgem has not provided any evidence to substantiate that its approach to combining NGET and contractor risk is consistent with how this information was provided as part of the RIIO-T2 price control review. We believe that it was likely that contractor risk and contingency would have been included in direct capex at this point but (because the data used to derive the 7.5% risk value did not include any NGET projects) we cannot be sure.

In addition, we outlined the concerns we had around fundamental misconceptions about the interaction of risk and contingency allowances and TIM in our response to Ofgem's Statutory Consultation dated 28 February 2024 concerning modifications to SPT's licence following SPT's 2023 MSIP applications. We welcome further engagement on this topic, because of the outstanding questions from that letter and the points we made are neither addressed in Ofgem's North Wessex Downs decision document nor the RIIO-2 Re-opener Applications 2024 Draft Determinations.

Given the maturity of the five affected re-openers, NGET's assessment of the risk costs associated with these projects is more appropriate, and therefore Ofgem should use these values. Proposed allowances across the five affected projects should therefore be reduced by £1.0m.

4. PCD - Elland

We observe that the evaluative PCD proposed to be set in respect of the Elland MSIP within the Draft Determination would be retrospective because the project is now complete. Given that the draft determinations were published after the RRP24 submission, it was not possible for us to meet the PCD report date for the Elland project. It is not clear within the draft determinations how NGET should manage this. Can Ofgem please confirm whether it would prefer NGET to report against the PCD within RRP25 or separately (outside the RRP process)?

5. Proposed Licence Changes

There are typographical errors (on delivery dates and allowance values) in the proposed changes to Special Condition 3.14. Once Ofgem has completed its assessment of responses to the draft determination and is ready to publish its final determination, NGET would be happy to review the proposed Licence changes for accuracy.

6. Commercial sensitivities

We also have concerns regarding the detail of cost and scope being shared via this process. Ofgem has, for example, revealed the unit cost of new shunt reactors of specific ratings. As previously indicated, NGET sees this as commercially confidential information that could adversely impact future tendering events. We would welcome a discussion on the publication of any similar information in the future, with a view to agreeing a clear and consistent approach.

7. Non-Op IT Capex

Thank you for proposing to implement a direction to update the figures for the allocation of allowances from years 2023/24 and 2024/25 to the correct requested years of 2024/25 and 2025/26, within the Non-Operational IT Capex Final Determinations and Directions.

NGET have noticed within paragraph 5 of Appendix 7 for the proposed direction that Ofgem have stated "The Authority gave notice on 30 August 2024". NGET only received notice of this proposed direction on the 3rd of September 2024 via email exchange and through the publication of these draft determinations. NGET requests that Ofgem update this date within Appendix 7 of the final determinations to reflect the first date of notice being 3rd September 2024 and not 30th August 2024.

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I confirm that this response can be published on Ofgem's website.

Yours sincerely,

Leo Michelmore

Strategic Upgrade Regulatory Manager

(by email)

Appendix 1

Consultation Questions

ET.Q1. Do you agree with our assessment of the needs case for the 2024 MSIPs?
Yes. We agree with Ofgem's assessment of the needs cases for all six January 2024 NGET MSIPs, whereby all six projects needs cases have been approved.

ET.Q2. Do you agree with our assessment of the preferred option for the 2024 MSIPs?	
We agree with Ofgem's assessment of the preferred option for the five MSIPs which have been approved: Leiston, Microsoft, Willesden 66kV, Pennine Pathfinders and Elland. However, we do not agree with Ofgem's assessment of the Hylton Castle MSIP, namely rejecting the preferred option for the project. NGET's responses to Ofgem's rationale for rejecting the optioneering are included below.	
Ofgem Position	**NGET Position**
3.52 "We consider that the proposed Hylton Castle substation is not futureproofed and is not efficient. It is sized and oriented such that it will only ever serve the IAMP site, noting that SCC has continued to express its intention to expand the IAMP in the future which would utilise the space retained for a fourth Super Grid Transformer (SGT) at the site."	Whilst the customer may have expressed interest in the available space on the Hylton Castle substation, this is neither formalised nor guaranteed. The principles of connection agreements mean that the available space for a fourth SGT on the Hylton Castle substation is open for any prospective customer on signing a contract with the NESO. It is on this basis that NGET determines that the site is not sized or oriented to only ever serve the IAMP. Furthermore, NGET highlighted in its MSIP submission that an additional strip of land between the 66kV and 275kV substations has been made available for NGET's future use to expand. This land also expands the futureproofing potential of the site for any prospective customers and is not limited for use by the customer.
3.52 We therefore consider that a further substation will likely need be built in close proximity in the future to serve as a replacement for West Bolden. This does not represent a holistic future view and is not in the best long-term interests of consumers.	We recognise demand in the wider Northeast region is set to increase as a result of larger power flows from Scottish renewable generation and growth in demand connections, as such NGET considered

	inclusion of a spare bay within the proposed solution at Hylton Castle to facilitate further future demand on the site. That said asset health data on the West Boldon substation highlighted the site would not require a rebuild in the short to medium term. The SGTs have an anticipated extra 25-30 years life. This updated asset health data was shared with Ofgem during the SQ process on the 30th of April 2024. Looking between the delivery of the Hylton Castle substation and the anticipated future life of the West Boldon substation, both substations provide enough capacity to cater for the foreseen expected demand growth in the area.
3.53 Although we agree that there is a need to provide demand connection for the IAMP, NGET has not demonstrated that its preferred option would be in the best interests of existing and future consumers, according to the requirements set out under the CBA and engineering justifications in Chapter 3 of the Re-opener Guidance.	NGET's judgement is that the CBA provided to Ofgem demonstrates that building Hylton Castle today and rebuilding West Boldon at a later date (20-30 years in the future) is the most efficient solution to deliver the connection, compared to rebuilding West Boldon today. Ofgem must review its proposed decision. We welcome the opportunity to continue discussions before a final decision is made to ensure that the relevant information is considered to support a robust decision. This includes Ofgem providing an evidenced explanation of why the proposed solution is deemed 'not efficient' for consumers in the long term.

ET.Q3. Do you agree with our assessment of the efficient costs of individual MSIPs?

NGET does not agree with Ofgem's assessment of efficient costs for individual MSIPs.

NGET has concerns with a number of areas of Ofgem's assessment of efficient costs of individual MSIPs. These concerns are detailed below in five sections:

a. the determination of CAI on five MSIPs,
b. the application of a standardised risk percentage in respect of all six MSIPs,
c. an adjustment in respect of T1 spend on the Leiston project, and
d. an adjustment in respect of T3 spend on the Leiston project;
e. the approach to setting allowances on the Hylton Castle project.

a. <u>The funding of Closely Associated Indirect Activities</u>

Putting aside NGET's ongoing concerns regarding the application of the Opex Escalator to re-openers (which have been shared extensively in response to previous re-opener consultations and decisions), as described above, Ofgem has proposed to remove contractor costs for Direct Activities on the basis that they are Indirect. This is not consistent with the May 2024 version of RIGs which states that only Network Design & Engineering and Project Management should be classed as 'contractor indirects'. Furthermore, this excludes 'Manufacturing Configuration Design' or "Asset Specific Designs".

NGET believes that its classification of Direct and Indirect costs (embedded within cost models of all MSIPs submitted 31st January 2024 and confirmed during SQ response 1st March 2024) was correct and related RIIO-T2 costs of £1.14m should therefore be funded as Direct costs.

b. <u>Risk allowances</u>

As stated above, as points of principle, NGET disagrees with:

- Ofgem's treatment of risk and contingency whereby it considers contractors' risk and contingency as part of NGET's risk and contingency. This is incorrect because (i) the nature of contracts is such that the cost for risks that are best managed by contractors are crystallised via the commercial process and become fixed or certain, i.e., they are no longer a risk for consumers, and (ii) Ofgem has not provided any evidence that this is consistent with how RIIO-T2 allowances were set, and therefore whether the 7.5% value is the correct value to use.
- Ofgem's application of a single risk value for all projects regardless of scope, size or complexity.

In addition, we believe that the value for risk that is being used by Ofgem (i.e., the 7.5%) has been incorrectly derived and does not represent the average of comparable projects. NGET has raised these concerns in relation to previous re-opener decisions but has yet to receive detailed responses from Ofgem.

Given the maturity of the five affected re-openers, NGET's assessment of the risk costs associated with these projects is more appropriate, and therefore Ofgem should use these values. Proposed allowances across the five affected projects should therefore be reduced by £1.0m.

c. Willesden 66kV SEPD – T1 spend

In the draft determinations, Ofgem has proposed to disallow a portion of spend (£0.79m) for the Willesden 66kV SEPD project on the basis that the spend was occurred prior to 1st April 2021 – i.e., it was T1 spend.

We recognise Ofgem highlighting within the licence clause 3.26 which states "In accordance with SpC 3.14.10(c), an application under SpC 3.14.6 must be confined to incurred or expected to be incurred on or after 1 April 2021."

However, as spend which has not been funded via any other mechanism within T1 or T2, NGET seeks further clarity from Ofgem as to how it should seek allowances to cover this portion of T1 spend?

Looking ahead to T3, should an equivalent situation arise in Ofgem's assessment of a future T3 reopener submission, i.e., where there is no clear route through which TOs can recover costs incurred in T2, NGET similarly considers that Ofgem should enable TOs to do so through the equivalent T3 reopener assessment process. This will require drafting of a suitable Licence condition ahead of the start of the T3 period.

d. Leiston – T3 spend

Following publication of the draft determinations, Ofgem contacted NGET via email on the 6th of September 2024 regarding the Leiston project. Ofgem's proposal is to split out the portion of spend falling within the T3 period (during FY27) from the spend incurred within the T2 period. Ofgem's proposal is to fund this spend via the RIIO-3 settlement process in accordance with the determinations made under this re-opener application.

Ofgem have also proposed their intention to update the allowance figures included within tables ET2 and ET6 of the draft determinations for the Leiston project, to only include the T2 potion of spend when publishing the final determinations.

On the basis of the above playback of Ofgem's proposal, NGET can confirm its comfort with this approach to splitting out and recovering the T3 portion of spend on the Leiston project. The spend incurred within FY27 on the Leiston project is highlighted to be £1,315,955 (18/19 prices), as detailed in the updated cost model submitted in April 2024. Please can Ofgem confirm this is the value of the T3 spend to be recovered via the RIIO-3 Settlement process?

e. **Hylton Castle**

NGET's position on Ofgem's assessment of the Hylton Castle project to identify a level of funding for efficient costs is set out earlier in this response. However, our response in respect of Ofgem's statements within the draft determination is set out below.

Ofgem Position	NGET Position
3.50 We note from the asset breakdown NGET included a total cost of £20.1m in the funding request for a list of assets which is solely used by the customer. These sole use assets should be funded by the customer. Hence, NGET should take out these costs and reduce their funding request from £56.8m to £36.7m.	Ofgem has made an error in determining that these costs should be removed from the allowances requested by NGET in its MSIP submission. Sole use assets/connection charges should be included when determining the allowances of a project. These sole use assets are directly remunerated services (DRS) that are removed when revenue is set via the Calculated Revenue formula (paragraph 2.1.7 of Special Condition 2.1 (Revenue Restriction) of the NGET Licence). Within the Price Control Financial Model (PCFM), Directly Remunerated Services are listed as a negative number. As such, once they are plugged into the Calculated Revenue formula, they will be netted off. If Sole Use Assets are not included upfront in the allowances set, they would still be netted off through the Calculated Revenue formula and in turn result in these charges being removed twice. We request Ofgem reviews the current provisions relating to Sole Use Assets and Calculated Revenue within the NGET licence and reinstates the £20.1m of Sole Use Assets

	which are currently proposed to be removed for the Hylton Castle project. This would avoid Ofgem making an error in its final decision.
3.53. We are therefore proposing to approve funding to enable NGET to meet the need but reject NGET's proposed solution (as explained in paragraphs 3.49 to 3.52 above). 3.54 Given that NGET's preferred option will fulfil its obligation to provide connection to a new customer, we propose to cap the funding at the level of the allowance NGET would have received had it been funded through the demand connection volume driver mechanism, i.e., total project allowances of £28.965m.	Ofgem has not provided any rationale to support its proposal that providing funding equal to that which would have been funded by the demand connection Volume Driver represents the efficient costs of meeting the accepted need to provide connection capacity for this customer. The proposed decision (and associated allowances) does not correspond to any specific scope or option to enable delivery against the approved needs case. The requested allowances represent the efficient costs of delivering the NGET proposed solution and these costs should form the basis of the proposed allowances unless Ofgem provides evidence that such costs are not economic or efficient. Instead Ofgem has proposed to cap allowances at a level that would have been derived via the volume driver but, in doing so, is seemingly proposing allowances that are neither related to the NGET proposed solution to provide the new demand customer connection nor to any other scheme solution. Accordingly, this element of the draft determination is irrational and needs to be explained and justified further by Ofgem. In addition, it is not clear that Ofgem has acted in line with its role in relation to reopener applications, as highlighted in para 2.13 of the LOTI guidance. Ofgem's role is not to design projects or plan how projects should be built or what routes they should take. Rather it is to consider the investment case for transmission projects presented by TOs and to form a decision on the efficient costs that can be recovered from consumers for delivering these

	projects. Having not presented any information on what an efficient cost would be for meeting the need which Ofgem has accepted, it is not clear that it is acting in line with its stated role.