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nationalgrid

# RIIO-T2 Our Performance 2025/26

National Grid Electricity Transmission



# A message from our Chair



**Welcome to the fifth and final annual performance report for RIIO-T2, Ofgem's five-year price control framework for electricity transmission, which ran from 01 April 2021 to 31 March 2026. In this report, we reflect on what we delivered during the final year of RIIO-T2 and the price control, during a period of significant change across the energy sector and wider economy. We also look ahead to RIIO-T3 and the vital role our network will play in continuing to support economic growth, energy security and the transition to a cleaner, more secure and affordable electricity system.**

Safety remains our highest priority. As our workload, workforce and delivery commitments continue to grow, we remain focused on ensuring that everyone goes home safely at the end of every working day. Throughout RIIO-T2 we strengthened our approach to contractor safety, capability development and operational resilience, helping maintain strong performance across an increasingly complex portfolio of work.

We continue to provide a safe, reliable and efficient transmission service for our customers and end consumers while responding to unprecedented growth in demand for network capacity and connections. To support this growth and maintain network performance, we invested £3.2bn across our network during 2025/26. Over the five-year period, we invested £9.9bn to maintain, upgrade and expand the network, delivering value for consumers while supporting the UK's decarbonisation ambitions and economic growth.

In 2025/26 we achieved world class levels of network reliability, delivering 99.99999% network reliability and averaging 99.99995% reliability across RIIO-T2. This strong reliability performance reflects the dedication of our colleagues and partners who work every day to keep electricity flowing to homes, businesses and communities across England and Wales.

Over the course of RIIO-T2, the environment in which we operated changed considerably, requiring us to adapt our plans, strengthen our delivery capability and focus on the activities that deliver the greatest value for consumers and the wider energy system. The impacts of Covid-19, global supply chain disruption, geopolitical events and rising inflation created challenges that were not foreseen when our business plan was developed in 2019. Government policy also evolved significantly, with the introduction of Clean Power 2030 (CP2030) accelerating the government's commitments to decarbonise the electricity system, driving substantial growth in demand for network capacity and customer connections.

This unprecedented demand for connections exposed the limitations of the previous first-come, first-served process. The transmission connections queue grew to more than 700GW across Great Britain, well above the capacity expected to be required by 2030. As a result, the queue did not always reflect which projects were ready to proceed, reducing clarity for customers and adding pressure across the wider energy system.

Against this backdrop, the NESO run Connections Reform programme became necessary to create a more deliverable and manageable pipeline, prioritising projects that are ready and needed, while providing a more credible basis for future connection dates. While we recognise that the transition has created uncertainty for customers, particularly those progressing long-term development projects, our focus remains on supporting customers and helping viable projects connect as quickly and efficiently as possible.

At the same time, we continued to develop the electricity network for the future, supporting the development of the Accelerated Strategic Transmission Investment programme and progressing major infrastructure projects needed to deliver a more secure, clean and affordable energy system for the UK.

These efforts translated into significant delivery outcomes across RIIO-T2. We delivered around 13.1GW of additional boundary capacity, connected 11.8GW of new generation capacity, around twice the level connected in RIIO-T1, and enabled 3.3GVA of additional demand capacity against a baseline of 2.7GVA. Notable projects during RIIO-T2 included the connection of major offshore wind developments such as Dogger Bank 1 (1.2GW) and Dogger Bank 4 (1.2GW) Offshore Wind Farm. Together, these investments have helped increase the volume of clean electricity reaching homes and businesses, while also supporting growing industrial and regional economic development.

Our asset management approach also evolved over RIIO-T2, becoming more targeted, risk-based and focused on long-term network resilience. By using asset condition, network risk and system need to prioritise investment, we delivered 5,256 asset health-related interventions across the period, helping maintain a safe and resilient network while preparing for the increased demands expected in RIIO-T3.

We also made strong environmental progress over RIIO-T2, achieving 26 of the 28 commitments in our Environmental Action Plan, with the remaining two carried into RIIO-T3 with clear ownership and milestones. This included a 38.1% reduction in controllable Scope 1 and 2 emissions, maintaining zero waste to landfill across construction activities, and investing more than £10 million in nature recovery initiatives that enhanced 130 hectares of land. We also strengthened our industry leadership through PAS 2080 accreditation, early adoption of Net Gain at scale, and launch of the energy sector's first Carbon & Nature Procurement Framework.

Alongside these measurable outcomes, we have continued to lead and collaborate across our industry, building the capability and partnerships needed to deliver even greater environmental benefits in the years ahead.

To meet the growing scale of investment required, we strengthened our capabilities and delivery capacity throughout RIIO-T2. Our workforce grew from 2,265 employees at the start of the price control to 4,896 by the end of the period, supported by new partnerships across our supply chain and the creation of dedicated delivery organisations focused on major infrastructure projects. These investments leave us better prepared to deliver the next phase of network transformation. Innovation has also played an important role throughout RIIO-T2. Through 105 RIIO-T2 Network Innovation Allowance projects we have also developed practical solutions to improve network resilience, accelerate delivery and deliver long-term value for consumers.

As we reflect on RIIO-T2 and look ahead to RIIO-T3, we do so as a stronger and more capable organisation. The experience gained, lessons learned and investments made throughout RIIO-T2 have strengthened our ability to deliver for consumers and support the changing needs of the energy system.

RIIO-T3 will require a substantial increase in delivery as we connect more new generation, demand and strategic infrastructure projects to support Clean Power 2030 and the UK's net zero ambitions. The experience gained and lessons learned during RIIO-T2, together with our continued investment in people, partnerships and processes, provide a strong foundation for meeting that challenge while continuing to deliver value for consumers.



**Sandip Thakar**  
Chair of the NGET Board  
President of Electricity Transmission  
(Interim)

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# The RIIO framework

**RIIO (Revenue = Incentives + Innovation + Outputs) is the regulatory framework used in the UK to set price controls for energy network companies, including gas and electricity transmission and distribution operators.**

The purpose of RIIO is to ensure that we, as a network company, operate efficiently while providing a safe and reliable network for consumers. The framework encourages network companies to deliver outputs more efficiently by controlling costs, improving how they operate and sharing the resulting benefits with consumers, which can ultimately lead to lower prices for consumers. Additionally, RIIO ensures that we deliver specific outcomes that benefit consumers, such as improved service reliability and reduced environmental impact. The key building blocks of RIIO are summarised below:

## Revenue = Incentives + Innovation + Outputs

**Incentives:** The mechanisms used by Ofgem to encourage improvements in areas valued by our customers and stakeholders such as Environmental impact, Customer Connections, Reliability.

**Innovation:** Identifying and implementing innovative developments to provide a safe, reliable and sustainable network whilst delivering value for money for customers.

**Outputs:** Specific output deliverables for areas identified as important by customers such as Environment, Reliability, Connections.

Under the RIIO framework, the outputs we deliver are explicitly articulated and our allowed revenues are linked to their delivery, although some outputs and deliverables may only have a reputational impact or are linked to legislation. These outputs reflect what our stakeholders have told us they want us to deliver and were determined through an extensive consultation process, which gave stakeholders a greater opportunity to influence the decisions we made.

## The price control process

The price control process sets our allowed expenditure for the price control period and starts with submission of a business plan, which details the investments needed in the next price control period to maintain a safe and reliable network and meet the needs of our end consumers and stakeholders. Ofgem use this information, along with independent assessments, to determine the efficient level of expected costs necessary for these deliverables. Under RIIO, this is known as 'totex', which is a component of total allowable expenditure, broadly defined as the sum of operating expenditure (opex) and capital expenditure (capex).

The level of allowances we receive to deliver outputs depends on the volume of work needed and the cost of the various external inputs required to achieve them. While 'baseline' allowances covering the entire five year period are set at the start of each price control, Uncertainty Mechanisms (UMs) are designed to protect consumers and network companies by avoiding the need to set allowances when future needs and costs are uncertain.

## Totex Incentive Mechanism – incentivising performance

When we under- or over-spend the agreed allowance, the Totex Incentive Mechanism (TIM) allows us to share a portion of the under- or over-spend with consumers through an adjustment to allowed revenues in future years, based on a 'sharing factor' set by Ofgem at the start of the price control. This sharing factor incentivises us to deliver outputs efficiently, as we retain a portion of any savings, while the remainder benefits our customers and end consumers. Conversely, the mechanism provides a level of protection for us if we need to spend more than allowances.

# Executive summary

**This executive summary highlights the main outputs we have delivered during the last year of the RIIO-T2 price control period. It highlights our commitment to safety, network reliability, and efficient energy delivery, reflecting our focus over RIIO-T2 to meet the needs of consumers and stakeholders.**

## Safety

Safety is our highest priority, and we are committed to ensuring that everyone working for us, or on our behalf, returns home safely every day. In 2025/26, our Lost Time Injury Frequency Rate (LTIFR) was 0.11, an increase of 0.05 compared with the previous year and marginally above our RIIO-T2 target of 0.10. While our safety performance remains close to target, we recognise that more can be done to reduce lost time incidents. We are continuing to strengthen safety controls and support safe delivery across our organisation, working closely with our employees and contractors to reduce incidents and support safe delivery across our network.

## Maintaining a reliable network

Our network reliability in 2025/26 was 99.99999%, contributing to an average of 99.99995% across the five-year price control period. High levels of reliability reflect continued disciplined asset stewardship, effective inspection and maintenance activity and the active management of network risk in an increasingly complex operating environment. During 2025/26, there was only a single incentivised Energy Not Supplied event in which 28.9MWh of electricity was not supplied. This is significantly below the incentive neutral point (i.e. the point at which we are penalised) of 147MWh.

## Connecting customers and enabling the energy transition

The RIIO-T2 period has seen material growth in connection activity as the energy system changes. During 2025/26, customer connection activity remained strong, with 10 new generation (0.87GW) and demand (0.418GVA) connections. We completed works for three further generation schemes ready for customers to complete their connections. Across RIIO-T2, we connected 11 more customers than in our RIIO-T2 baseline. The increase in connections reflects the continuing growth in demand for new connections spurred by UK decarbonisation and

energy security goals. In 2025/26, we connected 0.3GW of capacity through the Sundon-Wymondley Protection and Busbar Upgrade project. Over RIIO-T2 we have connected 13.1GW of boundary capacity against a FD forecast of 23.4GW, this reduces to 19.1GW when considering principle boundary for volume driver connections in line with reporting of actuals. Whilst this is under our expectations, the majority of this under delivery is due to changing requirements of when the capacity is needed and due to impacts from supply chain factors.

The Accelerated Strategic Transmission Investment (ASTI) programme is delivering critical network infrastructure to support the UK's clean power and energy security ambitions, economic growth and lower long-term system costs for consumers. It represents one of the largest and most complex transmission investment programmes undertaken in Great Britain for decades.

By the end of RIIO-T2, six of the first 17 ASTI projects were in construction, a further two were mobilising, major delivery partnerships had been established and key planning approvals secured. We recognise the importance of scrutiny of delivery progress and forecast costs. Cost movements reflect the scale and complexity of the programme and wider market conditions, including inflation, supply chain pressures and competition for specialist equipment and labour. As projects progress through design, procurement and construction, we are working closely with our supply chain, regulators and other stakeholders to strengthen cost and delivery certainty, maintain disciplined oversight and deliver safely, efficiently and at the pace required.

## Taking an adaptive, risk-based approach to asset health

Throughout RIIO-T2, our asset health programme has been adapted to reflect changes in asset condition, system requirements and interactions with wider load-related investment. This has ensured that investment remained focused on the interventions that deliver the greatest reduction in network risk and value for consumers.

As a result, some interventions included in the original Final Determination baseline were re-scoped, no longer required, or superseded by wider reinforcement schemes. Consequently, delivery against the original baseline volumes was lower than planned. Over RIIO-T2 we delivered 81% of our original Final Determination NARM and PCD intervention volumes. However, this increases to 104% when asset health interventions delivered outside the funded baseline are included.

Overall, this demonstrates that asset health investment has remained closely aligned to evolving network requirements and has continued to deliver the intended outcomes for network reliability and consumers.

## Delivering benefits through RIIO incentives

We have also delivered wider benefits through the RIIO incentive framework. Across RIIO-T2, our financial output delivery incentives resulted in an overall reward of £16.5 million. Strong performance has been delivered in areas such as SO:TO Optimisation, environmental performance, Insulation and Interruption Gas emissions and Energy Not Supplied. In 2025/26, we delivered 20 enhanced service solutions through SO:TO Optimisation, generating £25.7 million of constraint savings for consumers and taking cumulative savings across RIIO-T2 to £250.6 million.

## Improving environmental performance

Throughout RIIO-T2, we strengthened our environmental ambition while continuing to deliver measurable outcomes for consumers, communities and the wider environment. By the end of the price control, we had achieved 26 of the 28 commitments within our Environmental Action Plan, despite increasing the scope and ambition of those commitments as expectations evolved. Our progress included reducing controllable Scope 1 and 2 emissions by 38.1%, maintaining zero waste to landfill across construction activities, investing more than £10 million in nature recovery initiatives and helping to increase the environmental value of our non-operational land. Alongside these outcomes, we continued to demonstrate environmental leadership through innovation, collaboration and the development of new approaches that will help deliver even greater environmental benefits throughout RIIO-T3. More information can be found [here](#).

Environmental performance has remained an important focus. We performed well across the Environmental Scorecard in 2025/26, exceeding targets in three areas and meeting targets in the remaining areas. We also delivered a 43% reduction in Insulation and Interruption Gas emissions compared with the 2018/19 baseline, outperforming our 33% Science Based Target by 10 percentage points. Across RIIO-T2, we continued to support biodiversity, improve recycling performance and reduce the environmental impact of our activities.

## Connections performance

During RIIO-T2, the connections landscape changed materially as wider government policy and industry reform reshaped how connection offers are managed. Across Great Britain, the transmission connections queue grew to more than 700GW, far exceeding the generation capacity expected to be needed by 2030. This created challenges for network companies and for customers seeking timely access to the system. At NGET, this was reflected in a very significant increase in connection contracts issued, requiring the business to manage contract volumes increasing from the hundreds at the start of RIIO-T2 up to over 1300 at the peak in 2023/34.

In response, NGET has worked closely with NESO, government and industry partners to implement Connections Reform. This supports a move from a first-come, first-served process to a more strategic approach that prioritises projects that are ready to proceed and needed by the wider energy system. While the transition has created uncertainty for some customers, it is an important step towards a more deliverable, transparent and efficient connections pipeline. Our Quality of Connections satisfaction score improved from 6.5 to 7.0, although it remained below Ofgem's target of 7.7. For activities within National Grid Electricity Transmission's direct control, performance was 7.5. We will continue to build on this progress, support customers through the transition and work with NESO and industry partners to address wider challenges affecting connections delivery.

## Our RIIO-T2 financial performance

Our five-year regulatory expenditure position is broadly in line with adjusted allowances. Across RIIO-T2, expenditure is forecast at £9.9bn, compared with adjusted allowances of £10.0bn, resulting in an underspend of £0.1bn, of which 67% will be returned to end consumers through the totex incentive mechanism. This position reflects the operation of the RIIO framework, including uncertainty mechanisms and re-openers, which adjust allowances where requirements change across the price control. These mechanisms are important because they allow investment to respond to changing customer needs while protecting consumers from unnecessary cost.

# RIO-T2 at a glance

## Safety first

**0.12**

Average Lost Time Injury Frequency Rate across RIO-T2

2025/26  
0.11 vs 0.10 target

## Reliable

**99.99995%**

Average Network Reliability across RIO-T2

2025/26  
99.99999%

## Connecting

**11.8 GW**

Generation connected during RIO-T2

3.3 GVA demand connected

## Lower Impact

**38%**

Reduction in controllable operational emissions\*

43% lower insulating gas emissions

## Cost Savings

**£250m**

Constraint cost savings

## Keeping people safe and maintaining a reliable network

Safety first, alongside exceptional network reliability

### Safety performance

**0.12**

Five-year average LTIFR



### Network reliability

**5,256**

Asset health-related interventions across the period

**99.99995%**

Average Network Reliability across RIO-T2

Energy not supplied (ENS) – 25/26

**28.9 MWh**

Energy not supplied

**£0.8m**

Incentive reward

## Building the network for the future

Connecting customers and strengthening network capacity

### Generation connections

**11.8 GW**

Generation connected during RIO-T2

### Demand connections

**3.3 GVA**

Demand connected during RIO-T2

### Network capacity

**13.1 GW**

Additional boundary capacity delivered

### ASTI programme

**6 of 17**

Projects in construction at the end of RIO-T2

### Notable RIO-T2 projects

**Hinkley Connection Project** – Delivered the infrastructure needed in time such that it was enabled and waiting for the customer to connect.

**London Power Tunnels** – Delivering ahead of planned timelines, to scope and funding, within highly constrained urban areas.

**Dorset and Peak East** – Visual Impact Provision projects, delivered within the RIO-T2 period

## Delivering value for consumers

Investing responsibly while creating wider consumer benefit

Average cost of NGET to end consumer (25/26)

**£24**

per average household per year

Total RIO-T2 investment

**£9.9bn**

**£0.1bn**

Underspend against adjusted allowances (approx £100m)

Growing and maintaining the network

**£6.6bn**

Investment in customer connections, network capacity and asset replacement

**£250m**

Of constraint saving supporting the operation of the network

## Reducing environmental impact

Reducing operational emissions alongside network growth

**38%**

Reduction in controllable operational emissions<sup>1</sup>

**130ha**

Land enhanced through nature recovery initiatives

### 700 Biodiversity units delivered

We achieved biodiversity net gain on projects where it is practical to do so.

### Environmental performance across the network



Operational emissions



Resources & waste



Biodiversity & land



Water & environment



Environmental management

<sup>1</sup> Reduction in Business Carbon Footprint in 2025/26 compared with the 2018/19 baseline.

# Overview of RIIO-T2 performance

The Regulatory Reporting Pack (RRP) is a comprehensive report supported by a significant number of data tables that we submit to Ofgem each July. It details the outputs we have delivered and the costs we have incurred.

In this section, we summarise the key information from the report, to make our performance more accessible and easier for our stakeholders to understand. We provide an overview of our regulatory performance and the outputs we have delivered for consumers over the past year, and over the five-year RIIO-T2 regulatory period.

## Our regulatory performance

**Five-year expenditure is broadly in line with adjusted allowances**, with expenditure of £9.9bn compared to adjusted allowances of £10bn, leads to an underspend of £0.1bn. Initially, the Final Determination Allowances were set at £5.7bn; however, updates reflecting our latest assessments—including re-openers submitted, the operation of uncertainty mechanisms, and anticipated end-of-price-control adjustments via Price Control Deliverable (PCD) mechanisms—have added an additional £4.4bn in allowances over the price control period. This leads to the **underspend of £0.1bn against the adjusted allowances** for the five-year price control period (see Table 1).

**£9.9bn**

RIIO-T2 spend

**£4.4bn**

Adjustments to allowances

**£0.1bn**

Regulatory underspend

**£10bn**

RIIO-T2 allowances

**2.2%**

NGET share of customer bill



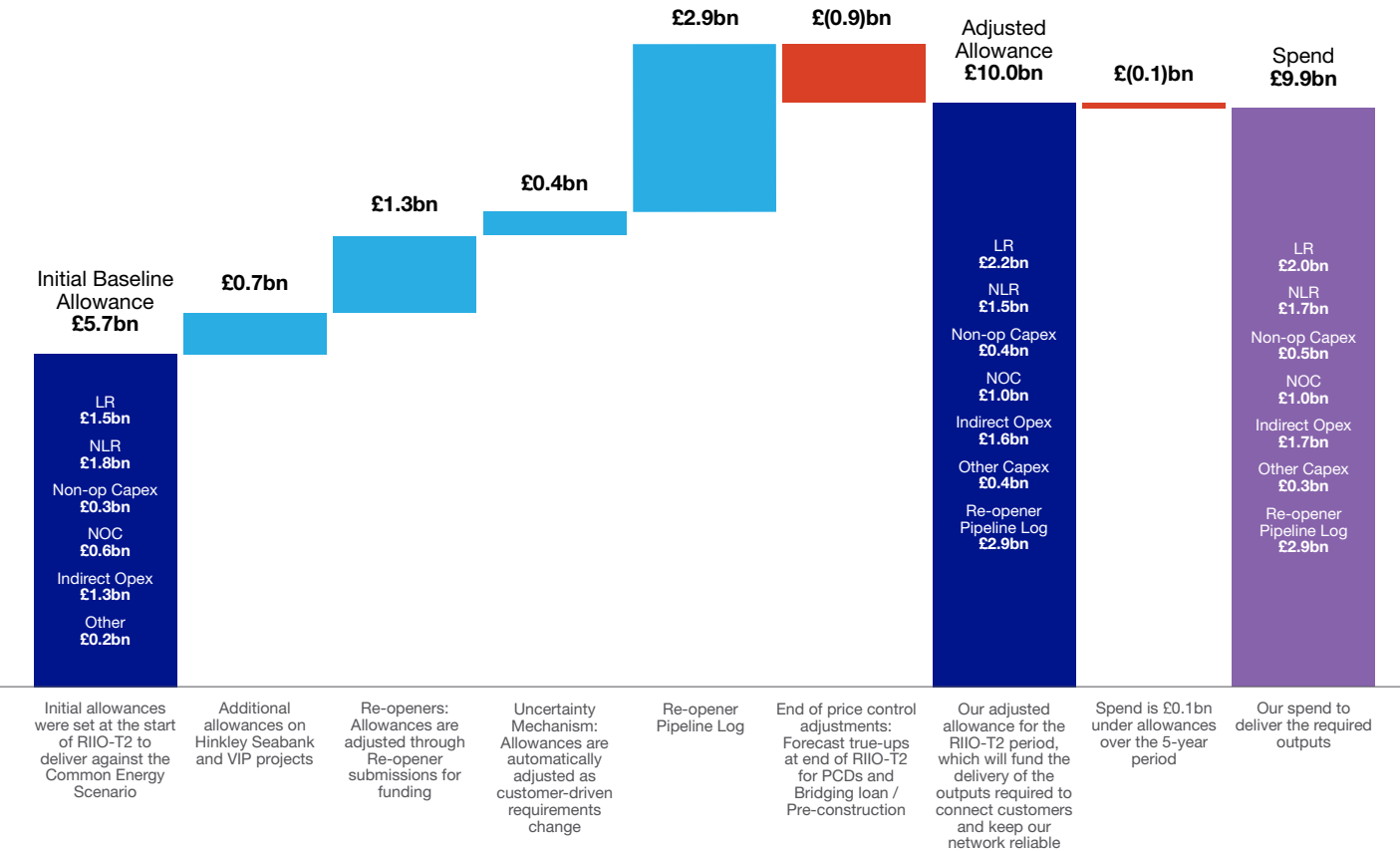
**Table 1**  
**RIIO-T2 adjustments to allowances by Investment Area**

| £bn 2018/19 prices         | Final Determinations | Adjustments to allowances | Adjusted Allowances | RIIO-T2 Spend | Regulatory Performance <sup>2</sup> |
|----------------------------|----------------------|---------------------------|---------------------|---------------|-------------------------------------|
| Load Related               | 1.5                  | 0.8                       | 2.2                 | 2.0           | 0.2                                 |
| Asset Replacement          | 1.8                  | (0.3)                     | 1.5                 | 1.6           | (0.1)                               |
| Non-Op Capex               | 0.3                  | 0.2                       | 0.4                 | 0.5           | (0.1)                               |
| Network Operating Costs    | 0.6                  | 0.4                       | 1.0                 | 1.0           | (0.0)                               |
| Indirect Costs             | 1.3                  | 0.3                       | 1.6                 | 1.6           | 0.0                                 |
| Other Costs                | 0.2                  | 0.2                       | 0.4                 | 0.3           | 0.1                                 |
| Reopener Pipeline Log      | 0.0                  | 2.9                       | 2.9                 | 2.9           | 0.0                                 |
| <b>National Grid Total</b> | <b>5.7</b>           | <b>4.4</b>                | <b>10.0</b>         | <b>9.9</b>    | <b>0.1</b>                          |

<sup>2</sup> Positive number represents an underspend against allowances

Figure 1 shows the five-year totex position and demonstrates how the price control mechanisms operate to adjust allowances from Final Determinations as requirements change. The graphic also demonstrates the corresponding impact on the overall difference between spend and allowance.

**Figure 1**  
**Five-year totex price control mechanism-driven adjustments to Final Determination allowances (2018/19 prices)**



**Notes:** (1) Excludes spending and agreed funding for ASTI projects.



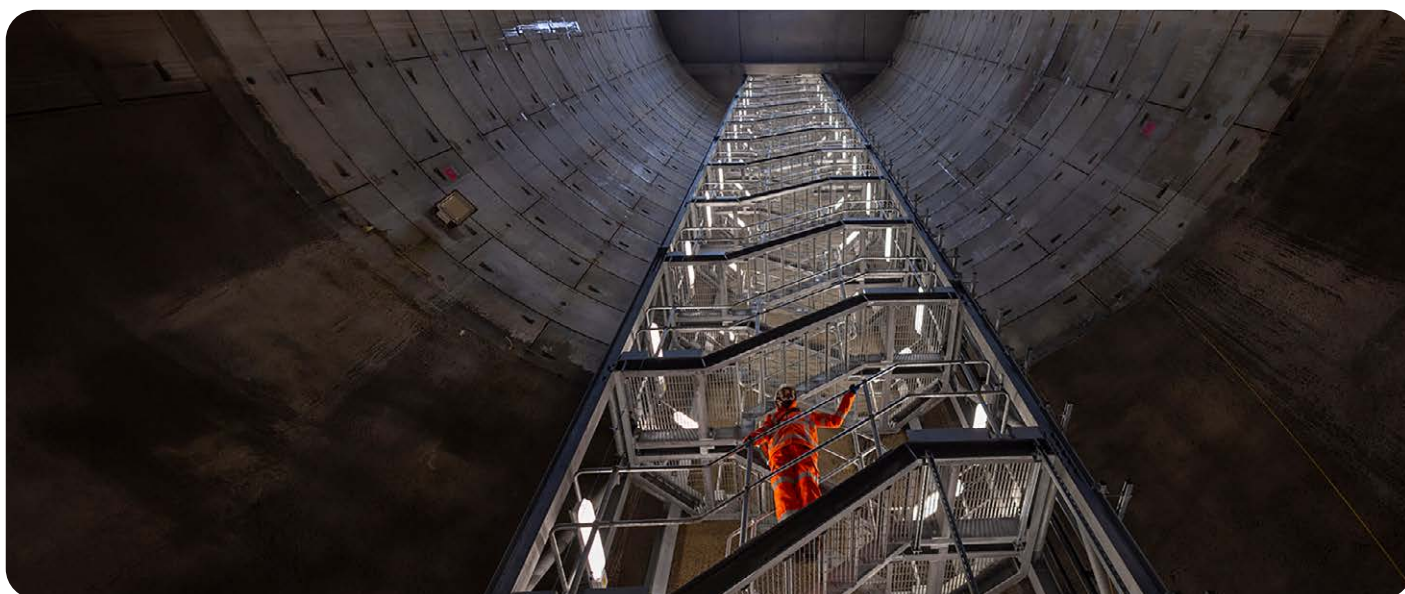
### Our reported financial performance

Due to differences in how financial and regulatory performance is defined, our reported financial position differs to our stated regulatory performance, despite being based on the same underlying data. As a result of these adjustments, our **financial performance reports an underspend of £1.1bn against allowances.**

To understand our underlying performance, adjustments are made in the financial reporting of performance to adjust for where delivery profiles cross over price control periods. Table 2 outlines the additional elements which are included in financial reporting to drive the £1.1bn difference in reported performance to RRP. These adjustments are detailed further below.

**Table 2**  
**Impact of phasing of allowances & edge effects on 5-year performance**

| £bn 2018/19 prices      | Regulatory (over) / under spend | Phasing allowances | Edge effects | Adj. spend vs. allowances | Other | NGET Performance |
|-------------------------|---------------------------------|--------------------|--------------|---------------------------|-------|------------------|
| Load Related            | 0.2                             | 0.2                | (0.0)        | 0.4                       |       |                  |
| Asset Replacement       | (0.1)                           | 0.0                | 0.4          | 0.3                       |       |                  |
| Non-Op Capex            | (0.0)                           | 0.0                | 0.0          | (0.0)                     |       |                  |
| Network Operating Costs | (0.0)                           | 0.0                | 0.0          | (0.0)                     |       |                  |
| Indirect Costs          | 0.1                             | 0.0                | 0.0          | 0.1                       |       |                  |
| Other Costs             | 0.1                             | 0.0                | 0.2          | 0.3                       |       |                  |
| Reopener Pipeline Log   | 0.0                             | 0.0                | 0.0          | 0.0                       |       |                  |
| National Grid Total     | 0.1                             | 0.2                | 0.6          | 1.0                       | 0.1   | 1.1              |



There are two categories of adjustment embedded into the financial reporting position:

- £0.8bn reflecting timing of spend (Phasing of allowances and Edge Effects in the table above), which is further explained below.
- Other adjustments totalling £0.1bn. This is a mix of output delivery incentive (ODI) performance, the effect of profits for the unlicensed work that we carry out for the benefit of our customers and the expected end of period adjustments to be made through the RIIO-T2 closeout process.

**Adjustments to reflect timing of spend:** when considering our performance against allowances, we have adjusted allowances to match the phasing of output delivery. This is in line with the reversal of enduring value adjustments we made during the RIIO-T1 period, with allowances adjusted from the RIIO-T1 period falling into two categories:

- **Phasing of allowances:** allowances relating to load-related projects initiated in RIIO-T1 but completing in the first two years of RIIO-T2 (known as RIIO-T1+2) have been re-profiled for financial reporting purposes to recognise the performance when the output is delivered. This has resulted in an additional £0.2bn of allowance being recognised in the RIIO-T2 period.
- **Edge Effects:** this refers to the impact on performance of projects crossing price control periods and shows an apparent over- or under-spend in one price control period which is offset in the other price control period. The impact of edge effects has been exacerbated in the early part of RIIO-T2 due to the challenges imposed by Covid-19 at the end of the RIIO-T1 period, which delayed some interventions into RIIO-T2. Financial reporting has re-profiled allowances to reflect this revised position, with additional allowances of £0.6bn being delayed from RIIO-T1 and recognised financially in the RIIO-T2 period even though they are not RIIO-T2 allowances and do not therefore feed into the RRP26 regulatory reporting tables.

## Breakdown of our regulatory performance

In this section, we present a breakdown of our financial performance and the outputs delivered for consumers over the past year and the full RIIO-T2 period, categorised by key areas of expenditure: **Load Related, Asset Health, Non-operational Capex, Network Operating Costs, and Indirect Costs.**

### Load-Related Investment – ‘Building for the future’

We are constructing the energy system of the future. During 2025/26, we connected **10 new generation and demand schemes** adding 0.87GW of generation and 0.418 GVA of demand capacity to the network. We completed works for three further generation schemes ready for customers to complete their connections. Across RIIO-T2 we delivered **11.8GW of generation capacity and 3.3GVA of demand capacity.** In addition to connecting 10 schemes in 2025/26, we have been undertaking ground work to meet the challenge of delivering in RIIO-T2 and a further 14.4GW of

generation capacity is due to connect in the first two years of RIIO-T3.

### Load-Related 5-year performance

The Load-Related plan, which encompasses the work required to connect customers to the network and make wider network reinforcements, delivered the outputs required to meet customer needs. This was achieved through £2.04bn of direct capital expenditure, £182m less than adjusted allowances of £2.22bn. The adjusted allowance position represents an increase of £768m from baseline allowances, which is driven by:

- **Increase in allowances of £1.2bn** resulting from the application of volume drivers for generation, demand and wider works, allowances awarded for the Hinkley-Seabank project following Final Determinations, and other re-openers determined since Final Determinations. This reflects the increased need for investment in response to changing customer needs.

## Connecting customers in a changing energy system

The demand for transmission connections has grown rapidly as investment in generation, storage, electrification and emerging industries has accelerated. During RIIO-T2, the transmission and distribution connections queue expanded to more than 700GW across Great Britain, far exceeding the level of clean generation capacity expected to be needed by 2030, 2035 and even 2050. As the queue grew, it became larger, more complex and less reflective of the projects most likely to progress, creating uncertainty for customers and placing increasing pressure on planning, system access, project delivery and supply chains across the wider energy system.

In response, industry-wide Connections Reform has moved the process away from a first-come, first-served model towards a more strategic approach based on projects being both “ready” and “needed”. Under the new framework, projects that meet the relevant criteria progress to Gate 2 and receive more confirmed connection information, while other projects receive indicative information through Gate 1. The reforms are designed to create a more credible and deliverable pipeline, improve certainty for customers, and ensure available network capacity is focused on viable projects most likely to be delivered. NGET has played a key role in influencing and supporting implementation of these reforms whilst working closely with customers through the transition, helping

unlock capacity, support economic growth and energy security, and create the conditions for long-term investment in the electricity system.

The transition to Connections Reform had a significant impact on reported performance during 2025/26, changing how applications were managed, how offers progressed and the level of certainty customers experienced throughout the year. Delivering the reforms required a substantial operational transformation, with connection arrangements moving from managing hundreds of contracts annually to handling over 1,300 contracts in 2023/34 during the transition to the new framework. This represented a significant increase in commercial, operational and customer engagement activity, requiring new processes, additional capability and close collaboration across the industry.

While this period of change created challenges for customers, we remained focused on the aspects of the connections journey directly within our control. Our 2025/26 Quality of Connections score for activities within NGET’s direct control was 7.5 out of 10, reflecting the efforts of our teams to improve engagement, transparency, responsiveness and support throughout the connections process. During RIIO-T2, we continued to connect customers and adapt our delivery plans while working closely with NESO and industry partners to implement reforms that will deliver a more transparent, efficient and customer-focused connections process in the years ahead.’

**7.5 / 10**

2025/26 score for activities within NGET control

**700 GW+**

GB connections queue

**200–225 GW**

clean generation capacity needed by 2030

- **Reduction in allowances of £441m** reflecting anticipated future true-up adjustments, which are not included in the RRP26 tables, including **Price Control Deliverable adjustments of £170m**, **bridging allowance true-up of £249m**, and **easements true-up of £22m**.

In the Load-Related portfolio, we have analysed the drivers of the differences between spend and allowances, categorising these as either:

- **Efficiency or inefficiency** - includes projects with specific examples where costs increased or decreased as a direct result of our action;
- **External factors outside of our control** - includes projects where changes have resulted due to changing customer or NESO requirements; or
- **Changes in assumptions**, which refers to variations in cost resulting from changes in scope that have not been subject to a change in customer or NESO requirements, or where the allowance mechanism has changed.

The table below breaks down the £182m difference between cost and allowances across the different categories of load-related investments (where a positive number is an underspend).



**Table 3**  
**Load-related five-year performance by performance driver (£m)<sup>3</sup>**

| Investment Category                        | Efficiency  | External Factors | Change in Assumptions | Total        |
|--------------------------------------------|-------------|------------------|-----------------------|--------------|
| Demand                                     | 5.3         | (33.2)           | 27.0                  | (0.9)        |
| Generation                                 | 0.0         | (34.5)           | 36.7                  | 2.2          |
| General Wider Works                        | 0.0         | (4.5)            | 28.1                  | 23.6         |
| Wider Works                                | 4.1         | 176.0            | (32.2)                | 147.9        |
| Pre-construction                           | 54.5        | (67.4)           | 3.0                   | (9.9)        |
| LOTI                                       | 0.0         | 45.8             | 0.0                   | 45.8         |
| Hinkley-Seabank                            | 0.0         | (45.0)           | 0.0                   | (45.0)       |
| Multi-Driver Project                       | 0.0         | 6.5              | 0.0                   | 6.5          |
| <b>Sub-total</b>                           | <b>63.9</b> | <b>43.7</b>      | <b>62.7</b>           | <b>170.2</b> |
| Avoided / Deferred Investment <sup>4</sup> | 12.1        |                  |                       |              |
| <b>Total</b>                               | <b>76.0</b> | <b>43.7</b>      | <b>62.7</b>           | <b>182.3</b> |

<sup>3</sup> A positive number indicates costs lower than allowances and a negative number indicates costs in excess of allowances

<sup>4</sup> Where the introduction of technical limits has deferred the need for investment

## Load-Related 2025/26 performance

In 2025/26, direct capital expenditure on the Load-Related portfolio was **£520m**, against adjusted allowances of **£373m**. The primary driver for the difference between expenditure and allowances in 2025/26 is adjustments to allowances for 10 pre-construction schemes, reallocating the allowances to RIIO-T3.

### Asset Health – Delivering Price Control Deliverables (PCDs) and NARM outputs

The operating environment for asset health delivery became more challenging during RIIO-T2. Increased demand for system access, more complex outage planning, supply chain constraints and the growth of the load-related investment programme affected the timing and mix of some planned interventions. At the same time, updated asset condition evidence and evolving network requirements meant that some interventions included in the original plan were re-scoped, no longer required, or superseded by wider reinforcement schemes.

In response, we took a more adaptive, risk-based approach to asset management, prioritising interventions where they remained justified and delivered the greatest reduction in network risk. This allowed us to focus delivery on the assets and activities that provided the greatest long-term value for consumers, while avoiding unnecessary or inefficient investment where better whole-system solutions were available. As a result, the proportion of lead assets in the high and very-high risk categories has remained broadly stable across RIIO-T2.

Over RIIO-T2, we delivered **104% of the required Final Determination asset health volumes** once condition-driven work outside the original submission is included. For comparison, delivered volume equates to **81% of the original Final Determination NARM and PCD intervention volumes** (5256 interventions), or **70%** (4496 interventions) **when excluding the additional work delivered outside of the original Final Determination**. The difference reflects the fact that the original baseline did not capture changes in asset condition, updated need cases, or cases where standalone asset health interventions were superseded by load-related schemes which would have resulted in inefficient investment had the interventions been completed.

### Asset Health – Providing a safe and reliable network

Our asset health programme has supported continued strong network performance throughout RIIO-T2. Network reliability remained exceptionally high, averaging **99.99995%** across the five-year period, with **99.99999%** reliability achieved in 2025/26. We also maintained compliance with our inspection and maintenance policies, with maintenance completion above our 85% business target in every year of RIIO-T2 with risk assessments and mitigations in place for the remainder through our deferred maintenance risk assessment process.

## Asset Health 5-year performance

Our Asset Health plan captures work related to the replacement, refurbishment and decommissioning of existing assets on the transmission network. Across RIIO-T2, asset health expenditure totalled **£1.7bn** against adjusted allowances of **£1.5bn**, resulting in a **£152m overspend**. This position reflects a complete end-of-period view, although final NARM output and allowance performance will be confirmed through the October 2026 NARM submission and RIIO-T2 closeout process.

The net £152m overspend is largely driven by:

- **£131m on delivery of outputs outside of the RIIO-T2 submission.** These are condition-driven interventions delivered during RIIO-T2 that are not RIIO-T2 regulatory outputs and therefore do not have baseline RIIO-T2 allowances and are reported as overspend. This includes work required to maintain reliability and environmental outcomes, including interventions on overhead lines, transformers, circuit breakers, protection and control, cables, instrument transformers and bay assets.
- **£28m overspend in the NARM portfolio**, mainly driven by **circuit breakers and overhead line fittings**, where major site-based schemes, scope changes and revised intervention strategies increased RIIO-T2 spend.
- **£20m overspend on the ring-fenced NARM London Power Tunnels Phase 2 programme**, reflecting programme changes, commissioning delays and system access constraints.
- **£15m overspend on the Dinorwig-Pentir re-opener**, driven by delivery delays, bat licence restrictions, GIS commissioning issues, compensation payments and accelerated construction requirements.
- The overspends are partially offset by underspends in the PCD portfolio, particularly Protection & Control, where self-delivery, standardised scope, depletion-based strategy and bulk procurement helped reduce costs. Mechanistic PCD allowances have also been adjusted down to reflect volumes not delivered by the end of RIIO-T2.

Table 4 reports the £152m difference between costs and allowances by the different performance drivers of efficiency, external factors and change in assumptions.

### Asset Health 2025/26 performance

In 2025/26, direct capex expenditure on the Asset Health Related portfolio was **£273m**, broadly in line with adjusted allowances of **£274m**, resulting in a **£2m underspend** in-year. However, single-year performance does not provide a complete view because some allowance adjustments, including mechanistic PCD and NARM, are applied at the end of the price control rather than phased by year so reviewing a year in isolation can be misleading. Other contributing factors to the net underspend between spend and allowance include:

**Table 4**  
**Asset Health RIIO-T2 plan split by Performance Drivers (£m)<sup>5</sup>**

| Asset Health Mechanism   | Efficiency / (Inefficiency) | External Factors | Change in Assumptions | Total        |
|--------------------------|-----------------------------|------------------|-----------------------|--------------|
| Baseline                 | 13                          | 0                | 1                     | 14           |
| NARM                     | 8                           | 22               | (58)                  | (28)         |
| Ring-Fenced NARM         | 0                           | 0                | (20)                  | (20)         |
| PCD                      | 28                          | 0                | 0                     | 28           |
| Re-Opener                | (15)                        | 0                | 0                     | (15)         |
| Costs Outside Submission | 0                           | 0                | (131)                 | (131)        |
| <b>Total</b>             | <b>35</b>                   | <b>22</b>        | <b>(208)</b>          | <b>(152)</b> |

<sup>5</sup> A positive number indicates costs lower than allowances and a negative number indicates costs in excess of allowances

- Underspend in the mechanistic PCD portfolio, driven mainly by lower Protection & Control and overhead line conductor volumes than originally assumed due to delivery constraints, updated asset condition and changes in investment drivers, including cases where asset health works have been superseded by load-related projects.
- These were partly offset by overspends on NARM projects, baseline allowances, and for investments with no RIIO-T2 allowance.

### Non-operational Capex 5-year performance

Our Non-operational Capex includes IT, Property and Fleet expenditure. Across RIIO-T2, non-operational capex spend totalled **£466m**, compared with adjusted allowances of **£445m**, resulting in a **£21.5m overspend**.

The overspend is primarily driven by the IT & Telecoms portfolio. This reflects additional investment in IT capabilities to support delivery of the significant ASTI investment programme, together with expenditure associated with the overrun of ProjectOne from RIIO-T1. This, in turn, is partially offset by an underspend in IT investment driven by the re-phasing of delivery of the Supervisory Control and Data Acquisition (SCADA)<sup>6</sup> programme into the RIIO-T3 period. The SCADA programme will deliver a computerised control system that will enable us to remotely monitor, control, and optimize processes and equipment.

### Non-operational Capex 2025/26 performance

In 2025/26, Non-operational Capex spend totalled **£156m**, compared with adjusted allowances of **£105m**, resulting in a **£50.6m overspend**.

This in-year overspend is largely attributable to the profile of allowances not aligning with actual spend, particularly for SCADA and core IT. Spend has remained broadly consistent across RIIO-T2, while the allowance profile was more front-loaded. 2025/26 also reflects higher activity on major programmes such as SCADA, ETCC<sup>7</sup> and the replacement of Ellipse with Maximo<sup>8</sup>, alongside continued investment in digital and enterprise platforms

that support operational resilience, asset management and business efficiency.

### Network Operating Costs 5-year performance

Network Operating Costs (NOC) cover the activities required to inspect, maintain, repair and operate the network safely and reliably. This includes faults, inspections, maintenance, repairs, vegetation management and legal and safety activities.

Across RIIO-T2, Network Operating Cost spend totalled **£755m**, which is £103m above adjusted allowances of **£652m**. This reflects the increased cost of maintaining network resilience and responding to operational challenges across a more demanding network environment.

The main drivers of the overspend include:

- Repair work due to the significant incidents at Highbury and Walham, additional SF<sub>6</sub> leak repairs and an increase in repair volumes compared to Final Determinations.
- Legal & Safety expenditure which was driven by flood defence works which is not funded through the RIIO-T2 framework, fire protection, site security enhancements, property-related costs and environmental response activity.
- Legal & Safety electricity costs which were affected by above-inflation increases in wholesale electricity costs and continued electrification of our vehicle fleet.

<sup>6</sup> SCADA refers to the systems used to monitor and control electricity network assets in real time, supporting safe, reliable and efficient operation of the transmission system

<sup>7</sup> ETCC refers to Electricity Transmission Control Centre systems, which support the real-time monitoring and operation of the electricity transmission network.

<sup>8</sup> Ellipse and Maximo are asset management systems used to record, plan and manage work on network assets, including maintenance, inspections and replacement activity

The overspend was partly offset by underspends in Inspections and Vegetation Management.

### Network Operating Costs 2025/26 performance

In 2025/26, Network Operating Cost spend was **£171m**, a **£47m overspend** against adjusted allowances of **£124m**.

The main drivers of the overspend are consistent with the 5-year view reflecting increased spend in:

- Legal & Safety due to the completion of flood defence work, Productive Work Environment projects, additional site security upgrades, fire protection activity, environmental response costs and higher property-related expenditure, and
- Repairs driven by the Walham incident, delays in civils re-opener works moving spend into 2025/26, substation auxiliary repairs and SF<sub>6</sub> leak repairs.

Despite these cost pressures, we continued to deliver inspection and maintenance activities in accordance with our policies, maintaining core asset stewardship and supporting continued strong network reliability.

### Indirect Costs 5-year performance

Indirect costs include Closely Associated Indirects and Business Support costs. Across RIIO-T2, total indirect expenditure was **£1,554m**, compared with adjusted allowances of **£1,613m**, resulting in a **£59m underspend**. The underspend is split between a **£75m underspend in Closely Associated Indirects**, partially offset by a **£16m overspend in Business Support**.

The CAI underspend is primarily due to lower than allowance spend associated with Load Related Wider Works, where projects have been delivered below baseline allowance costs and lower-cost solutions have been delivered for some boundary reinforcement requirements. The timing of delivery and allowances has also contributed to the cumulative underspend position.

The Business Support overspend reflects increased activity and capability requirements across the business, including IT & Telecoms expenditure reported in previous years and increased spend in support functions to deliver the growing scale of project work required to meet decarbonisation commitments.

### Indirect Costs 2025/26 performance

In 2025/26, total indirect expenditure of **£334.6m** is broadly in line with adjusted allowances of **£334.8m**, reporting an underspend of **£0.2m**. This is split between a **£6.8m underspend in Closely Associated Indirects (CAI)**, and a **£6.6m overspend in Business Support**.

The CAI underspend was mainly driven by lower than allowance spend on Load Related Wider Works and the Business Support overspend reflects targeted investment in digital transformation and executive leadership capacity to support the next stage of operational development.

### Visual Amenity 5-year performance

Our Visual Amenity programme reduces the visual impact of existing transmission infrastructure in nationally designated landscapes, working with stakeholders to identify and deliver projects that provide meaningful landscape and community benefits.

Across RIIO-T2, we spent **£284m** against a total allowance of **£317m**, resulting in an **underspend £33m**. In 2025/26, we spent **£74m** against an allowance of **£67m**, resulting in an **overspend of £7m**.

The underspend across RIIO-T2 is primarily driven by a re-profiling of spend on the Eryri (Snowdonia) project into RIIO-T3. We took the decision to conduct additional ground investigations due to the complex geology in the area and as a result, we revised our plan, delaying the launch of the Tunnel Boring Machine (TBM), which resulted in spend being re-profiled into RIIO-T3. The project remains on track to complete in 2029. This underspend was partly offset by overspends on North Wessex Downs and Dorset.

The 2025/26 overspend reflects the delayed launch of the Eryri Tunnel Boring Machine, with activity moving from 2024/25 into 2025/26 following geological issues at the launch shaft.

### Return on Regulated Equity (RoRE)

The Return on Regulatory Equity (RoRE) figure is a key measure by which Ofgem compares operational and financing performance across Network Operators. This encompasses the costs and allowances associated with a regulated business, including totex, financing, tax, incentive performance and company-funded innovation costs. A key concept in the RoRE calculation is enduring value i.e. the full value earned by the regulated company during the price control period.

More detail on this can be found in the Regulatory Financial Performance Reporting Pack (RFPR) which is published around the same time as this report. Please [click here](#) to visit our website where you can view this period's and previous years' reports.

### Impact on consumer bills

National Grid's Transmission Owner costs equates to **2.2%** of the average annual domestic electricity bill. This is approximately **£24.20** for the average annual domestic consumer.

Ofgem's RIIO-T2 framework ensures that two-thirds of any efficiency savings that we have delivered are passed onto customers resulting in lower network charges, and therefore lower electricity bills for the end consumer. In addition, consumers are benefitting from the wider value that investment in our network supports in terms of facilitating an energy sector which is less reliant on imported fossil fuels, which will in turn lead to lower and less volatile end-consumer prices.

# The Independent Stakeholder Group



**As RIIO-T2 draws to a close, it is important to reflect on both the progress made during 2025/26 and the wider journey undertaken over the past five years. This has been a period of significant change for the energy sector, with electricity demand set to rise, the need to connect new generation and customers more quickly, increasing stakeholder and community expectations, and preparations for RIIO-T3 all contributing to a more complex operating environment.**

Throughout the year, the Independent Stakeholder Group (ISG) has continued to provide constructive challenge and independent insight to National Grid Electricity Transmission (NGET), helping ensure that stakeholder and consumer perspectives remain central to decision-making.

The Group observed a business preparing for a significant step change in both the scale and pace of delivery required in the years ahead. We welcomed NGET's openness in discussing successes, areas of challenge and future risks, which created the conditions for meaningful dialogue and robust scrutiny.

This transparency has strengthened the quality of discussions and provided a solid foundation for greater stakeholder confidence as NGET enters a new regulatory period.

We have made 51 challenges over 2025/26 covering areas of high importance to consumers and wider stakeholders, including on: the speed and prioritisation of connections, and asset health, safety and network resilience especially following the fire at the North Hyde substation in March 2025.

We considered how NGET is responding to increasing demand for network capacity, the role of strategic infrastructure investment in supporting economic growth, and the importance of resilience across the whole system.

In each of these areas, the ISG encouraged NGET to look beyond immediate operational requirements and consider how stakeholder needs, public confidence and longer-term societal outcomes can be embedded into decision-making. This includes encouraging NGET to be more ambitious on its environment goals, and in developing its community benefit scheme for households directly impacted by the Great Grid Upgrade.

Particular attention was given to the scale of demand emerging from new industries and technologies, including data centres and other large energy users. The ISG supported NGET's ambition to play a leadership role in facilitating growth while ensuring consumers continue to see value from network investment. This included a focus not just on lowest cost for customers, but best value for UK plc. We also challenged the organisation to communicate clearly about the opportunities, constraints and trade-offs associated with future network development, recognising that an informed and engaged stakeholder community will be critical to successful delivery.

The year was also characterised by an increasing focus on RIIO-T3 and the need to ensure that NGET is ready to deliver against a more challenging set of expectations. The ISG welcomed NGET's willingness to discuss areas of transformation, including organisational readiness, future delivery capability, stakeholder engagement and the practical challenges associated with delivering a

significantly larger investment programme. We were encouraged by the the recognition that successful delivery will depend on collaboration, transparency and continued engagement with stakeholders.

## Looking ahead to RIIO-T3

Whilst the ISG has seen NGET make progress during RIIO-T2, the transition into RIIO-T3 represents a significant step change. The central focus must now be ensuring that ambition is matched by demonstrable delivery capability, clear accountability and evidence that investment is responding to system needs while delivering value for consumers, communities and the wider economy.

First, timely and safe delivery of the major investment programme should be the north star for RIIO-T3. With public and political attention increasingly focused on the impact of network buildout and constraint costs on bills, the ISG will continue to challenge and support NGET to deliver projects at the pace required, in a way that provides good value for consumers, helps reduce system costs over time and supports wider economic growth. This will also require NGET to continue working closely with government, the system operator, supply chain partners and other organisations focused on accelerating delivery of critical infrastructure.

Second, NGET should demonstrate more clearly how delivery plans, investment choices and stakeholder insight are connected. Stakeholders will increasingly expect transparency not only on what engagement has taken place, but also on how their contributions have shaped priorities, decisions and trade-offs. Clearer evidence of this link will help build confidence that the programme is being delivered in partnership with consumers and those directly affected by the future network.

Finally, NGET should supplement traditional performance measures with more forward-looking indicators that help assess preparedness, transformation and long-term value creation. As the scale of investment grows, it will become increasingly important to understand whether the organisation is building the capability, culture, relationships and accountability needed to deliver successfully throughout RIIO-T3.

## RIIO-T2 Legacy

As the final year of RIIO-T2 concludes, the ISG can reflect positively on the contribution it has made throughout the price control period. The Group has helped strengthen the role of stakeholder and consumer perspectives within NGET's decision-making, provided challenge on major strategic issues, and encouraged greater transparency and accountability. In the latter stages of RIIO-T2, this included shaping discussions on connections reform, helping NGET consider how it engages stakeholders in an increasingly complex environment, and contributing to preparations for RIIO-T3. The ISG will be producing, in due course, a separate, more detailed independent report reflecting on NGET's T2 overall performance from the stakeholder perspective.

The Group's focus on future readiness and stakeholder outcomes, provides a strong platform for the next regulatory period. These foundations reinforce the value of independent stakeholder challenge in helping deliver outcomes that are both ambitious and accountable.

On behalf of the Independent Stakeholder Group, I would like to thank NGET colleagues, stakeholders and fellow ISG members for their commitment, openness and engagement throughout the final year of RIIO-T2. We look forward to continuing our role as an independent source of challenge, insight and support as NGET embarks on the next chapter of its journey.



**Trisha McAuley**  
Chair, NGET Independent  
Stakeholder Group

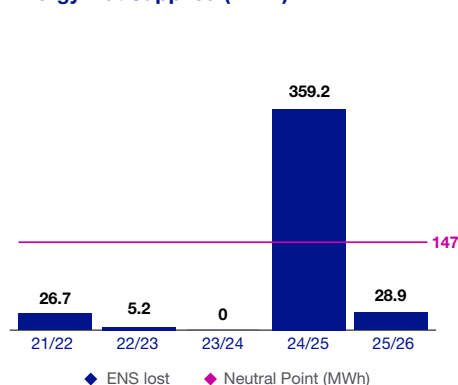
# Incentive performance

The first 'I' in RIIO stands for Incentives. This part of the framework rewards or penalises us in areas that you, our stakeholders, have told us matter to consumers. In the following section, we outline what incentives are, what is being measured and how we performed in the final year of RIIO-T2.

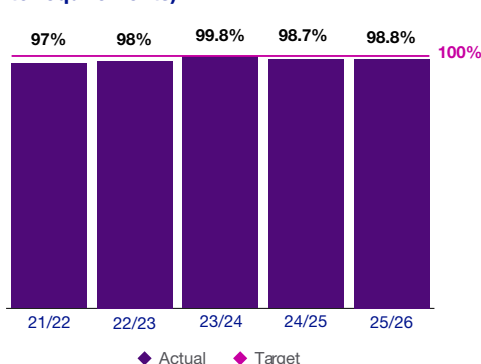
Figure 2 illustrates how our performance across our financial output delivery incentives (ODI-Fs) varied over 2025/26. We performed well in respect of environmental performance, Insulation and Interruption Gas leakage and Energy Not Supplied incentives. SO:TO Optimisation savings reduced compared with the previous year due to fewer requests received from NESO, while continuing challenges around customer connections affected our performance in respect of Timely Connections and Quality of Connections. However, our Quality of Connections score improved from the previous year. We provide more detail on each of these areas below.

**Figure 2**  
RIIO-T2 Incentive Performance (units as stated)

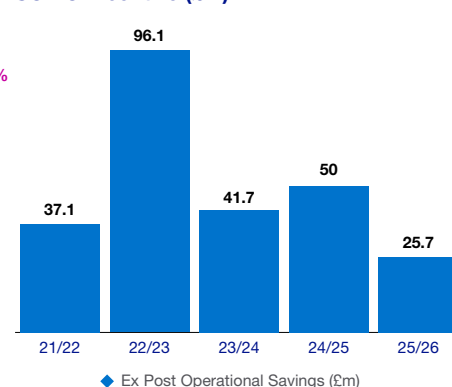
## Energy Not Supplied (MWh)



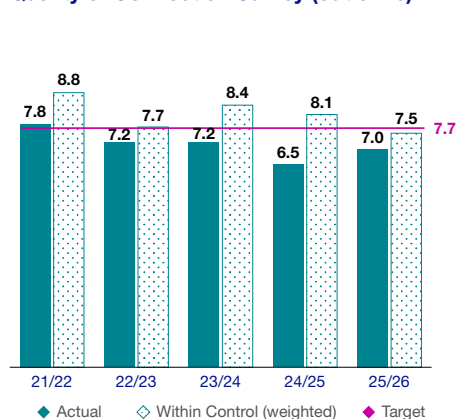
## Timely Connections (% delivered to requirements)



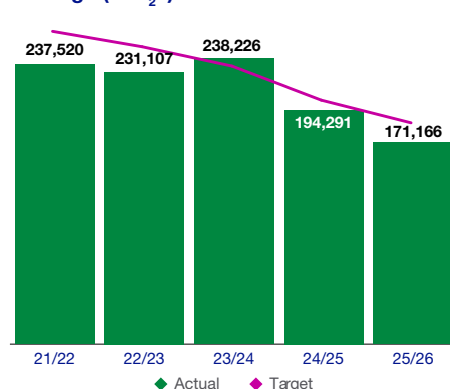
## SO:TO Incentive (£m)



## Quality of Connection Survey (out of 10)



## Insulation & Interruption Gas (IIG) Leakage (tCO<sub>2</sub>e)



**Reliability** – We are committed to delivering a reliable network and in 2025/26, we recorded a single incentivised Energy Not Supplied (ENS) event during the year. This occurred at Heysham substation in April 2025, resulting in 28.9MWh of electricity not supplied, significantly below the incentive neutral point of 147MWh. As a result, network reliability remained high at **99.99999%** in 2025/26 contributing towards world-class network reliability of **99.99995%** across the RIIO-T2 period.

**SO:TO Optimisation** – This incentive is designed to encourage collaboration with the National Energy System Operator (NESO) to identify and provide additional solutions beyond business-as-usual activities to help reduce constraint costs for consumers. In 2025/26, we delivered **20 enhanced service solutions**, generating **£25.7m** of constraint savings for consumers and taking cumulative savings across RIIO-T2 to **£250.6m**. The lower level of savings compared to previous years was driven by a material reduction in the number of service requests received from NESO, reflecting wider system conditions during the year including the concentration of constraints and major outages further north of our network, in Scotland, i.e. outside NGET's transmission area.

**Timely Connections** – During 2025/26, we made **519 connection offers** to the NESO, a reduction of 417 offers on the previous year. The downward trend in the number of applications (and resulting offers) is primarily driven by the implementation of Connections Reform. This includes the introduction of the offer 'pause' process and the transition to Gate 2 to Whole Queue (G2tWQ). These changes have temporarily reduced the volume of applications progressing through to offer stage, as projects have been held, re-sequenced or reassessed as part of the wider queue management and reform process. Of the 519 offers, six were made outside of the System Operator Transmission Owner Code mandated timescales.

The implementation of Connections Reform has fundamentally changed the connection offer process, moving away from the first-come first-served model. As a result, connection offers have been moved to a phased approach, including 'protected' near-term offers along with a wider programme of revised offers.

**Quality of Connections** – The Quality of Connections Incentive covers the customer experience throughout the connections journey. Our overall Quality of Connections (QoC) Satisfaction score in 2025/26 **improved from 6.5 to 7.0**, although it remained below the Ofgem target of 7.7.

The improvement reflects a stronger focus on customer engagement, transparency, timely responses and tailored support through the application and offer process. Performance improved across several connection milestones, particularly in pre-application engagement, application and offer activities, and development-stage support.

Customer satisfaction remained strongest at the latter stages of the connections process, with both the Outage and Connected milestones meeting or exceeding the Ofgem target of 7.7. The Connected milestone achieved a score of 9.1 in 2025/26, reflecting positive feedback

for our communication and collaboration. Customer feedback in the Project Delivery milestone highlighted the knowledge, support and collaboration provided by our teams. Some customers, however, continued to identify challenges relating to connection timescales, delivery uncertainty and contractor performance, which led to a lower average score of 7.3 in 2025/26 compared with 7.7 in 2024/25. For activities within NGET's direct control, 2025/26 performance was 7.5, and we will continue to build on these improvements while working with NESO and industry partners to address wider connections challenges.

**Environment** – The Environmental Scorecard is designed to encourage us to further reduce our carbon emissions, improve the natural environment and reduce our resource use for the benefit of current and future consumers.

We are financially incentivised against six elements of our Environmental Action Plan and performed well on all elements of the scorecard this year, exceeding targets in three areas. Performance was particularly strong for operational and office recycling, environmental value of non-operational land and Biodiversity Net Gain on construction projects. For example, recycling achieved over 10% above the target, while we delivered 41 projects meeting at least 15% Biodiversity Net Gain (BNG) over RIIO-T2.

We also met our targets for business travel, office waste reduction and office water consumption targets. While performance in these areas has normalised as business activity and office occupancy increased following Covid-19, 2025/26 reflects sustained environmental progress supported by strategic partnerships, targeted biodiversity activity and continued focus on travel, waste and water efficiency as we move into RIIO-T3.

More broadly, RIIO-T2 has seen us strengthen our environmental ambition while continuing to deliver measurable outcomes across carbon reduction, resource efficiency and nature recovery. By the end of the price control, we had achieved 26 of the 28 commitments within our Environmental Action Plan, despite increasing the scope and ambition of those commitments during the period. Alongside delivering a 38.1% reduction in controllable Scope 1 and 2 emissions, we maintained zero waste to landfill across construction activities, refurbished 1,292 assets to extend their operational life, and delivered 700 biodiversity units through our projects. These achievements provide a strong foundation for our RIIO-T3 Social and Environmental Action Plan as we continue to support the transition to a cleaner, more resilient and nature-positive energy system.

**Insulation and Interruption Gas (IIG) emissions** – SF<sub>6</sub> is a potent Greenhouse Gas (GHG) with a global warming potential approximately 24,000 times that of carbon dioxide. We are pleased to report that we have delivered a 43% reduction in IIG emissions from the 2018/19 baseline position to 2025/26, which represents an outperformance against NGET's 33% Science Based Target by 10 percentage points.

Table 5 below shows the annual outcomes in RIIO-T2 for the output delivery incentives that have financial penalties or rewards attached to them, totalling an overall reward payment of £16.5m by the end of RIIO-T2.

**Table 5**  
**Incentive Performance in RIIO-T2 (£m)<sup>9</sup>**

| Incentive type                          | Incentive Performance (£m) |            |            |              |            | Total       |
|-----------------------------------------|----------------------------|------------|------------|--------------|------------|-------------|
|                                         | 2021/22                    | 2022/23    | 2023/24    | 2024/25      | 2025/26    |             |
| Energy not supplied                     | 0.8                        | 1.0        | 1.0        | (1.5)        | 0.8        | 2.2         |
| Insulation & Interruption Gas emissions | 1.4                        | 1.1        | (0.6)      | 1.1          | 1.8        | 4.8         |
| Timely Connections                      | (0.3)                      | (0.2)      | 0.0        | (0.1)        | (0.1)      | (0.7)       |
| Quality of connections satisfaction     | 0.2                        | (3.3)      | (3.0)      | (7.4)        | (4.1)      | (17.5)      |
| SO-TO Optimisation                      | 5.0                        | 5.0        | 5.9        | 4.2          | 3          | 23.0        |
| Environmental scorecard                 | 0.5                        | 1.0        | 1.0        | 1.1          | 1.1        | 4.7         |
| <b>Annual Total</b>                     | <b>8.0</b>                 | <b>4.8</b> | <b>4.1</b> | <b>(2.6)</b> | <b>2.4</b> | <b>16.5</b> |

<sup>9</sup> Positive number is a incentive reward gained. Bracketed number is a penalty cost.

# Innovation summary



Innovation is essential to delivering a safe, reliable and efficient electricity transmission network while supporting the transition to a cleaner, more secure energy system. Throughout RIIO-T2, we have focused on developing practical solutions that improve reliability, accelerate network delivery, strengthen resilience and support the UK’s energy transition.

Our strategy is focused on turning innovation into real-world outcomes by accelerating deployment, embedding successful solutions into business-as-usual activities and maximising value for customers and consumers. As we move into RIIO-T3, innovation will play a critical role in enabling the scale and pace of network transformation required for the future energy system.

£117.5m

NIA funding for RIIO-T3, compared to £49.3m for the RIIO-T2 period

| NIA Projects                                     |                                                       |                                                                   |
|--------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------|
| 105<br>RIIO-T2 NIA live projects                 | £14.5m<br>spend on NIA projects in 2025/26            | 92<br>collaborators, including suppliers, partners and supporters |
| SIF Projects                                     |                                                       |                                                                   |
| 1<br>SIF-led Alpha project registered in 2025/26 | 2<br>SIF-led Discovery projects registered in 2025/26 | 1<br>SIF-led Beta project worked on                               |

## Network Innovation Allowance (NIA)

The Network Innovation Allowance (NIA) provides funding for research, development and demonstration projects that support the energy system transition and deliver benefits for consumers. In 2025/26, we invested **£14.5 million** (2018/19 prices) through our NIA portfolio and registered **13 new innovation projects**, bringing the total number of NIA projects to **105**. Our portfolio continues to focus on addressing some of the most significant challenges facing the electricity transmission sector, including network resilience, low-carbon infrastructure, digitalisation, asset management and improving the efficiency of network delivery.

## Strategic Innovation Funding (SIF)

Strategic Innovation Funding (SIF) supports larger-scale innovation projects that can transform the future energy system. During 2025/26, we progressed three SIF-funded projects and secured funding to advance new initiatives focused on future network challenges. This included progressing the DELLTA (Design for Live Line Technology Acceleration) project into the Alpha phase and advancing the SF<sub>6</sub> Whole Life Strategy project into Beta phase, where practical solutions are being developed to reduce and ultimately eliminate the environmental impact of SF<sub>6</sub> across the transmission network. These projects support the development of innovative approaches that can improve network performance while delivering long-term benefits for consumers and the wider energy system.

## Delivering value through innovation

Innovation is already delivering tangible benefits for customers and consumers. Across RIIO-T2, innovations around Dynamic Line Rating have increased circuit capacity and supported the reduction of network constraint costs, delivering over **£200 million** of consumer savings over RIIO-T2. Other innovations have improved operational efficiency through the use of drones and artificial intelligence, while new approaches to managing SF<sub>6</sub> emissions have avoided approximately **15,000 tonnes of carbon dioxide equivalent emissions** and reduced costs across the network.

Collaboration remains central to our innovation programme. During RIIO-T2 we worked with **92 partners and suppliers**, alongside universities, technology providers, industry bodies and other network operators to accelerate innovation across the sector. By sharing learning and scaling successful projects into operational delivery, we help ensure that the benefits of innovation extend beyond National Grid Electricity Transmission and contribute to the wider transformation of the energy system.

As we move into RIIO-T3, innovation will become increasingly important in helping us deliver more infrastructure, more quickly and more efficiently. Reflecting this ambition, Ofgem has awarded National Grid Electricity Transmission **£117.5 million of NIA funding for RIIO-T3**, significantly increasing the scale of innovation activity and supporting the development and deployment of solutions that will help deliver a reliable, resilient and affordable low-carbon electricity network for the future.

You can read more about this activity and our other innovation initiatives, including our [strategy](#) and [annual Innovation Annual Summary for 2026](#) on our dedicated pages on our website [nationalgrid.com/electricity-transmission/innovation](https://nationalgrid.com/electricity-transmission/innovation).

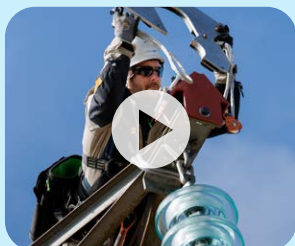
### Case study

#### Reintroducing live working for the first time in a generation

DEsign for Live Line Technology Acceleration (DELLTA) project is developing innovative live working techniques and equipment for both overhead lines and substations to allow work to be carried out safely while circuits remain in service. This helps reduce outages and increase network availability.

**£170k**

saved per day  
when an outage  
is avoided



### Case study

#### Testing flexible data centre demand to accelerate connections

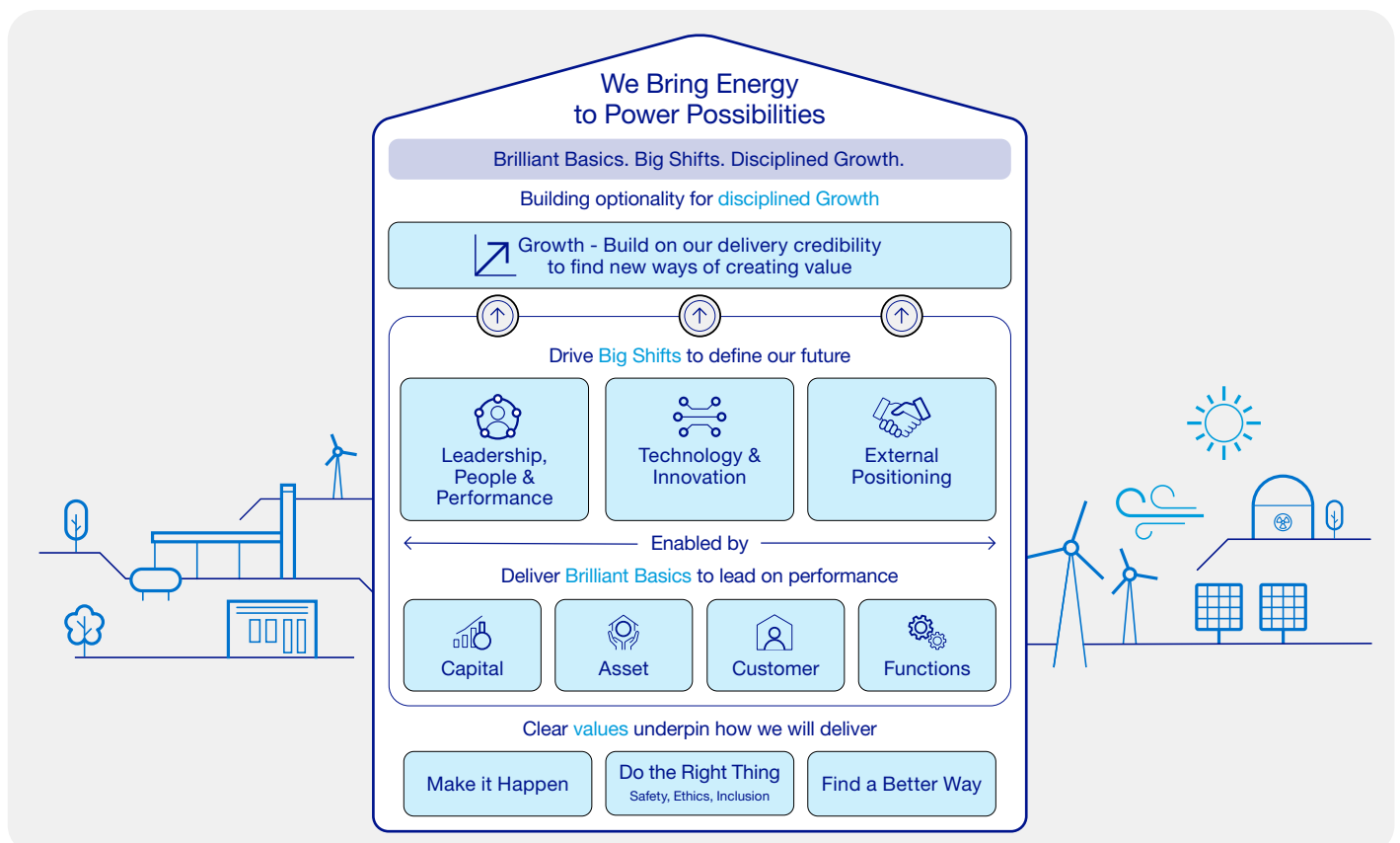
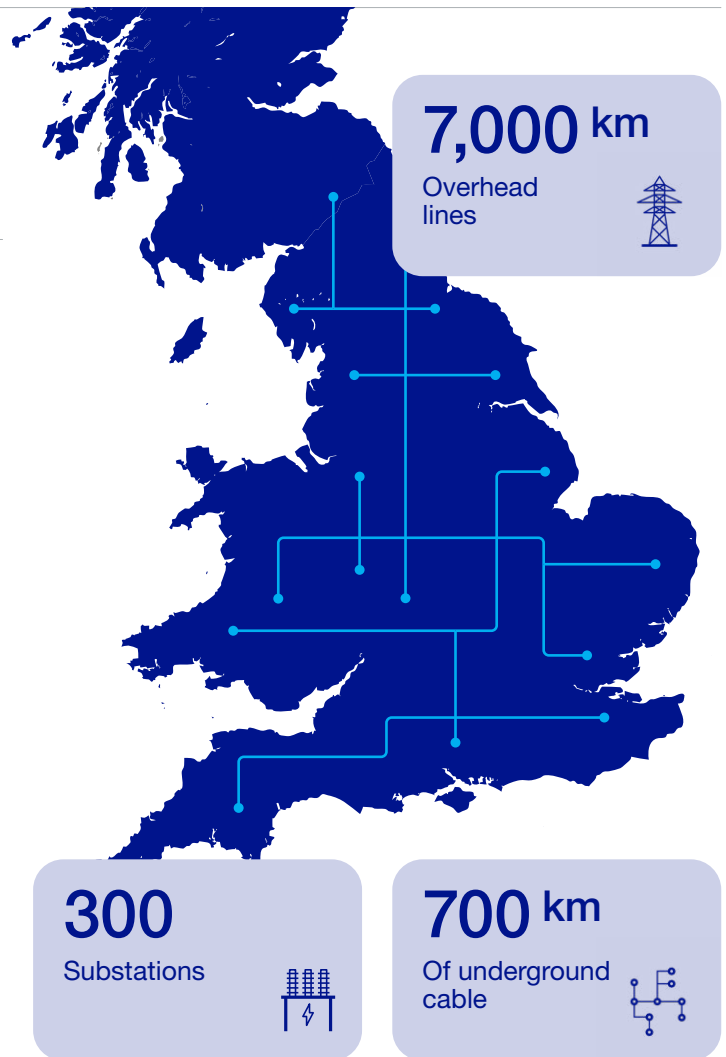
Data centres are a rapidly growing source of electricity demand, driven by advances in AI, cloud computing and digital services, with demand expected to exceed 6GW by 2030. Through projects such as DC Connect and FLARE, NGET is improving its understanding of future data centre requirements and exploring how flexible demand solutions could enable faster connections and make better use of existing network capacity. These innovations will help support data centre growth while delivering a smarter, more efficient and resilient electricity network.

# Who we are and what we do

**National Grid Electricity Transmission (NGET) owns and maintains the high-voltage electricity transmission network in England and Wales. Every time a phone is plugged in, or switch is turned on, we've played a part, connecting you to the electricity you need.**

We take electricity generated across England and Wales, from windfarms or power stations, and transport it through our network, consisting of more than 7,000 kilometres of overhead line, 700 kilometres of underground cable and over 300 substations, on to the distribution system, so it reaches homes and businesses.

We're investing in the network, connecting more and more low-carbon electricity - it's a crucial role and pivotal in turning the UK's net zero ambitions into reality.



# Looking ahead to RIIO-T3

**RIIO-T3 began on 1 April 2026 and marks a new phase for National Grid Electricity Transmission. Our focus has moved from developing the plan to delivering it: upgrading the network, connecting customers and enabling a cleaner, secure and affordable energy system while maintaining a safe, resilient and reliable service.**

Our RIIO-T3 Business Plan was shaped by engagement with consumers, customers, communities and wider stakeholders. Their expectations informed three ambitions: delivering the grid of tomorrow, today; doing the right thing for consumers, communities and the environment; and transforming the way we work. Lessons from RIIO-T2 on system access, supply-chain engagement, workforce capability, customer service and network planning are helping us manage a larger, more complex programme.

We plan to increase transmission capacity to support economic growth and energy security, connect new generation and demand, and enable the transition to net zero. This includes 25 new substations, upgrades to around 3,500 kilometres of existing overhead lines, approximately 1,100 kilometres of new circuits, and technologies that increase the capability of major north-south power routes. Together, the investments proposed in our plan will nearly double the power that can flow across the country, connect 35GW of generation and storage and 19GVA of demand, while maintaining network reliability of 99.9999%.

How we deliver is as important as what we deliver. We will maintain a clear focus on affordability, efficiency, safety and long-term consumer value. Increased network capacity is expected to help avoid around £12bn of system constraint costs over RIIO-T3. We have also committed to continued efficiency improvements, a 50% reduction in our own emissions against the 2018/19 baseline and biodiversity net gain equivalent to more than 8,000 acres of land. We will engage communities earlier and more consistently, explain how feedback has influenced decisions and work with local and regional partners to create opportunities for employment, skills, environmental enhancement and wider community benefit.

Delivering at this scale also requires us to transform our capabilities. We are strengthening asset management, network development, system access planning, programme controls and operational delivery; developing longer-term relationships with our supply chain; investing in digital and data capabilities; and planning to grow our workforce by around 50% while improving diversity and developing critical skills.

We are taking action within our control, but delivery at this scale cannot be achieved by NGET alone. It will require sustained partnership and timely, coordinated decisions from government, Ofgem and NESO. In particular, we need:

- Ofgem need to ensure an investable regulatory and financial framework capable of supporting up to £35 billion of investment, with appropriate treatment of baseline and pipeline expenditure.
- NESO need to provide timely clarification of network requirements through strategic planning and connections reform, because parts of the investment programme remain dependent on those decisions.
- Government need to provide sufficient certainty sufficient certainty around Clean Power 2030 priorities to allow NGET to adapt and sequence its investment pipeline.
- Supply chain need to ensure they provide early commitment and long-term capacity, reflecting the unprecedented scale and pace of the programme.

These actions are mutually reinforcing. Greater certainty on network need, Clean Power 2030 priorities and the regulatory treatment of investment will enable NGET to sequence its programme, commit earlier to procurement and support the long-term supply-chain capacity required for delivery. We will remain transparent about progress, risks and where delivery differs from plan, using stakeholder insight and independent challenge to improve decisions. By combining decisive action within NGET with targeted support across the wider system, we can turn RIIO-T3 ambition into the infrastructure Britain requires.

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# How to contact us and useful links

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If you have questions or opinions on this performance summary, please get in touch with us by emailing: [RIIO-T2Performance@nationalgrid.com](mailto:RIIO-T2Performance@nationalgrid.com)

To find out more about customer bills and the impact of network costs, visit [Costs in your energy bill | Ofgem](#)

For information on our Innovation activities, visit [Innovation | National Grid ET](#)

To find out more about our electricity business and the market we operate in, visit [Who we are | National Grid ET](#)

For further information on our financial performance, visit our dedicated website at [Welcome to National Grid Investors | National Grid Group](#)

For more information about our environmental commitments and net zero, please visit [Our environmental future | National Grid ET](#)

For more information on our environmental action plan, please visit [Our environmental future | National Grid ET](#)

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