

# Decision

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## **RIO-2 Re-opener Applications 2024 Final Determinations – ET Annex**

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This document sets out our Final Determination following our assessment of re-opener applications submitted by Electricity Transmission Operators (ETOs) in 2024. We consulted on projects submitted under the Medium Sized Investment Projects (MSIP) re-opener mechanism by National Grid Electricity Transmission plc (NGET) and SP Transmission plc (SPT), and one project submitted under the Large Onshore Transmission Investment (LOTI) re-opener mechanism by Scottish Hydro Electric Transmission plc (SHET). We consulted on our Draft Determinations between 3 September 2024 and 1 October 2024 and asked stakeholders a number of questions. We received 4 responses, with one from each ETO and one from Sustainable Shetland.

The notice of statutory consultation published alongside our decision set out the proposed licence modifications reflecting the Final Determinations (FDs).

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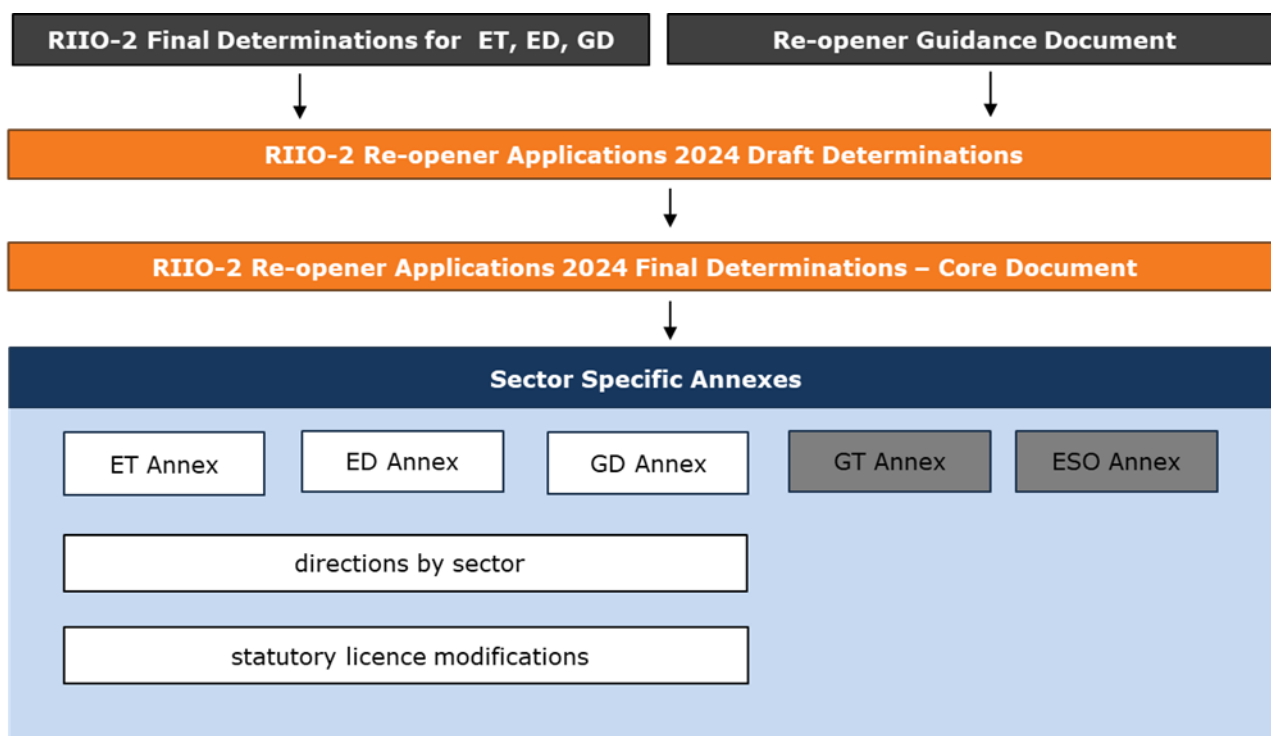
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# 1. Introduction

1.1 This document is one of the Annexes published alongside the RIIO-2 Re-opener Applications 2024 Final Determinations. It focuses on the re-opener mechanisms and the Final Determinations of projects submitted in the electricity transmission (ET) sector. Please refer to the RIIO-2 Re-opener Applications 2024 Final Determination – Core Document for general information including decision making process, stages, etc.

**Figure ET1: Navigating our Final Determinations**



## Medium Sized Investment Project (MSIP) Re-opener

1.2 The MSIP re-opener provides ETOs with an annual opportunity to request additional funding for sub £100m cost projects under the 13 activities listed in Special Condition 3.14.6 (SpC 3.14.6)<sup>1</sup> of its licence (the ETOs’ licence is referred to as ‘the Licence’ in this consultation document), many of which may be critical for achieving Net Zero targets. It was developed to ensure that ETOs are able to undertake necessary investments in the transmission network, funding for which has not been provided in RIIO-2 price control baseline allowances.<sup>2</sup>

<sup>1</sup> The 13 MSIP activities under SpC 3.14.6 are listed in Appendix 1 for reference.

<sup>2</sup> Baseline allowance means the allowance for the Direct Expenditure for ETO in RIIO-ET2 FDs.

### Large Onshore Transmission Investment (LOTI) Re-opener

1.3 Under the RIIO-ET2 price control we also developed a mechanism for assessing the need for, and efficient cost of, large and uncertain electricity transmission reinforcement projects for projects with a value exceeding £100m. This mechanism is called the 'Large Onshore Transmission Investment' (LOTI) mechanism. Once the need for and the costs of projects have become more certain, the ETOs will submit construction proposals and seek funding for them. As explained in chapter 9 of the [RIIO-2 Final proposals – Core Document \(REVISED\)](#), all projects that come forward for assessment via the LOTI re-opener mechanism during the RIIO-2 period will be considered for their suitability for delivery through one of the late competition models.

### **What did we consult on?**

- 1.4 In accordance with SpC 3.13 (LOTI Re-opener) and SpC 3.14 (MSIP Re-opener), companies applied to Ofgem to assess the Final Needs Case (FNC) of one LOTI project and to add additional allowances for 10 MSIP projects into its RIIO-2 price control framework.
- 1.5 Following their submissions in Jan 2024, the licensees also provided additional information to us through a combination of bilateral meetings and Supplementary Question responses.
- 1.6 We considered each proposal and the relevant justification for the funding requested in accordance with our principal objective and statutory duties. In line with the Re-opener Guidance and Application Requirement Document, our assessment covered the following three areas for each project:
- the needs case.
  - the options assessment and the justification for the proposed project.
  - the efficient costs for the proposed MSIP project.<sup>3</sup>
- 1.7 We combined this information to create our Draft Determinations on what additional allowances, if any, should be provided to each licensee to undertake the relevant project.

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<sup>3</sup> The LOTI project is under the FNC assessment in this stage, the cost of which will be assessed under the Project Assessment stage after we decided to accept the FNC.

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1.8 We issued consultations on our Draft Determinations between 03 September 2024 and 01 October 2024, and each included a draft of the direction or licence modification notice that would be used to implement the Draft Determination. We received four responses, one each from NGET and SHET regarding the projects under the MSIP re-opener and one each from SHET and Sustainable Shetland regarding the project under the LOTI re-opener.

### **Purpose of this document**

1.9 This document summarises the consultation responses received from stakeholders, and an explanation of the changes made, if any, to our draft determination position since the consultation. It also sets out our Final Determinations for applications submitted under the re-opener mechanisms listed in **Table ET1** below.

**Table ET1: ET re-opener mechanisms subject to this decision**

<b>Re-opener Mechanism</b>	<b>Special Condition</b>
Medium Sized Investment Project	3.14
Large Onshore Transmission Investment	3.13

1.10 Alongside this decision, we are publishing statutory consultations to amend the licences of NGET and SPT to give effect to the MSIP projects approved in this Final Determinations.

### **Related publications**

1.11 This document is intended to be read alongside:

- [Draft Determinations on RIIO-2 re-opener applications 2024: Electricity Transmission, Electricity Distribution and Gas Distribution | Ofgem](#)

#### MSIP applications

- [RIIO-ET2 Re-opener Guidance and Application Requirements Document \(Re-opener Guidance\)](#)
- [Special Conditions](#) (and SpC 3.14 in particular) of the Licence
- MSIP re-opener submission documents on [SPT's website](#)
- MSIP re-opener submission documents on [NGET's website](#)

#### LOTI application

- Large Onshore Transmission Investments (LOTI) Re-opener Guidance and Submissions Requirements Document ([LOTI Guidance](#))
- [Special Conditions](#) (and SpC 3.13 in particular) of the Licence
- LOTI Re-opener submission document on [SHET's website](#)

## Summary of our Final Determinations

1.12 **Table ET2** below summaries our Draft and Final Determinations for the ET re-openers covered in this annex. Chapters 2 - 3 discuss these in greater detail.

**Table ET2: Summary of our ET Draft and Final Determinations**

Network	Company requested - Number of Projects	Forecast costs (£m)	Ofgem's DD- Projects Approved*	Ofgem's DD - Projects Not Approved	Cost adjustment (£m)	Ofgem's DD Allowances (£m)	Ofgem's Adjustment from DD to FD (£m)	Ofgem's FD allowances (£m)
NGET	8	85.24	8	-	-30.06*	55.18*	-28.66	26.52
SPT	2	11.82	2	-	-0.29	11.53	-	11.53

\* These figures were published in the DD as -29.03 and 56.21 respectively, where we included expenditure in 2026/27, which is beyond ET2 price control period. We have corrected them to efficient cost within RIIO-ET2 period (-30.06 and 55.18 respectively) as efficient project cost incurred after March 2026 will be recovered in line with the RIIO-3 settlement process.



## 2. MSIP Re-opener

### Summary of our Draft and Final Determinations

2.1 **Table ET3** below highlights summaries of our Draft and Final Determinations.

**Table ET3: Summary of Medium Sized Investment Projects Re-opener Draft and Final Determinations (£m, 18/19 prices)**

Network	Company Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Adjustment from DD to FD	Ofgem's FD allowances
NGET	85.24	55.18*	-28.66	26.52
SPT	11.82	11.53	-	11.53

\* This figure was published in the DD as 56.21, where we included expenditure in 2026/27, which is beyond ET2 price control period. We have corrected it to efficient cost within RIIO-ET2 period (55.18) as efficient project cost incurred after March 2026 will be recovered in line with the RIIO-3 settlement process.

2.2 **Table ET4** and **Table ET5** below summaries the details for the NGET's and SPT's MSIP Re-opener Draft and Final Determinations.

**Table ET4: Summary of NGET MSIP Re-opener Draft and Final Determinations (£m 18/19 prices)**

Company Requested Project	Company Requested Forecast costs	Ofgem's DD Allowances	Ofgem's Final Determination allowances
NGET MSIP Pathfinder 1 - Stalybridge (stage 2)	4.97	5.10	5.10
NGET MSIP Pathfinder 2 - Stocksbridge (stage 2)	5.36	5.64	5.64

<b>Company Requested Project</b>	<b>Company Requested Forecast costs</b>	<b>Ofgem’s DD Allowances</b>	<b>Ofgem’s Final Determination allowances</b>
NGET MSIP Pathfinder 3 - Bradford West (stage 2)	4.86	4.43	4.74
NGET Leiston Demand Connection (Stage 2)	6.58	5.08*	5.08
NGET Elland (NPG)	0.10	0.08	0.08
NGET Willesden 66kV SEPD	4.81	4.23	4.23
NGET Willesden & Kensal Green Microsoft Data Centre Connection	1.75	1.66	1.66
NGET Hylton Castle	56.80	28.97	#

\* *This figure was published in the DD as 6.12, where we included expenditure in 2026/27, which is beyond ET2 price control period. We have corrected it to efficient cost within RIIO-ET2 period, ie. 5.08. Efficient project cost incurred after March 2026 will be recovered in line with the RIIO-3 settlement process.*

# *We are not publishing a decision on the consultation at this stage as further time is needed to assess the Hylton Castle proposal.*

**Table ET5: Summary of SPT Projects Re-opener Draft and Final Determinations (£m 18/19 prices)**

<b>Company Requested Project</b>	<b>Company Requested Forecast costs</b>	<b>Ofgem’s DD Allowances</b>	<b>Ofgem’s Final Determination allowances</b>
SPT Constraint Management - Modification of Anglo-Scottish Operational Tripping Scheme (OTS)	1.03	1.00	1.00
SPT SPT-RI-237 Enoch Hill Collector Substation and Associated 132kV Circuit (stage 2)	10.79	10.53	10.53

## Our Draft Determinations

2.3 In the 2024 MSIP Re-opener submissions, NGET and SPT made a request for additional allowances for 8 and 2 MSIP projects respectively into their RIIO-2 Price Control Framework - as listed in Tables ET4 and ET5 respectively. We assessed these MSIP projects, and in our Draft Determinations:

- proposed to accept the needs case for all MSIP projects as we considered that the needs case for each of the projects is valid.
- agreed that appropriate optioneering had been considered to address the needs cases, except for the NGET’s Hylton Castle project. (We are not publishing a decision on the consultation at this stage as further time is needed to assess the Hylton Castle proposal.)
- proposed adjustments to project allowances by taking out Closely Associated Indirect (CAI) costs as these should be funded by the Opex Escalator mechanism, setting risk allowance at the average rate of 7.5% and other minor adjustments as appropriate.

## Responses to our Draft Determinations

2.4 We received two responses, one each from NGET and SPT.

### Needs Cases and Optioneering

2.5 Both NGET and SPT agree with our assessment of the needs case and optioneering for their respective MSIPs.

### Cost Assessment

2.6 NGET’s key responses are summarised in the below points.

- (i) Closely Associated Indirects (CAI): NGET disagrees with our proposal to adjust its allowances by removing defined CAI activities from the direct costs.
- (ii) Risk and contingency allowance: NGET disagrees with our treatment of contractors risk and contingency as part of its risk and contingency. It also disagrees with the risk allocation we applied to all projects because it considered that the value of risk that is being used by Ofgem (ie. the 7.5%) has been incorrectly derived and does not represent the average of comparable projects.

2.7 SPT’s key responses are summarised in the below points.

- (i) CAI: SPT disagrees with our view that surveys, with the exception of flood related surveys, should be classified as indirect. SPT considers “Asset Specific Design” surveys should be recognised as direct costs.
- (ii) Risk and contingency allowance: SPT disagrees with our use of risk and claim that the use of an average value cap on risk provision is arbitrary, non-project specific and fails to consider the evidence presented on each project. SPT believes it does not reflect the RIIO-ET2 framework and FDs, thus undermining the certainty provided in the price control framework.

### Other responses

2.8 In addition to the responses in paragraph 2.6, NGET indicated that it would like clarity on (i) to (iv) below and requested discussions with Ofgem on some related topics.

- (i) the Price Control Deliverables (PCD) reporting requirements for completed projects where funding is awarded retrospectively (eg. the Elland project),
- (ii) how ETOs can recover T1 spend on MSIP projects,
- (iii) the means by which ETOs may recover costs incurred in T2 on projects that will be approved under the proposed T3 Load Related Re-opener,
- (iv) the value of T3 spend for the Leiston project to be recovered via the RIIO-ET3 settlement process.

2.9 In addition to the responses in paragraph 2.7, SPT also maintains its position regarding OE application, as stated previously in the response to the [statutory consultation](#) to give effect the 2023 SPT MSIPs.

## **Our Final Determinations views**

### Needs Cases and Optioneering

2.10 Given no evidence was presented to dispute our Draft Determinations position, our decision is to approve the needs case and optioneering for the MSIP projects listed in paragraph 2.2. Further details of the needs case and optioneering assessment are set out in Chapter 3 of the ET Annex of our Draft Determinations.

### Closely Associated Indirects

2.11 We reviewed the further clarity provided in the [Regulatory Instructions and Guidance](#) (RIGs) and agreed that the detail design cost provided in the Pathfinder projects is asset specific design (details set out in RIGs' Appendix 3 – Indirect Definition Tables) and should be classified as direct costs. We have made the adjustments in our Final Determinations.

2.12 In the Pathfinder projects NGET included costs for temporary facilities established at construction sites, cleaners for those facilities, site security, site manager, safety advisor, environmental support etc. as direct cost. NGET explained in their responses to our supplementary questions that they treated themselves as the a 'third party' as NGET is the principal contractor. According to the latest RIGs, these 'Other CAI' cost incurred by third party contractor could be absorbed into the direct cost. We do not agree NGET as an ETO can consider itself as 'third party contractor' when carrying out projects that install additional assets to the transmission system. Therefore, we do not agree these indirect costs can be categorised as direct costs.

2.13 For the survey cost mentioned above by SPT, the RIGs set out that the site surveys, unless specifically stated such as flooding, should be categorised as indirect activities.

2.14 Apart from the detail design cost mentioned in 2.11 above, we maintain our view that the other cost categories correctly classified as indirect costs. We will provide the details of these classifications separately to the ETOs.

2.15 We confirm our proposed adjustments to project cost in the DD by taking out Closely Associated Indirect (CAI) costs as these should be funded by the Opex Escalator mechanism.

### Risk and Contingency Allocations

2.16 We maintain our view that the risk allocation should be considered for the whole project, irrespective of which party is carrying out the project. Hence, we confirm

our DD proposal to aggregate the total risk allocation for both contractors and ETO.

- 2.17 We maintain our view that aligning the level of risk and contingency allowance in re-opener applications, ie. at 7.5% as set out in the Draft Determinations, with that provided in the RIIO-ET2 FDs is appropriate for all RIIO-ET2 re-openers.
- 2.18 We are reviewing the suitable approach in risk and contingency allowance for projects in the future RIIO-ET3. We are working with the ETOs to finalise the approach to provide risk and contingency within projects through working group workshops and will take ETOs' representations into account in finalising the approach.

#### Other responses

- 2.19 Our responses to other responses from NGET in paragraph 2.8 are:
- The PCD for completed projects applying funding retrospectively (eg. the Elland project) should be reported in the coming Regulatory Reporting Pack (RRP) after the funding is approved retrospectively.
  - We will continue to exclude the T1 spend for MSIP projects in accordance with the licence condition.
  - The principles related to the treatment of costs on projects spanning the RIIO-ET2 and RIIO-ET3 periods are set out in our [RIIO-3 Sector Specific Methodology Decision](#). Full details of how these costs will be funded through the RIIO-ET3 Load Related Re-opener will be covered in our RIIO-ET3 Draft Determinations and Final Determinations.
  - We confirm the T3 allowances for the Leiston project to be recovered via the RIIO-ET3 settlement process will be £1.03m. This allowance figure reflects the proportion of total direct project costs that we expect NGET to spend in RIIO-ET3.
- 2.20 We will separately discuss with NGET on the other related topics.
- 2.21 SPT's response on the OE is consistent with comments it has made previously. We have fully covered our rationale on the application of OE in our [previous decision documents](#) and in our [Initial Policy Consultation on Proposed OE Review Mechanism](#).

### **3. SHET Gremista GSP Project under LOTI Re-opener**

#### **Summary of our Draft and Final Determinations**

3.1 We proposed to approve the Final Needs Case (FNC) in the Draft Determinations for the Gremista GSP Project, and we maintain our view to approve the FNC in our Final Determinations of the project.

#### **Our Draft Determinations**

3.2 In our Draft Determinations, we:

- 1) considered the needs case assessment under the MSIP process fulfils the requirement of the INC process under Chapter 4 of LOTI Guidance,
- 2) considered SHET’s preferred option (construction of the Gremista GSP along with the associated 132kV overhead line at estimated cost of £105.9m) is reasonable in terms of technical design and provides the most appropriate solution given the project’s drivers and background generation projections,
- 3) proposed to retain the Gremista GSP within the LOTI mechanism as part of the RIIO-ET2 price control, as opposed to funding through a late competition model,
- 4) proposed to approve the Final Needs Case for the Gremista GSP project,
- 5) proposed to consider the appropriate approach to Large Project Delivery Project Delay Charge (PDC) level for the Gremista GSP project at the PA stage.

#### **Responses to our Draft Determinations**

3.3 We received two responses, one from SHET and the other from Sustainable Shetland.

3.4 In its response, SHET:

- 1) agrees with the need for investment in the Gremista GSP Project,
- 2) agrees with our conclusion regarding the options considered and the cost-benefit analysis (CBA),
- 3) agrees with our proposal to retain the Gremista project within the LOTI arrangements,
- 4) agrees with our proposal to approve the FNC, but

- 5) disagrees with our proposed approach to large project delivery for the Gremista GSP project, because they considered there is no formal Ofgem policy on how PDCs will be calibrated, and the late delivery of this project may not directly impact consumers.

3.5 The response from Sustainable Shetland is summarised below.

- 1) On the need for investment for the Gremista GSP project, that a whole system approach should have been taken to instead include the project as part of the inter-connector from Caithness to Shetland project as an essential energy solution for Shetland, and having agreed to the inter-connector it would make no sense not to include approval of the Kergord-Gremista cabling and the GSP,
- 2) Concerns related to Lerwick Power station (LPS), which was expected to close but will in fact it will remain on standby, that any savings will be limited to a reduction in fuel costs,
- 3) In terms of options and CBA, there is little choice when the project is underway,
- 4) Our proposal to retain the Gremista GSP project within the LOTI arrangements would seem to favour SHET as it is likely to speed up approval and the competition model is not in the interests of SHET,
- 5) The piecemeal approach to be highly unsatisfactory, and that SHET has been approved more and more expenditure,
- 6) The whole project should not have been approved without considering the cost implications in full but given that the project is underway there is little choice.

## **Our Final Determinations**

### Overview of the Gremista GSP Project

3.6 Shetland is currently served by an isolated distribution network, which uses diesel generation and a small wind generation station as main generation source. Enabled by the new Transmission HVDC link, the Gremista GSP project will provide Shetland consumers with a connection to the transmission system. This will allow the local electrical demand to be met primarily from renewable generation and will allow Shetland to import from the mainland GB grid via the HVDC link, providing security of supply to Shetland.



3.7 The project would involve the construction of two new 132kV circuits between the 132kV Kergord substation and the GSP site at Gremista as well as two 132kV gas insulated switchgear (GIS) feeder bays at Kergord Substation (currently underway as part of the Shetland HVDC Link project) and two indoor 132/33kV air insulated switchgear (AIS) substation bays at Gremista.

Project drivers

3.8 On the concern on the timing for the consultation of the FNC for the Gremista GSP project, the initial needs case for this project was consulted on when the project was assessed under MSIP mechanism in 2022.<sup>4</sup> We considered this project as standalone, although it is related to other projects supplying Shetland, and we are satisfied that it aligns with these from a whole system perspective.

3.9 We note there is concern on the cost in maintaining the LPS. The costs have been factored in the consideration of this project, as one of the key drivers of the project is to reduce the running cost of LPS. The key drivers of the need for the project have not changed since the needs case assessment under MSIP in 2022:

- The need to meet the demand need of all Shetland customers with locally produced renewable energy following connection of the Shetland Islands to the mainland GB transmission system.
- The need to ensure Scottish Hydro Electric Power Distribution demand customers will be provided with a connection to the transmission system supporting the transition of Lerwick Power Station into standby mode in 2025 (avoiding significant additional investment that would be needed to maintain the existing Lerwick Power Station by procuring a new enduring solution).
- The need to introduce energy diversification to Shetland and decarbonising the demand network. This helps towards achieving local and national Net Zero ambitions by reducing the need for Lerwick Power Station to operate, therefore resulting in a significant reduction in the burning of diesel fuel.

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<sup>4</sup> [Consultation on Scottish Hydro Electric Transmission's \(SHET's\) proposed Gremista Grid Supply Point Project | Ofgem](#)

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Options considered and CBA results

4.1 As detailed in Chapter 4 of the consultation on the Gremista GSP project in 2022,<sup>5</sup> four options have been evaluated under the MSIP assessment.

Option 1: Do-nothing

Option 2: A market-based solution

Option 3: A 33kV solution from Kergord

Option 4: GSP at Gremista

4.2 From the high-level assessment, we agreed that only option 4, ie. the Gremista GSP, is viable. We remain of the view that the Gremista GSP proposed by SHET is the only feasible technical option and hence the CBA comparing these different options was not required as the alternative options presented by SHET were not appropriate.

4.3 CBA analysis was therefore conducted to compare the estimated Gremista GSP project costs to a range of other network solutions, including steel lattice towers, NeSTS<sup>6</sup> towers and a full underground cable option. The benefits of all options were considered to be the same.

4.4 At the updated cost of £105.9m, SHET confirmed that there is no material impact on the CBA analysis provided in the MSIP stage because the project cost is still lower than that of the other network solutions considered ranged from £118m to £122m.

3.10 Having considered all the responses, and given there is no opposite view received, we maintain our view that technical design proposed by SHET for the Gremista GSP project remains the most cost-effective solution.

Delivery via a competition model

3.11 Although there is concern that our proposal to retain the Gremista GSP project within the LOTI arrangements would seem to favour SHET, the perspective we have taken in our draft determinations was that we do not believe applying any of the competition models would be in the interests of consumers. We do not consider that implementing either the Competitively Appointed Transmission

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<sup>5</sup> Please refer to Chapter 3 (Needs Case for the Project) and Chapter 4 (Justification and Assessment of Options) in our consultation on SHET's Gremista GSP Project under MSIP: <https://www.ofgem.gov.uk/consultation/consultation-scottish-hydro-electric-transmissions-shets-proposed-gremista-grid-supply-point-project>

<sup>6</sup> NeSTS stands for New Suite of Transmission Structures.

Owner (CATO) and Special Purpose Vehicle (SPV) models for the Gremista GSP is possible without causing significant delay to project delivery, and we do not have sufficient confidence in the benefits to consumers that could be delivered by applying the Competition Proxy Model (CPM).

- 3.12 Having considered the consultation response, our decision is that the Gremista GSP project should be retained within the LOTI mechanism and be delivered by SHET as part of the RIIO-2 price control.

#### Large project delivery

- 3.13 In the RIIO-ET2 Final Determinations, we set out our approach to late delivery of large projects (ie.>£100m). The aim is to ensure that a network company does not benefit financially from a delay to project delivery and that consumers are protected from any delay in delivery. To this end, we set out the policy on setting a PDC in the LOTI Guidance, and the PDC will apply for each day a project is delivered late.

- 3.14 We do not agree with SHET’s view that late delivery of this project may not directly impact consumers.

- 3.15 We will consider the appropriate project delivery mechanism and PDC level for the Gremista GSP project at the PA stage, taking into account SHET’s response to this consultation. We will further consult on the proposal of project delivery mechanism and PDC level later.

#### Overall

- 3.16 Having considered all the responses, our decision is to approve the FNC for the Gremista GSP project.

## **4. Conclusion**

- 4.1 We have considered all consultation responses and concluded our assessment of the 2024 MSIPs and the FNC for Gremista project under LOTI re-opener with our Final Determinations.
- 4.2 To give effect to our decision on the 2024 MSIPs, we have published alongside the Final Determinations a statutory consultation proposing relevant modifications to NGET and SPT's electricity transmission licences in accordance with section 11A of the Electricity Act 1989.
- 4.3 We have decided to approve the FNC of Gremista project. We will proceed with its Project Assessment stage in accordance with the LOTI assessment process and SpC 3.13 of the SHET's transmission licence.

## Appendices

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## Appendix 1 List of Activities under MSIP re-opener

The activities listed under MSIP re-opener in SpC 3.14.6 are:

- (a) a Generation Connection project, including all infrastructure related to that project, the forecast costs of which are at least £4.24m more or less than the level that could be provided for under Special Condition 3.11 (Generation Connections volume driver);
- (b) a Demand Connection project, including all infrastructure related to that project, the forecast costs of which are at least £4.24m more or less than the level that could be provided for under Special Condition 3.12 (Demand Connection volume driver);
- (c) a Boundary Reinforcement Project that has received a NOA Proceed Signal in the most recent NOA;
- (d) a Flooding Defence Project, the purpose of which is to follow:
  - i. updates to the Energy Networks Association’s report titled ‘Engineering Technical Report (ETR138)’ guidance on flooding; or
  - ii. a request from government, or a body which has responsibility for flood prevention, to protect sites from flooding;
- (e) an Electricity System Restoration Project following the establishment of an Electricity System Restoration Standard;
- (f) a system operability or constraint management project that has been requested by the System Operator;
- (g) projects that are needed in order to meet NETS SQSS requirements regarding security, or system operability;
- (h) Harmonic Filtering projects that are needed following:
  - i. requests from the licensee’s customers to aggregate and deliver Harmonic Filtering requirements; or
  - ii. system studies by the System Operator or the licensee showing a need for additional Harmonic Filtering on the National Electricity Transmission System;
- (i) protection projects that are needed following:
  - i. system studies by the System Operator or the licensee showing a need for changes to the protection settings or replacement of protection relay with inadequate range;
  - ii. system studies by the System Operator or the licensee showing a need for dynamic line ratings; or
  - iii. system studies by the System Operator or the licensee showing a need for an operational intertrip;
- (j) data transformation and improvement projects, to implement recommendations regarding specific outputs required to meet principles developed by industry data working groups;
- (k) SF6 asset interventions, where the licensee can demonstrate a well-justified SF6 Intervention Plan;
- (l) a project identified by NGEN as required to be delivered by 2030; and

(m) a project required to enable delivery of an ASTI project.