

RIIO-T3 Business Plan

January 2026

nationalgrid



Thank you for joining

Housekeeping

1
Please leave questions until the end of the talk - 15 mins Q&A

2
Please note that this session will be recorded

3
Questions and Answers supported by Environmental, Connections, Responsible Business, Whole System and Finance managers.

Agenda

Housekeeping	5 mins
Overview of our plan	25 mins
Financials	10 mins
Ambition to Action	5 mins
Q&As	10 mins
Total	1 hour



The objective of today's webinar is to share how we will turn **ambition to action** through our RIIO-T3 plan.

What is RIIO-T3?

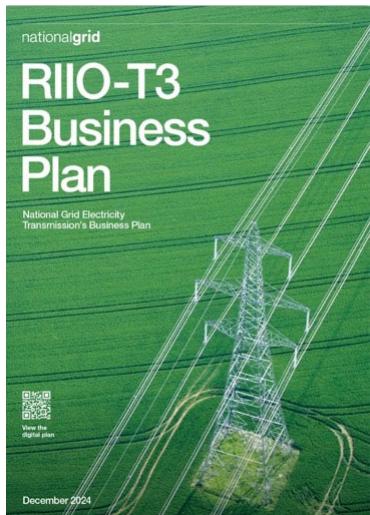
RIIO (Revenues = Incentives + Innovation + Outputs). It is a mechanism used by Ofgem to make sure energy companies deliver a reliable, clean, good-value energy network in the interests of the consumer — and only earn more money if they actually perform well.



'T' is for Transmission: Specifically for electricity transmission networks: National Grid Electricity Transmission (NGET), SP Energy Networks, and SSE Networks.

'3' is for the Period: The third regulatory period, running 2026-2031, following RIIO-T2 (2021-2026).

The NGET £35bn business plan was submitted in December 2024. Ofgem delivered its Final Determination in December 2025.



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Power flows

£12bn

Nearly doubling the power that can flow across the country

35 GW / 19 GVA

Avoiding c.£12bn of constraint costs, equivalent to £40 per year for consumers

Decarbonisation

Connects 35 GW generation and 19 GVA demand

99.9999%

Supports growth of British businesses and decarbonisation of our economy

0.7% Efficiency

Keeping the lights on, with 99.9999% reliability

Emissions reduction

0.7% efficiency year-on-year

Legacy of benefits

50% reduction in our own emissions compared to our 2018/2019 baseline

Grow workforce by 50%

Both community and regional benefits

Biodiversity net gain

And improve diversity to better reflect our communities

Biodiversity net gain across equivalent of >8,000 acres of land, 7x impact vs. RIIO-T2

We want to share the outcome of the Final Determination and show how we will now put the plan into action....

TS1 Suggest this is changed to 'NGET' or 'National Grid Electricity Transmission' given first half of slide focusses on explaining RIIO and Transmission overall

Thomas Spencer, 2026-01-20T11:17:12.784

LL1 0 fixed

Leigh Lipton, 2026-01-20T12:16:27.532

Our new contract^{TS1}



We are part of an energy system; together with our customers, we deliver for society as a whole

LO3

TS2



When we deliver quickly and innovatively for customers and consumers – without compromising reliability, resilience, safety or sustainability – we lower system constraints and the whole energy bill.

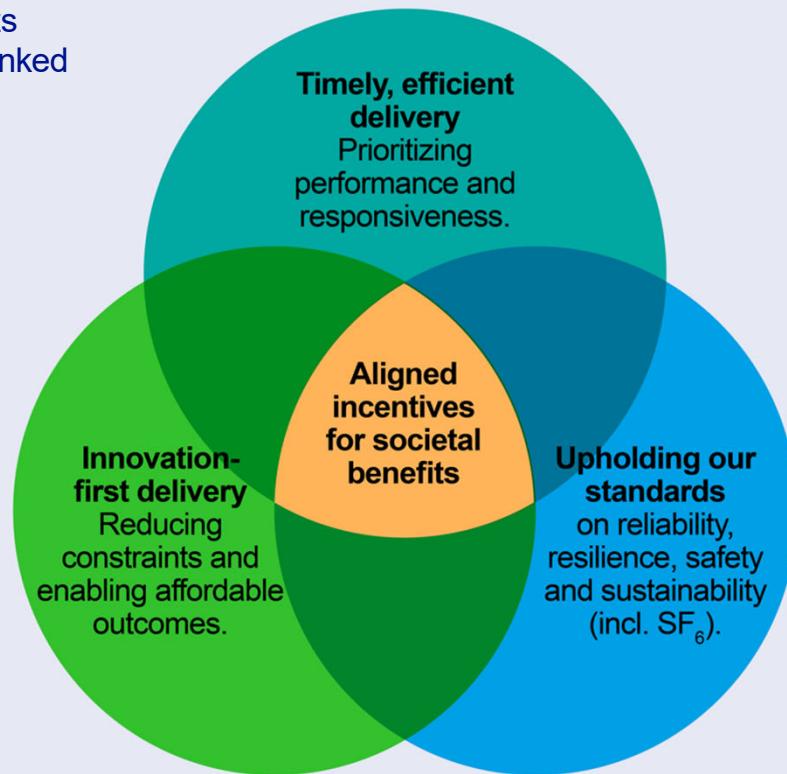


We can only achieve the internationally competitive returns our investors expect by delivering those things that matter to customers and consumers, to government, to the environment, and to communities.

LO4

Success rests on four interlinked themes:

TS3



TS1 With who? ...with society? with Consumers? With Ofgem?

Thomas Spencer, 2026-01-20T11:18:35.028

LL1 0 fixed

Leigh Lipton, 2026-01-20T12:18:30.546

LL1 1 It had society but Sara removed it as she's going to explain...

Leigh Lipton, 2026-01-20T12:20:31.917

TS2 I'm not sure what this means by 'that service'?

Thomas Spencer, 2026-01-20T11:20:02.125

LL2 0 Changed to our

Leigh Lipton, 2026-01-20T12:21:15.595

LO2 1 Maybe just 'deliver for society as a whole'

Lydia Ogilvie, 2026-01-20T21:11:32.481

LL2 2 Yelp, good shout, and fixed

Leigh Lipton, 2026-01-21T09:25:48.285

LO3 [@Leigh Lipton] small visual thing but can we make the 3 boxes the same size (top one currently a bit smaller)

Lydia Ogilvie, 2026-01-20T21:12:36.619

LL3 0 Amazing spot, fixed - thanks

Leigh Lipton, 2026-01-21T09:24:01.311

LO4 Typo - expect

Lydia Ogilvie, 2026-01-20T21:12:55.142

LL4 0 fixed

Leigh Lipton, 2026-01-21T09:19:19.126

Our RIIO-T3 plan

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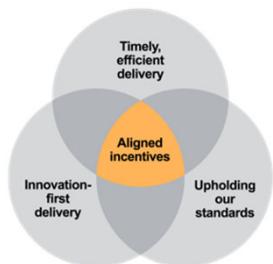
Alignment of incentives

The RIIO-T3 Final Determination (FD) incentivises us to deliver what matters to customers and consumers.



The **Totex Incentive Mechanism** incentivises cost reductions, with consumers receiving the vast majority of the benefit.

TS2



There are **Output Delivery Incentives** that are:

- New for RIIO-T3
- Carried over from RIIO-2 or evolved from RIIO-T2

Innovative Delivery

Connections Capacity

Major Projects

ASTI

SO:TO Optimisation

Insulation and Interruption Gas

Energy Not Supplied



Incentives for timely and efficient delivery

TS1 Aligned of incentives to what?

Thomas Spencer, 2026-01-20T11:21:34.705

LL1 0 Incentives are aligned to society as per previous slide and it helps flow the discussion.

Leigh Lipton, 2026-01-20T12:22:33.841

TS2 Not sure 'taking' is the best word here.

Thomas Spencer, 2026-01-20T11:23:14.773

LL2 0 changed

Leigh Lipton, 2026-01-20T12:23:03.208

LO3 [@Leigh Lipton] Visually it's a bit confusing have the top 2 boxes looking like they belong as a pair. The blue box on T3 is the top-level take away from the slide? Whereas the Totex mechanism point has more in common with the ODIs? Wonder if we should tweak the format to make that a bit clearer

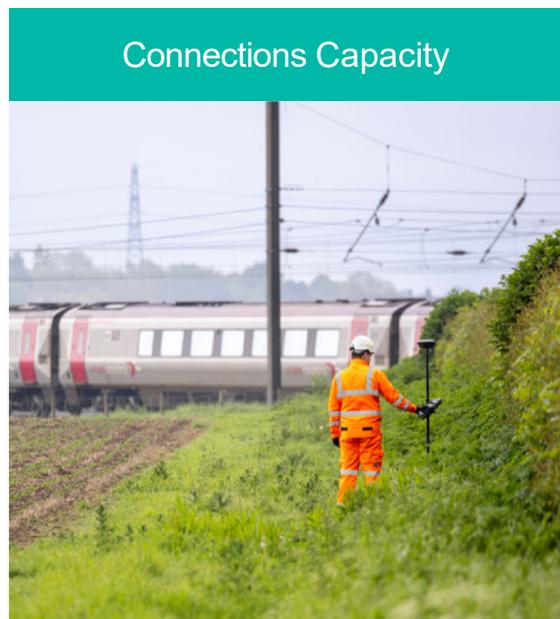
Lydia Ogilvie, 2026-01-20T21:18:11.325

MW3 0 Done

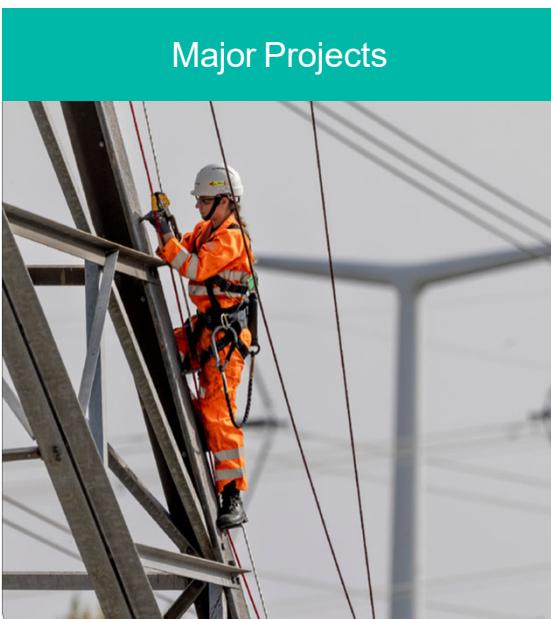
Martin Winter, 2026-01-21T11:29:01.821

Timely, efficient delivery

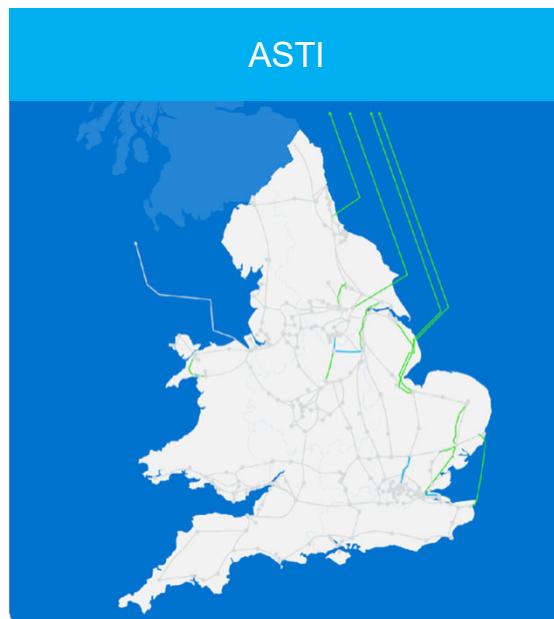
The RIIO-T3 FD ^{LO2} confirms our ambitious network investment plan and incentivises timely, efficient delivery, which ^{TS1} benefits our customers and consumers



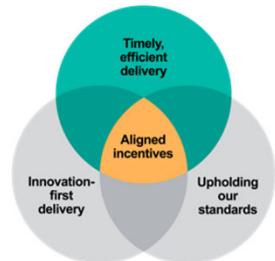
Connections Capacity



Major Projects



ASTI



We will connect 35GW of generation and 19GVA of demand to the electricity transmission network.

We will develop the next phase of critical new electricity transmission projects to realise benefits for consumers as early as possible.

We will develop and deliver 17 major projects to connect more clean, low-carbon power to the transmission network in England and Wales.

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TS1 ...which benefit our customers and consumers?

Thomas Spencer, 2026-01-20T11:24:36.419

LL1 0 done

Leigh Lipton, 2026-01-20T12:24:55.092

LO2 [@Leigh Lipton] On previous page we call it T3 Final

Determinations, but here RIIO-T3 - we should be consistent (or at least start with RIIO-T3 and then move to shortened version, rather than vice versa?)

Lydia Ogilvie, 2026-01-20T21:21:05.815

LL2 0 Yep. Fixed. Thanks.

Leigh Lipton, 2026-01-21T09:30:38.983

Timely, efficient delivery ^{TS1}through reopeners

We will use in-period mechanisms to secure ~~al~~^{TS2}vances alongside “upfront” funding. This gives us the flexibility to adapt investment decisions over time to known variables like Connections Reform.

Reopeners provide the mechanism to convert pipeline investments into funded projects in-period.

^{LO6} Realising timely, efficient delivery of projects depends upon successful reopener ~~su~~^{TS3}bmissions.

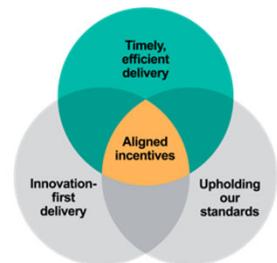


Projects must have strong consumer, customer, and growth cases, and must take account of evolving ~~TS3~~ional strategy and stakeholder needs.



40

submissions every six months needed to secure funding



TS1 This is the same title as previous slide, suggest tweaking to flow better

Thomas Spencer, 2026-01-20T11:25:59.153

LL1 0 changed

Leigh Lipton, 2026-01-20T12:26:50.229

TS2 Just confirming we had a choice here as implied by 'we elected to use...?'

Thomas Spencer, 2026-01-20T11:26:59.570

LL2 0 done

Leigh Lipton, 2026-01-20T12:26:01.738

TS3 Suggest we take out net zero and replace with customer

Thomas Spencer, 2026-01-20T11:30:13.999

LL3 0 done

Leigh Lipton, 2026-01-20T12:27:48.996

TS4 Think overall we need more on this slide to call out why the reopeners approach is needed and good from a customer / consumer point of view. Currently reading could be interpreted as being a bit inefficient without that explanation. Someone new to T3 might ask, why do you need 40 submissions every 6 months, seems a lot?

Thomas Spencer, 2026-01-20T11:33:00.636

LL4 0 Good point and will be voiced over

Leigh Lipton, 2026-01-20T12:28:29.469

LO5 [@Leigh Lipton] there's a lot of text on this slide - I'd suggest we lift it up a level if possible. Can voice over a fair amount of this

Lydia Ogilvie, 2026-01-20T21:25:24.133

LL5 0 Agreed and fixed. It's now in the speaker notes as there was duplication too. Thank you.

Leigh Lipton, 2026-01-21T11:49:04.465

LO6 This first sentence is a bit confusing - what do we mean by 'alongside seeking some funding 'upfront'? Do we mean baseline (we're not seeking that, it's been sought and allowed/disallowed by FDs) - or do we mean something else?

Lydia Ogilvie, 2026-01-20T21:26:46.329

LO6 0 [@Leigh Lipton] seen this one?

Lydia Ogilvie, 2026-01-21T12:30:50.697

LL6 1 checking with Martin on this at the mo. I think, and i could be wrong he's trying to talk about how we can use PCF/APM ahead of a reopener decision.. Not great because my understanding is that if the reopener isn't used and we allocated APM/PCF (as an IOU) we have to claw it back for another project(s). Very awkward to explain that one. But let me speak with Martin. Thanks and great shout - of course and as usual.

Leigh Lipton, 2026-01-21T12:58:09.861

LL6 2 [@Martin Winter]

Leigh Lipton, 2026-01-21T12:58:24.392

MW6 3 Resolved

Martin Winter, 2026-01-21T15:07:52.412

LO7 This feels quite techy language (operate the Reopener mechanism)
- and its also repeated in the next sentence 'we will need to operate as if...' - we should be able to slim this para down?

Lydia Ogilvie, 2026-01-20T21:27:54.510

MW7 0 Looks like this one has been addressed already

Martin Winter, 2026-01-21T15:14:09.055

LO8 typo

Lydia Ogilvie, 2026-01-20T21:28:06.391

Innovation-first to help delivery

This is an ambitious and well justified innovation strategy fit for a net zero transition

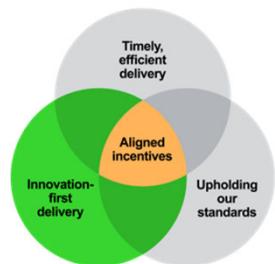


Innovative
Delivery
Incentive

This is a new output delivery incentive for the RIIO-3 period introduced by Ofgem to encourage electricity transmission owners to adopt novel approaches in project design and delivery.

Examples of innovation encouraged are: savings through contracting, innovation in design, speeding up delivery, and effective collaboration.

Our performance will be presented to an independent panel twice during RIIO-T3 that will decide whether our efforts deserve a reward.



Network
Innovation
Allowance

🔌 87%

We were awarded 87% of requested £150m from our business plan. Ofgem wrote at Draft Determination that we submitted an “ambitious and well justified innovation strategy fit for a net zero transition” LO2

The priorities underpinning our innovation strategy are:
Build the future network; accelerate customer connections; enhance sustainability; improve resilience



Strategic
Innovation
Fund

🔌 £500m

total pot of SIF funds for network companies in RIIO-3 to be awarded on a competitive basis

🔌 £50m

of the £500m is available to support rapid deployment of proven innovation

TS1 Which helps with...

Thomas Spencer, 2026-01-20T11:35:11.071

LL1 0 This is aligned to the theme. Reg want to keep it as is

Leigh Lipton, 2026-01-20T12:29:00.072

LO1 1 The other themes have a strap line below the title, which draws out the key message - can we add one to this slide which would address Tom's point that the punchline isn't clear (and be consistent in terms of formatting for each of the themes)

Lydia Ogilvie, 2026-01-20T21:40:25.752

LL1 2 Strapline stolen from Ofgem... thanks.

Leigh Lipton, 2026-01-21T11:54:43.984

LO2 [@Leigh Lipton] the transition from the sentence to the quote is a bit odd - it's not a continuation of the sentence?

Lydia Ogilvie, 2026-01-20T21:31:25.034

MW2 0 Fixed

Martin Winter, 2026-01-21T11:22:42.893

Upholding our standards

We will not compromise on our standards – how we work matters to stakeholders as much as what we do:

LO1 LO2

Safety

Reliability



- Keeping the lights on, with 99.9999% reliability
- Energy Not Supplied incentive target of 125MWh (compared with 147MWh in T2)

Resilience



- Cyber
- Physical Security
- Climate

Sustainability

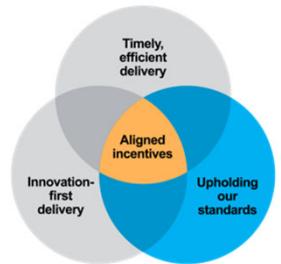


- Net zero (CO₂ emissions, SF6, fleet, energy efficiency)
- Nature positive (BNG)
- One planet living (resources, circularity, water stewardship, excellent environmental mngt)

Community



- Investment in local and regional community benefit, in line with Government guidance
- Skills and jobs
- Local and diverse supply chains
- Community resilience



LO1 [@Leigh Lipton] the dash and the 'as' are duplicative - suggest taking out the 'as'

Lydia Ogilvie, 2026-01-20T21:34:20.925

MW1 0 Done

Martin Winter, 2026-01-21T11:23:12.044

LO2 And customers?

Lydia Ogilvie, 2026-01-20T21:38:12.923

LL2 0 [@Sara Habib] and [@Martin Winter] - I agree we should mention customer here. Thoughts on how to add something in here?

Leigh Lipton, 2026-01-21T11:57:34.170

Upholding our standards:^{LO1} managing our existing assets



We have new PCDM (Price Control Deliverable Mechanistic) funding mechanisms for T3 which replace NARM.



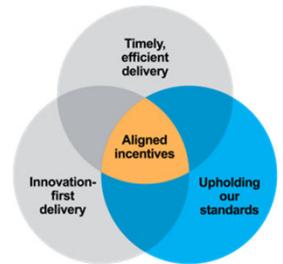
These PCDs will provide flexibility to deliver the right assets at the right time throughout the price control period while protecting consumers who pay only for specific investments delivered.



We have a new Non-Load Reopener mechanism ^{LO2} which provides a route to funding specific major Asset Health projects such as site rebuilds.



Asset Management's core purpose is to maintain reliability, which is measured by the Energy Not Supplied incentive.



LO1 [@Leigh Lipton] Don't think we've capitalised the titles elsewhere
(and def not on the previous slide)

Lydia Ogilvie, 2026-01-20T21:32:57.426

LO2 [@Leigh Lipton] Do we need 'as our existing network ages'? Rather
we didn't write this down (more comfortable being voiced over). I
know it's fact etc, but just not sure we need to take the risk.

Lydia Ogilvie, 2026-01-20T21:41:48.955

MW2 0 Done

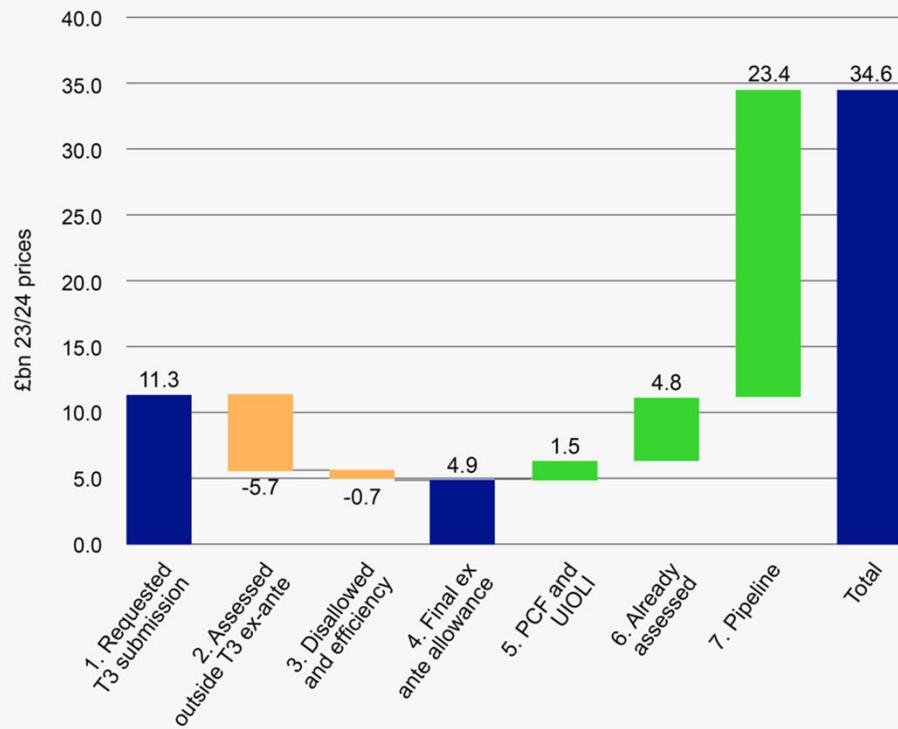
Martin Winter, 2026-01-21T11:25:23.924

RIIO-T3 Financials

National Grid



The Final Determination provides a route to funding for the clear majority of investments in our original plan



Ex-ante baseline allowances of £4.9bn

Uncertainty Mechanisms provide a route to funding for pipeline projects:

LO2



- UIOLI funding
- Volume Drivers
- Reopeners, including:
 - Load Related
 - Non-Load Related

LO1 [@Leigh Lipton] The bullets/sub-bullets are clunky (both the same dot)

Lydia Ogilvie, 2026-01-20T21:43:18.686

LL1 0 Fixed and also spaced out as it looked way too condensed. Thanks.

Leigh Lipton, 2026-01-21T12:00:28.116

LO2 Can we use the present tense ' provide a route' rather than 'providing'

Lydia Ogilvie, 2026-01-20T21:44:07.966

MW2 0 DOne

Martin Winter, 2026-01-21T11:25:55.718

The investment in T3 will require substantial funding from shareholders and from debt markets

Allowed cost of equity
– 5.70%

RIIO

The RIIO framework sets how much profit shareholders can earn on the money they invest

5.70%

For T3, NGET's shareholders can earn a return of 5.70%, which is higher than the 5.09% allowed at the end of T2

Competitive

This higher return is to stay attractive compared to other global investment options and because interest rates are higher now than during T2

Allowed cost of debt
– 5.31%

Debt

Borrowing money is an important way to pay for NGET's investment plans

5.31%

The amount allowed for debt costs in the T3 Final Determinations is 5.31% (or 3.45% in real terms as expressed in T2)

Other cashflow levers largely unchanged from T2

Cashflow

Ofgem assess cashflows to ensure networks have enough cash to finance their activities

Credit

Other cashflow levers remain largely inline with T2, and continue to target strong investment grade credit ratings

Support

Revenue profiling has been introduced to smooth the increase in the T3 consumer bill and support affordability

Investment in transmission pays for itself, with cost increases in RIIO-T3 more than offset by savings in constraint costs

Investment in Electricity Transmission will...

Pay for itself

Help stabilise energy bills and support growth

Deliver direct savings

Enable the consumer and societal benefits of the energy transition

Costs

Transmission network costs (TNUoS) are a relatively small fraction of bills today

£60

Ofgem's analysis shows RIIO-T3 is expected to increase household electricity network charges by £60 per annum by 2031, however the resulting lower constraint and wholesale costs are expected to **offset around £80** of this increase.

Security

Investment in transmission is also critical to strengthen energy security, support the government growth agenda, and achieve the societal benefits of the energy transition through decarbonisation.

Upgrades

Postponing critical network upgrades would lead to higher costs for consumers and businesses in the future.

£55

Based on FDs, the contribution of NGET to the overall consumer bill increases from c. £25 in 2025/26 to c.£55 in 2030/31

Ambition to action

National Grid



We are setting up for success in RIIO-T3

- The **regulatory framework** is going to be significantly different
- We will be delivering a major step-up in **scale** and **complexity**
- While **upholding our standards for customers and stakeholders**

- We're already delivering some big capability shifts, such as changes to our **control systems**, **asset management** systems and building additional resilience with a new **control room** – and adopting innovations like **drones**, **Dynamic Line Rating**, and **AI**

- **Now we're focusing on:**
 - Improving every part of the **customer lifecycle**
 - **Innovating** the way we plan and deliver work, in the context of limited windows to work on our assets^{ALS}
 - Modernising our **systems** and **processes** to help us make faster, clearer and more proactive decisions
 - Ensuring our **workforce** is fit for the future

LO4



LO2

LO3



LO1 [@Leigh Lipton] [@Anne Fessi] can we make this section more visual?

Lydia Ogilvie, 2026-01-20T21:51:29.668

LO1 0 (it's a nice to have if we don't have time)

Lydia Ogilvie, 2026-01-20T21:53:24.640

AF1 1 I've dropped in some other images quickly - [@Leigh Lipton] - you may have a better idea!

Anne Fessi, 2026-01-21T08:31:52.223

LO2 Simplify to 'improving every part' - don't think we need the 'equipping ourselves'

Lydia Ogilvie, 2026-01-20T21:52:11.417

LO3 [@Anne Fessi] have taken out the 'whilst maintaining safety - because we make that point in the sections before, and I think can be voiced over.

Lydia Ogilvie, 2026-01-20T21:58:50.562

LO3 0 And have added the reference to system access because we need to be educating our stakeholders on this point, and its at the heart of our challenge

Lydia Ogilvie, 2026-01-20T21:59:20.373

LO4 Perhaps just in the voiceover, but [@Leigh Lipton] would be good to make sure that industry reforms are mentioned as critical in the coming months (connections reform, system access reform and planning reform) [@Thomas Spencer]

Lydia Ogilvie, 2026-01-20T22:09:43.498

SA4 0 Noted

Sara Habib, 2026-01-21T15:31:31.576

AL5 Not sure of the word "choreograph", would "prioritise, plan and deliver" work better?

Adam Lloyd, 2026-01-21T09:05:29.164

LO5 0 Cool, gone for plan and deliver for now - least controversial - and can come back to this discussion with more time 😊

Lydia Ogilvie, 2026-01-21T13:18:57.163

Ambition to Action

Ambition to Action is about how we are setting ourselves up for success in RIIO-T3.

We need to fundamentally change the way we work – with **brilliant basics and big shifts.**

Find out more on the A2A Hub – **Grid:home: Company > Electricity Transmission > ET Team Area > Turning Ambition into Action**



Improving delivery flow

We will transform how outages are planned and delivered to improve efficiency and strategic alignment.



In service of our customers

We will transform the customer experience by understanding their needs better and tailoring our products and services.



Reimagining the workforce

We will rethink the way we work to ensure we are doing the right things in the right way.



Management systems

We will adopt a data-led management system to accelerate delivery and scale in T3.



Supply chain strategy

Securing a construction supply chain able to deliver our growing capital investment workbooks.



Enterprise Asset Management (EAM)

Our strategic vision is to transform our asset management capabilities allowing us to build and manage an intelligent network



SCADA

System Control and Data Acquisition



ET Control Centre

We are constructing a new, state-of-the-art control centre at NGIE's vacant Hams Lane site, near Birmingham. Creating purpose-...

Ambition to Action – how we are setting ourselves up for success in RIIO-T3

We need to fundamentally change the way we work – with brilliant basics and big shifts

Modernising our systems and processes to help us make faster, clearer and more proactive decisions

Delivering better for our customers and equipping ourselves to improve every part of the customer lifecycle

Transforming how outages other constraints are planned and delivered to improve efficiency whilst maintaining standards

Ensuring our workforce is fit for the future by exploring new methods to increase efficiency, manage knowledge and accelerate competency

What you will see

- Consistent **performance KPIs** across the business
- Improvements to **BP500** inc. greater alignment with SI
- Refreshed tracking and reporting on **transformation and risk** – aligning it to overall performance reporting for NGET

- A new **Customer Hub** (launched in December 2025) to support our interactions with all our customers
- A new **CRM platform**, which is in development
- **Services tailored** more closely to **customer needs**

- Improvements to **planning** – using **digital tools & scenarios**
- A ‘**toolkit**’ of **ready-to-use innovations** to manage outages
- **Active portfolio management** and **standardised processes**, digitised through **Enterprise Delivery Management**

- **Better knowledge management** to retain expertise
- **Easier access to training** with global programmes
- **Using technology** to accelerate competency



Aligned incentives:

Delivering for customers and consumers
= delivering for investors.

Timely, efficient delivery:

Prioritizing performance and
responsiveness.

Innovation-first delivery:

Reducing constraints and enabling
affordable outcomes.

**Upholding our standards on
reliability, resilience, safety and
sustainability (incl. SF₆).**

- [RIIO-T3 video](#)

National Grid



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Thank you for joining

Housekeeping^{TS1}

1

Please leave questions until the end of the talk - 15 mins
Q&A

2

Please note that this session will be recorded

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Questions and Answers supported by
Environmental, Connections, Responsible
Business, Whole System and Finance managers

Agenda

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TS1 Is this section meant to be presented in a scattered way? Looks a bit messy to me

Thomas Spencer, 2026-01-20T11:14:34.355

LL1 0 fixed

Leigh Lipton, 2026-01-20T12:15:35.963



Quiz Question 1:

What does RIIO stand for?

- A) Revenue = Investment + Infrastructure + Operations
- B) Revenues = Innovation + Incentives + Outputs
- C) Regulated Investment in Infrastructure and Operations
- D) Revenue and Infrastructure Investment Obligations

Poll

Before today, how familiar were you with our RIIO-T3 business plan Options:



- Very familiar
- Somewhat familiar
- Heard of it, but not sure what it covers
- Not familiar at all

Quiz Question 2:

Which of the following is not one of the key themes of our RIIO-T3 business plan?



- A) Innovation-first delivery
- B) Aligned incentives
- C) Accelerated depreciation of assets
- D) Upholding our standards



Poll

Word Cloud Prompt



“What is the one word you’d use to describe RIIO-T3 after today’s session?”

Final Rating Poll

“How confident do you feel you understand what RIIO-T3 means for your role and organisation?”



Scale (1–5):

- 1 — Not confident
- 2 — Slightly confident
- 3 — Neutral
- 4 — Confident
- 5 — Very confident

