

Decision

TKRE - Decision on Early Construction Funding and Modification to special conditions of the electricity transmission licence

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Following our consultation in August,¹ this document confirms our decision on the Early Construction Funding (ECF) for the Tilbury Grain Kingsnorth Upgrade Project (TKRE) electricity transmission project. This decision is taken in line with National Grid Electricity Transmission's (NGET) electricity transmission licence (the Licence), Special Condition (SpC) 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIRt)'.

This document outlines our consultation position, the responses to the consultation, our view of the responses and our final position. Non-confidential responses are published alongside this decision. This decision document and corresponding Statutory Decision Notice of Modification published alongside it confirms our decision to proceed to modify the SpC and to adjust the ASTIAt term and allowances referenced in Appendix 1 of SpC 3.41.

¹ [TKRE - Early Construction Funding and proposed modification to the special conditions of the electricity transmission licence | Ofgem](#)

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Executive Summary

In August 2024 we consulted² on our minded to position to adjust allowances (ASTIAt) set out in the ASTI Confidential Annex that is referenced in Appendix 1 of Special Condition (SpC) 3.41 'Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term (ASTIRt)' Part C: Early Construction Funding.

The consultation was carried out under the NGET electricity transmission licence to reflect NGET's ECF request for the Tilbury-Grain/Tilbury-Kingsnorth project (NOA code: TKRE) electricity transmission project, involving the construction of a new 2.2km tunnel under the Thames Estuary and two new headhouses, as well as the installation of higher capacity High Voltage (HV) cables.

In our consultation we also included the statutory notice of our proposed modification to adjust the ASTIAt term as referenced in Appendix 1 of SpC 3.41 to give effect to our minded to position.

Decision

This document confirms our decision to adjust the allowances set out in Appendix 1 (ASTIAt) of SpC 3.41 'Accelerated strategic transmission investment Re-opener and Price Control Deliverable term (ASTIAt)' 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.

Next steps

In accordance with section 11A of the Electricity Act 1989, the license modification will take effect 56 days after the publication of the modification. Based on our recent engagement with NGET, we expect an Accelerated Strategic Transmission Investment Project Assessment (ASTI PA) submission request towards the end of 2024. We will undertake a full cost assessment, including ECF costs, at the ASTI PA stage and will review whether ECF expenditure was efficient.

² [TKRE - Early Construction Funding and proposed modification to the special conditions of the electricity transmission licence | Ofgem](#)

1. Context

Section summary

This section covers the context for this publication, including the previous publications and the timescales for the decision making process.

- 1.1 This document confirms our minded-to position on NGET’s ECF request for the Tilbury-Grain/Tilbury-Kingsnorth project (NOA code: TKRE) electricity transmission project, involving the construction of a new 2.2km tunnel under the Thames Estuary and two new headhouses, as well as the installation of higher capacity High Voltage (HV) cables.
- 1.2 Chapter 2 summarises our consultation position, the responses we received and our views regarding those responses. The chapter also confirms our decision considering the consultation responses.
- 1.3 Chapter 3 sets out the next steps concerning the TKRE project.
- 1.4 Alongside this decision we are also publishing the amendments to SpC 3.41 which will give effect to our decision. In accordance with section 11A of the Electricity Act 1989, the license modification will take effect 56 days after the publication of this decision to proceed with the making of modifications.

Related publications

- 1.5 Decision on accelerating onshore electricity transmission investment: [Decision on accelerating onshore electricity transmission investment | Ofgem](#)
- 1.6 Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment: [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment | Ofgem](#)
- 1.7 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: [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment | Ofgem](#)
- 1.8 Early Construction Funding and proposed modification to the special conditions of the electricity transmission licence: [TKRE - Early Construction Funding and](#)

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[proposed modification to the special conditions of the electricity transmission licence | 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	Licence modification decision	licence modifications come into effect
13 August 2024	10 September 2024	21 10 2024	21 10 2024	56 days after the licence modification decision ³

³ Section 11A(9) of the Electricity Act 1989

3. TKRE Early Construction Funding Assessment

Section summary

This chapter summarises our August 2024 consultation position as well as the consultation responses and our decision following consideration of those responses.

Brief description of TKRE

- 3.1 TKRE is a project which involves constructing a new 2.2km tunnel under the Thames Estuary and two new headhouses including the installation of higher capacity High Voltage (HV) cables. Decommissioning the existing cable tunnel is not within the scope of this project. It also involves upgrading 27km of existing overhead line (OHL), by reconductoring the existing 4 x 400 ACSR (3326MVA) OHL sections of the Tilbury-Grain/Tilbury-Kingsnorth circuits (A784/A785) to make the entire route 3 x AAAC (3820 MVA).
- 3.2 This upgrade will replace the conductors in the Tilbury to Grain and Tilbury to Kingsnorth circuits with higher-rated conductors. This will better enable the transmission of renewable energy to the high demand area of Greater London and facilitate power delivery to and from the interconnectors around the south-east coast when they are respectively exporting and importing power.
- 3.3 A map displaying the existing network and proposed new infrastructure as well as a brief description of the TKRE NGET project is shown below.



Figure 1: This is the aerial view of the intended connection from Tilbury to Grain. The coloured lines represent the circuits between each substation. Tilbury – Kingsnorth (purple) and Kingsnorth to Grain (yellow). The tunnel is represented with a thick yellow line.

TKRE NGET ECF application

- 3.4 The ECF has been submitted at this stage as NGET is satisfied that their plans have sufficiently progressed to make this submission.
- 3.5 NGET made an application for ECF under Part C of SpC 3.41 of their licence to enable funding of early construction activities for the TKRE project. These

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activities align to strategic land purchases, early enabling works, and early procurement commitments.

Table 1: TKRE ECF application (percentages rounded up / down to the nearest whole percent)

Project	Percentage of total project spend	Remainder of cap available
<i>TKRE</i>	<i>19.72%</i>	<i>0.28%</i>

Table 2: Summary of works submitted for each of the ECF categories

ECF category	Summary of works
<i>Early procurement commitments</i>	<ul style="list-style-type: none">• Tunnel Boring Machine (TBM)• HV cables• Site generators• Tunnel moulds• A permanent power supply for both tunnel headhouses• Spoil slurry separation plant equipment
<i>Early enabling works</i>	<ul style="list-style-type: none">• Detailed design work for the TBM• Site clearance and site set up for the Gravesend headhouse site• Additional site surveys at both headhouse locations• Insurance for third party liability, environmental and early construction risks for the project• Demobilisation costs in case of early termination
<i>Strategic Land purchases</i>	Lease of: <ul style="list-style-type: none">• 1.8 acres of land from Port of Tilbury for the new tunnel headhouse• 16.5 acres of land for a temporary construction area• 1.6 acres of land from the Royal Society for the Protection of Birds (RSPB) for a temporary construction site at Gravesend

Consultation position

3.6 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.

3.7 We engaged further with NGET to understand the reasons behind the request for demobilisation costs. ECF seeks to enable early construction activities that are required to accelerate the project, thereby helping to safeguard the overall programme and delivery of the project. We believed that the proposed demobilisation costs are not relevant to this, instead they relate to project cancellation risks.

3.8 We were therefore minded-to not approve the request to fund demobilisation costs as part of the ECF.

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- 3.9 We agreed that the rest of the works included in the ECF request were required to ensure timely progression of the projects' main works, and thus reduce overall schedule and cost risk on the project.
- 3.10 Our minded-to position was to approve NGET's request for ECF to the value of 19.29% of the total forecast project cost listed in the ASTI Confidential Annex.

Consultation responses

- 3.11 Two stakeholders, NGET and GridLink, responded to our ECF consultation, both agreeing with our minded-to position.
- 3.12 NGET noted they agree with the position to approve the ECF request except for demobilisation costs. They acknowledge that there is an alternative route to recover demobilisation costs if needed in the future. In their response, NGET pointed out some parts of the notice of modification changes that should be updated or amended. They also requested formal agreement that they can be flexible in spending the agreed total ECF spend between the items of expenditure outlined in their original submission.
- 3.13 GridLink supported our minded-to position to provide ECF for the TKRE project and to adjust the ASTIA_t in Appendix 1 of Special Condition 3.41 in NGET'S licence, noting that proposed TKRE project will enable the transmission of renewable energy to the high demand area of Greater London and facilitate power delivery to and from the interconnectors around the south-east coast (including GridLink) when they are respectively exporting and importing power.

Our view on the feedback received

- 3.14 Regarding NGET's feedback, we agree that the two parts should be amended/updated in the notice of modification changes. On the request for confirmation regarding the flexibility in the spending, we believe this is a realistic ask, provided any spending is relevant to the ECF categories we have agreed on, as per this decision.

Our decision

- 3.15 We agree with NGET's feedback on the updates on the notice of modifications.
- 3.16 GridLink's response highlighted the core benefits of the TKRE project, in terms of connecting additional renewable electricity to the grid, supporting the UK's energy resilience and decarbonising the network.

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- 3.17 GridLink highlighted the dependency between the proposed TKRE project and their own 1,250MW interconnector between Kingsnorth in the UK and Dunkirk in France. TKRE will enable the transmission of renewable energy to the high demand area of Greater London and facilitate power delivery to and from the interconnectors around the south-east coast (including GridLink) when they are respectively exporting and importing power.
- 3.18 We are satisfied that the ECF NGET have requested will accelerate delivery of the wider TKRE project and that it is in consumers interests for the costs to be incurred early.
- 3.19 Therefore, after consideration of stakeholder responses, we have decided to maintain our minded to consultation position and approve NGET’s full ECF request as permitted under SpC 3.41.

4. Next Steps

Section summary

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

- 4.1 We are publishing alongside this decision the amendments to SpC 3.41 in accordance with section 11A of the Electricity Act 1989.
- 4.2 Please note that other proposals that might affect SpC 3.41 currently being consulted on are not reflected in the drafting.
- 4.3 The modifications to SpC 3.41 and the ASTI Confidential Annex will take effect on the 16 12 2024, 56 days after this decision and modification is made.
- 4.4 Based on our recent engagement with NGET, we expect an ASTI PA submission request towards the end of 2024. We will undertake a full cost assessment, including ECF costs, at the ASTI PA stage and will review whether ECF expenditure was efficient.