Department for
Energy Security
& Net Zero

Consultation on scheme design for Bill Discounts for Transmission Network Infrastructure

Closing date: 26 September 2025

August 2025

Any enquiries regarding this publication should be sent to us at:
networksbd@energysecurity.gov.uk

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Introduction

One of the government's five missions is to make Great Britain a clean energy superpower[1], to boost our energy independence and reduce electricity bills, and the electricity transmission network is key to achieving this.

The electricity transmission network transports electricity from where it is generated to where it is needed. As we increase low-carbon and renewable electricity generation within the UK, we will need to increase the scale of the transmission network in some areas of the country, at pace, to keep up with demand. To meet future electricity demand, around twice as much new transmission network infrastructure will be needed in the nation's grid by 2030 as has been built in the past decade.[2] Grid infrastructure and connections are key enablers of clean power but, because of delays, are viewed as a major barrier by most stakeholders. Analysis by the National Energy System Operator (NESO),[3] indicates that, if critical transmission network projects are not brought forward and delays to wider network expansion persist, annual constraint costs could rise from the already high level of around £1.7bn in 2024 to a peak of £8bn in 2030.[4]

One of the drivers of this problem is that building renewable generation is outpacing network build, and as a result network capacities are reached during periods of high renewable output. Rapid expansion of the transmission network is required to reduce this issue, and it will not be possible to deliver a secure electricity supply, vital to growth and prosperity, without a transmission network that can transport it. Speeding up the rollout of new transmission network infrastructure is therefore key to integrating low-carbon generation into the grid, advancing our net-zero goals, achieving energy security, and achieving Clean Power.

The government recognises that communities, such as rural communities, that host electricity transmission network infrastructure feel deeply impacted by it without seeing the direct benefits. These communities are providing a service to the country, and therefore it is right that they directly benefit from it. In summer 2023, under the previous government, social research was conducted to better understand the preferred approach of communities to community benefits for network infrastructure.[5] This research demonstrated that an approach of electricity bill discounts, alongside community funds, would be most popular amongst communities living nearest to the development of new electricity network transmission infrastructure, with bill discounts identified as the type of community benefit that was able to increase acceptance for new transmission infrastructure for the most respondents (78%).[6]

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1 www.gov.uk/missions

2 National Energy System Operator (NESO) (2024), 'Clean Power 2030'

3 National Energy System Operator (NESO) is the energy system operator for Great Britain, operating the distribution systems for gas and electricity across the country.

4 2024 constraint costs calculated using NESO Monthly Balancing Services Summary (MBSS) and 2030 costs derived from NESO (2024), 'Clean Power 2030'.

5 www.gov.uk/government/publications/community-benefits-for-electricity-transmission-network-infrastructure

6 www.gov.uk/government/publications/community-benefits-for-electricity-transmission-network-infrastructure

In March 2025, the government announced its intention to establish a bill discount scheme,[7] which would be enabled through the Planning and Infrastructure Bill[8] introduced to Parliament in March 2025. At the same time, the government published guidance on community funds[9] which forms part of a dual approach to ensure that communities can directly benefit from hosting clean energy infrastructure. Under the guidance, communities could receive one-off, lump-sum payments of £200,000 per km of overhead line and £530,000 per substation, switching station or converter station.

As previously announced in March, the government intends for the scheme to cover households living near new or significantly upgraded electricity network transmission infrastructure who would be eligible for a discount on their electricity bills of up to £250 a year, over a period of up to 10 years. This is to recognise the contribution of communities in hosting this infrastructure, which is vital to fulfilling the government's Clean Power Mission and ensures these communities can directly benefit. The scheme will be funded by an obligation on electricity suppliers. It is expected that suppliers will recoup their costs by passing them onto their customers through a small additional cost on billpayers. Because of this, the government believes that the level of benefit of £250 a year creates the right balance between ensuring communities are recognised for their role, and any potential impact on billpayers. Further detail on this impact can be found in the analytical annex of this consultation.

We understand that stakeholders will also be interested in learning how communities will be recognised for hosting other forms of energy infrastructure needed to decarbonise. On 21 May 2025, the government published a working paper on community benefits and shared ownership of low-carbon energy infrastructure.[10] The paper asked for views on the proposed introduction of a mandatory community benefit scheme for low-carbon energy infrastructure in Great Britain, which would require developers to contribute a set amount to a community fund. The paper also asked for views on how the government can support the expansion of shared ownership of renewables. The paper has now closed, and we are analysing the responses which will inform our next steps. Should the government choose to introduce a mandatory community benefit scheme for a broader cohort of low-carbon energy infrastructure, subject to the outcome of the analysis, we do not expect that this would capture electricity transmission network infrastructure and instead would become a complementary policy that would run alongside to bill discounts.

[7] www.gov.uk/government/publications/electricity-transmission-infrastructure-proposed-bill-discount-scheme/electricity-bill-discount-scheme-for-transmission-network-infrastructure-policy-position-accessible-webpage

[8] Planning and Infrastructure Bill - Parliamentary Bills - UK Parliament

[9] www.gov.uk/government/publications/electricity-transmission-network-infrastructure-community-funds/community-funds-for-transmission-infrastructure-accessible-webpage

[10] www.gov.uk/government/publications/community-benefits-and-shared-ownership-for-low-carbon-energy-infrastructure/community-benefits-and-shared-ownership-for-low-carbon-energy-infrastructure-working-paper-accessible-webpage

General information

Why we are consulting

The responses to this consultation will help to inform the final design of the bill discount scheme, which will ultimately be set out in the secondary legislation ("regulations") needed to put the scheme in place. We therefore welcome views to assist in understanding the perspectives of different stakeholders involved in delivering the scheme, as well as communities living near proposed electricity transmission network infrastructure.

Consultation details

Issued: 8 August 2025

Respond by: 26 September 2025

Enquiries to:

Bill Discounts for Transmission Network Infrastructure Team
Electricity Systems and Networks
Department for Energy Security and Net Zero
3-8 Whitehall Place
London
SW1A 2EG

Jurisdiction: Great Britain
Email: networksbd@energysecurity.gov.uk

Consultation reference: Consultation on scheme design for bill discounts for transmission network infrastructure

Audiences:

We would welcome feedback from community representative groups, interested individuals, transmission owners, electricity suppliers and trade bodies.

Territorial extent:

England, Wales and Scotland

How to respond

Outline whether responses should be provided in a particular preferred format, where electronic responses should be emailed to, which address to send hardcopy responses to, whether to use different addresses for responses for the devolved administrations, etc.

Respond online at: energygovuk.citizenspace.com/energy-bills/electricity-bill-discount-scheme/

or

Email to: networksbd@energysecurity.gov.uk

Write to:
Team: Bill Discounts
Department for Energy Security and Net Zero
Building: 3 Whitehall Place
City: London
Postcode: SW1A 2AW

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our privacy policy.

We will summarise all responses and publish this summary on GOV.UK. The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

Quality assurance

This consultation has been carried out in accordance with the government's consultation principles.

If you have any complaints about the way this consultation has been conducted, please email: bru@energysecurity.gov.uk.

The proposals

This section sets out the government's provisional design of a bill discount scheme for those living closest to new and significantly upgraded electricity transmission infrastructure, including who will be eligible to receive the benefit and how the scheme will function.

The government has taken learning from similar government schemes, such as the Energy Bills Support Scheme (EBSS), Warm Homes Discount, and the EBSS Alternative Funding to help develop these proposals, as well as working with a range of stakeholders, such as Suppliers and Transmission Owners.[11] In addition, we are continuing to engage with experts and representative groups who represent the interests of eligible opt-in recipients, to ensure the scheme works for them in practice. This consultation sets out provisional views on the design of specific aspects of the scheme, including what transmission infrastructure is in scope, household eligibility, how different eligible household types can access the benefit, and the role of a centralised administrator needed to deliver the scheme.

1 Eligibility

This section sets out the government's proposals for eligibility for the scheme.

1.1 Infrastructure in scope of the scheme

The scheme will apply to communities living near new onshore, above-ground transmission infrastructure in Great Britain. This is due to the significant growth of this type of infrastructure needed to achieve clean power and the lack of local benefits that it brings, such as new enduring jobs, skills or inward investment. The provisions of the Planning and Infrastructure Bill would enable the government to establish a scheme in relation to transmission infrastructure only.

Transmission infrastructure consists of high voltage electric lines that transport electricity across Great Britain, connecting to generation and distribution infrastructure. Transmission is a regulated activity pursuant to section 4(1)(b) of the Electricity Act 1989 and companies must hold a transmission licence issued by Ofgem or have been granted a transmission licence exemption by the Secretary of State to operate.

As well as the scheme applying to new onshore, overhead transmission lines, the associated infrastructure (e.g. substations, convertors, switching stations and sealing-end compounds) will be in scope, as well as the onshore, above-ground portion of the offshore transmission network (e.g. connections to offshore windfarms and interconnectors), as these will also form part of the transmission system. Photos of this infrastructure can be found in Annex A.

[11] Transmission Owners are responsible for the national high voltage networks and transmission connections. National Grid Electricity Transmission (NGET) manages England and Wales. Scottish Power (SP) Transmission and Scottish & Southern Electricity Networks (SSEN) Transmission manage Scotland.

The scheme will only apply to infrastructure that is carrying out the regulated activity of transmission. It will not apply to generation or distribution infrastructure. The scheme will only apply to new transmission infrastructure and certain significant upgrades of existing infrastructure.

Regarding upgrades, the government's current minded to position is that the following should be in scope:

- sections of existing transmission routes that require voltage uprating[12] and are screened as requiring an Environmental Impact Assessment [13]
- sections of existing transmission routes that require a capacity upgrade, are screened as requiring an Environmental Impact Assessment and which involve upgrading from poles to steel lattice pylons
- substation extension projects that increase the footprint of an existing substation beyond the original boundary by at least one hectare

This is in line with the Community Funds for Transmission Infrastructure guidance, published in March 2025 and which will be updated by the end of 2025.

The government's position for the development of transmission network infrastructure is that overhead lines should generally be the starting presumption, except for in nationally designated landscapes, where undergrounding should be the starting presumption.[14] Therefore, underground cables and associated headhouses will not be in scope of the bill discount scheme. Undergrounding of transmission cables is 4.5 times more expensive than overhead lines,[15] the cost of which is ultimately passed on to billpayers. As we expect the costs of the bill discount scheme to be borne by billpayers (as explained in Scheme Funding), we do not feel it is appropriate to pass both undergrounding costs and bill discount scheme costs on to consumers for the same piece of infrastructure. Furthermore, underground cables are generally seen as a mitigation for communities, so bill discounts could be seen as a "double benefit." As such, we do not believe that communities hosting underground cabling should benefit in the same way as communities hosting overhead lines or substations and convertor stations.

Question 1: Do you have any views on infrastructure in scope of the scheme?

Question 2: Do you have any views on including certain types of capacity upgrades to existing transmission infrastructure?

[12] Increasing the capacity and improving the performance of existing transmission lines and infrastructure
[13] In the planning process, an Environmental Impact Assessment ensures that a local planning authority is fully aware of the potential environmental effects of a proposal and is able to take this into account as part of their decision-making process.
[14] Electricity Networks National Policy Statement - EN-5
[15] www.theiet.org/media/axwkktkb/100110238_001-rev-j-electricity-transmission-costs-and-characteristics_final-full.pdf - Investment by Transmission Owners is funded via consumer bills.

1.2 Household eligibility

Our objective for the bill discount scheme is to recognise the role communities play in the delivery of critical transmission infrastructure needed for Clean Power and beyond.

It is our intention that eligible households with a domestic electricity contract will receive the discount automatically. For households with no direct relationship with an electricity supplier who cannot benefit automatically, we are designing a separate opt-in scheme which will be led by the scheme administrator (as stated in Opt-in scheme).

We intend to use the following general eligibility principles to reflect the targeted intentions of the scheme, focussing on households living within communities:

- If a property is within the eligibility zone of an eligible transmission infrastructure project at the point of timestamping (i.e. the point at which an eligibility zone is defined, to allow a clear eligibility cutoff point and payment start date to be determined, see The Eligibility Zone), it will be eligible for the scheme.
- Subject to deliverability, the household should only benefit from the bill discount scheme once, even if they fall within multiple projects' eligibility zones; they will receive a maximum of £250 per year for up to 10 years via this scheme. The household will start to receive payments after main construction work begins (see The Eligibility Zone) for the first one of these projects near their property. Eligibility for this scheme will not impact eligibility for other government schemes.
- Eligibility is tied to the property, meaning that if a household moves out of the property, we propose they are no longer eligible for the scheme. If a new household that matches the eligibility criteria moves into this property, they will become eligible.
- For short-term holiday lets, we propose the owner of the property will retain eligibility.
- Vacant properties will be eligible if an electricity bill is being paid, as it would be administratively complex to identify and exclude them and this is consistent with the proposals on second homes outlined below. However, if utilities are disconnected, these properties will not be eligible.
- For new builds, it is proposed that properties that are built or assigned a Meter Point Administration Number[16] (MPAN) after the eligibility zone is timestamped will not be eligible for bill discounts. Although their residents will be part of the community, infrastructure should be new in relation to a property and its MPAN in order for the property to be eligible.
- We are proposing that second homes are in scope of the scheme. We are aware that this could mean that one person receives multiple bill discounts for multiple properties within eligibility zones. However, it would be too administratively complex (which would in turn increase scheme costs) to identify and exclude second homes.

[16] An MPAN denotes a point at which an electricity supply is connected to the grid. Every electricity meter should have a unique MPAN.

The following eligibility principles are specific to the opt-in route for the scheme:

- The household must be a resident living in a residential setting that is not served by a standard domestic electricity meter.
- The household must be able to meet evidence requirements to verify residence within the eligibility zone.
- A household must be living in an eligible property, which is:
    - An immoveable or static structure
    - Located on a permanent, authorised site.

These principles aim to create a clear framework to define eligibility, balance fairness across different household types, keep administrative burdens to a minimum, and protect the scheme against abuse.

The principles are subject to final policy development. Work is ongoing to finalise how the scheme will be delivered, and there may need to be additional exclusions before the start of the scheme if, for example, following further engagement and consultation response review, delivery is considered too complex. Future adjustments may also be made to optimise the scheme's delivery once it is live, if considered necessary following monitoring and evaluation.

1.3 Businesses on non-domestic contracts

Businesses on non-domestic contracts will not be eligible to receive bill discounts. As the scheme cost is ultimately expected to be passed on to consumers (see Scheme Funding), we want to minimise scheme costs for electricity billpayers. Excluding non-domestic contracts from the automatic scheme would avoid billpayers funding bill discounts for corporations with high profits and reduce the risk of one household receiving two discounts if they both live and own a business within an eligibility zone. It would also prevent businesses such as car parks and bus stations, which we do not consider to be part of the community, from automatically receiving bill discounts. However, any households on non-domestic electricity contracts who meet the scheme's eligibility principles will still be eligible to apply via the opt-in scheme.

Question 3: Do you agree to the proposed approach to determining eligibility for the scheme?

2 The Eligibility Zone

The eligibility zone is the area surrounding an eligible transmission project that households must reside within to receive a bill discount. Households must also meet the eligibility criteria as set out in the Eligibility section. The eligibility zone will be an area measuring up to 500 metres around the project. Basing eligibility on distance provides a clear, objective rationale for who receives bill discounts. Attempting to base eligibility on other factors, such as the visual impact of infrastructure, would create a subjective element to eligibility, which would be far harder and more costly to deliver.

The method for mapping the exact location of a project's eligibility zone is under development and will likely be based on distance using a project's limit of deviation (LoD). A project's LoD is determined during the consenting process and sets out a mapped geographical area where a project may be constructed. The LoD provides Transmission Owners with flexibility for determining the exact final construction location of infrastructure. This allows Transmission Owners to avoid unforeseen obstacles on the ground and unsuitable construction sites without needing to gain new consents for the project.

Timestamping

It is our intention that the eligibility zone for each new eligible project will be defined ("timestamped") when main construction work begins[17]. Timestamping the eligibility zone allows a clear eligibility cutoff point and payment start date to be determined.

We are proposing that timestamping will be defined for new transmission projects as the point at which main construction works begin, because this provides a clear milestone across all projects.

Properties that meet the eligibility criteria and that are within the eligibility zone at the point of timestamping will be eligible for bill discounts and start receiving payments for up to 10 years after main construction has begun.

We are not proposing to start payments before main construction works start (for example when temporary access roads are installed) as site set up and access can vastly differ in scale across different projects.

As discussed below, MPANs will be used to identify eligible properties. Properties that are assigned an MPAN after the timestamping will not be eligible for the bill discount scheme (see Household Eligibility). As MPANs are often applied from early in the construction process, it means that properties that are under construction, but not completed, will be deemed as eligible so long as they have been assigned an MPAN at the point the eligibility zone is timestamped.

[17] Main construction work is likely to be defined as the point at which foundations are laid for new projects. For upgrades in scope of the scheme, the definition of main construction work is under consideration. The definitions will be confirmed in secondary legislation.

2.1 Identifying eligible properties

Eligible households inside the eligibility zone will be identified, wherever possible, by the scheme administrator who will oversee and manage the scheme (as described in Scheme Administration).

We expect that Transmission Owners will be responsible for sharing required data of eligible transmission projects with the scheme administrator and DESNZ as needed for determining project and household eligibility (including project pipeline, location and milestone data).

Our current intention is that domestic properties will be identified by the scheme administrator via the following process:

Unique Property Reference Numbers

Unique Property Reference Number (UPRN) data will be used to identify properties within the eligibility zone. A UPRN is a geographical pinpoint assigned by a local authority and which can be translated into a standard address e.g. the UPRN: 100023336956 translates to 10 Downing Street, London, SW1A 2AA.

UPRN data is relatively easy to process at large scales, which is necessary when considering the number of properties that will need to be identified for the scheme. It also provides a distinct edge to the eligibility zone, whereby if a property's UPRN is not within the zone, it will not be identified as eligible.

We are aware that this distinct edge could be considered unfair, particularly as UPRNs are not always assigned uniformly. For example, this could result in two adjacent properties that are an equal distance from their local piece of infrastructure being identified as eligible and ineligible depending on their UPRN assignment – see Annex B. To remedy this, subject to deliverability, we intend to allow properties which are partly within the zone, but which are not initially identified as eligible due to their UPRN assignment, to apply via the opt-in process. The proposal would be that the scheme administrator would check the property against the eligibility zone to confirm whether a portion of the property is situated within the zone.

Once a UPRN for a property has been identified, it can then be translated into an address, this will require checking the UPRN against a UPRN database.

Meter Point Administration Numbers

The Meter Point Administration Numbers (MPANs)[18] for domestic eligible addresses will then be identified by checking the addresses against an MPAN database, such as the Electricity Central Online Enquiry Service (ECOES).

[18] An MPAN denotes a point at which an electricity supply is connected to the grid. Every electricity meter should have a unique MPAN.

As businesses would not be eligible for the scheme (see Businesses on non-domestic contracts), the scheme administrator will disregard any non-domestic MPANs at this point.[19]

If a domestic household is connected to a non-domestic MPAN, they will be able to apply via the opt-in scheme (see Opt-in scheme). Each property will be eligible for one discount, even if it has been assigned multiple MPANs. If multiple properties share one MPAN, they will not all receive bill discounts automatically, but these households may be eligible to apply via the opt-in process.

The electricity supplier of each MPAN is also identified using an MPAN database. This will allow the scheme administrator to inform suppliers which MPANs have been identified as eligible for bill discounts and will allow the suppliers to provide discounts to their eligible customers. The scheme administrator will inform relevant suppliers of eligible MPANs ahead of each payment date; this will help account for if customers switch between suppliers.

Question 4: Do you have any views on the method of mapping the eligibility zone and identifying eligible properties?

3 Scheme administration

3.1 Scheme design

In order to allow for greater consistency and enforcement and to keep the scheme as simple as possible for those who are eligible, the bill discount scheme will follow a centralised, mandated approach that will be managed and overseen by a scheme administrator. Coordination of the scheme functions by a scheme administrator will help reduce the burden on key delivery stakeholders, such as electricity suppliers and Transmission Owners.

A centralised approach will also enable most eligible households to receive the discount automatically via their electricity bill. Eligible households without a traditional relationship with an electricity supplier (opt-in recipients) will need to manually apply for the scheme as explained in Section 4 (Opt-in scheme).

3.2 Functions of the scheme administrator

The anticipated functions of the scheme administrator are outlined below, noting that this is subject to change as the scheme develops.

Identification of eligible recipients

As described in Section 2.1 (Identifying eligible properties), the scheme administrator will map the eligibility zone around a transmission project using project data provided by Transmission Owners. The scheme administrator will then identify the eligible properties within the zone, and

[19] MPANs on non-domestic contracts can be identified by their starting digits, with MPANs starting with 01 or 02 denoting a domestic supply.

properties with a connection to a licensed electricity supplier will be identified to the appropriate supplier for automatic payment of bill discounts.

Management of the opt-in process

Eligible households that do not have a direct relationship with an electricity supplier will be able to manually apply for an equivalent payment via the opt-in scheme. The scheme administrator will be responsible for processing applications (digital, telephone, paper), managing the digital application portal, and payment to eligible households (e.g. via direct payment or vouchers). The section, 'Opt-in scheme' provides further detail on this process.

Reconciliation process

As described in Section 6 (Scheme Funding), the bill discount scheme will be funded by an obligation on licensed electricity suppliers. As part of the funding process, a reconciliation mechanism is required to redistribute costs between what a supplier *should* pay towards the total cost of the scheme vs what a supplier *actually* pays.

The scheme administrator will be responsible for carrying out the reconciliation process. This will include calculating the required contribution of suppliers to total scheme costs, verifying the amounts paid by suppliers in their role delivering the scheme, and making/receiving payments from suppliers. Reconciliation calculations will also need to account for additional scheme costs, including funds required to pay opt-in recipients and to cover administration costs incurred by the scheme administrator in their role delivering the scheme (see Administration costs).

Scheme monitoring and evaluation

The scheme administrator will be required to record, monitor and evaluate scheme data and statistics. Relevant information may be shared with DESNZ and could also be published if required.

Non-compliance and fraud monitoring / investigation

The scheme administrator will need appropriate processes in place to monitor and investigate non-compliance, including fraud. It will investigate possible cases of fraud and non-compliance and, where obligations have not been met or there has been scheme abuse, take compliance or enforcement action.

Customer service

A customer service function will be provided by the scheme administrator that will allow households to ask questions and raise issues relating to the scheme. This will also include telephone applications for the opt-in scheme.

Question 5: Are there any functions you think we should ensure the scheme administrator can deliver?

4 Opt-in scheme

As set out above, the scheme will be delivered to the majority of eligible recipients via automatic electricity bill discounts. However, we expect a small minority of eligible households to meet the scheme's proposed eligibility criteria but not be able to benefit via automatic bill discounts, due to either a lack of a direct relationship with an electricity supplier, and/or due to not having a domestic electricity supply. This includes domestic properties served by a commercial meter. Analysis is ongoing to understand the potential numbers who fall into this category, but we expect it to be a very small proportion of the total number of eligible households.

These groups require an alternative delivery route to benefit from the scheme. We will refer to these households as 'opt-in recipients'.

4.1 Opt-in scheme eligibility

For the opt-in scheme, the bill discount scheme will be provided on the basis of one discount per eligible property or pitch.[20]

Subject to meeting the eligibility criteria, we envisage the following household types will be eligible via the opt-in scheme. To note, this is not an exhaustive list. There may be some remaining unidentified opt-in recipient types, and some further exclusions based on deliverability:

- Domestic residents with commercial electricity supplies and/or arrangements where an intermediary pays for electricity on behalf of residents – including:
    - Houseboat residents with permanent residential mooring
    - Residential park home residents on authorised sites
    - Households living on permanent pitches on authorised sites, such as Travellers
    - Domestic residents living in or linked to commercial buildings
    - Farmhouses (sharing connection with farm)
    - House in Multiple Occupation (HMO) on commercial meters
    - Flats above restaurant or shop (sharing connection with restaurant or shop below)
    - Residents living in temporary accommodation on a commercial meter
    - Social housing residents on commercial meters
    - Care home residents
    - Residents of religious communities
    - Students in purpose-built student accommodation
    - Residents living in a separate dwelling on someone else's land – e.g. self-contained annex or caravan

[20] Pitch is defined here: https://www.gov.uk/government/statistics/traveller-caravan-count-january-2022/count-of-traveller-caravans-technical-notes#:~:text=Definition%20of%20a%20%E2%80%98pitch,on%20any%201%20pitch

- Households who are not connected to the electricity grid (i.e. “off-grid”)
- Automatic scheme households with unlicensed suppliers if the supplier does not deliver the discount

We propose there will be an evidence requirement to prove opt-in applicants are living in an eligible residential dwelling. In addition, some recipients listed above will be on traditional electricity supply arrangements and will benefit from the scheme via the automatic delivery route; these recipients will not be eligible for the opt-in scheme.

In line with the scheme’s eligibility principles, we propose that households not living on permanent authorised sites/pitches/moorings, such as transit pitches and temporary stopping places on Traveller sites and continuous cruiser houseboats, will not be eligible for the scheme. These households cannot permanently reside in a single area so they cannot be permanent members of the communities hosting transmission infrastructure eligible for the scheme. We also propose that people staying in holiday park homes will not be eligible, as holiday park homes are not permitted for permanent residence in the community.

Residents of larger multiple occupancy buildings on commercial meters designed for specialist use, such as care home residents, students in purpose-built student accommodation and some religious community residents, are more challenging to deliver to. Delivery proposals for this group are set out below in Delivery to residents in specialist use multiple occupancy buildings.

Question 6: Do you agree with the proposed approach to considering eligibility for the opt-in scheme? Are there any other household living arrangements we should consider? Please provide any reasoning to support your response.

Question 7: Do you have any views on how we can maximise reach to communities with scheme communications, particularly those who will need to opt in to benefit?

4.2 Opt-in scheme delivery

For eligible opt-in recipients who cannot receive an automatic bill discount, delivery requires a manual transfer of the benefits. Depending on the household type and the individual’s capability to submit an application, this may be administered either directly by the scheme administrator, or via an obligated intermediary (see Delivery to residents in specialist use multiple occupancy buildings).

We intend for the primary delivery route to all eligible opt-in recipients to be direct payments via standard bank transfers (Bacs). This is due to the relative simplicity to administer payments to bank accounts, compared with other delivery methods. Applicants will be asked for bank details as part of the application process by default.

Although we expect most payments to be made via Bacs bank transfer, we recognise there may be some households eligible for the opt-in scheme which do not have a bank account. We are exploring alternative options for these households, including cash or energy vouchers.

Question 8: Do you agree that direct Bacs payment should be the primary delivery method for successful opt-in recipients, and that we should continue to explore alternative delivery options for exceptional cases?

4.3 Delivery to residents in specialist use multiple occupancy buildings

The standard route for eligible opt-in recipients to benefit from the bill discount scheme will be to submit an application. However, some residents live in larger multiple occupancy buildings on commercial meters designed for specialist use. These include care home residents, students in purpose-built student accommodation and some religious community residents.

We are considering several options to facilitate delivery to these household types. Our preferred option is to introduce a pass-through delivery model whereby the site owner acts as an intermediary and opts into the scheme to receive one £250 payment per site / building and is mandated to pass through the benefit to residents in equal shares.

We consider this the most cost-effective and administratively simple delivery option for these groups, while ensuring their inclusion. Delivering one payment of £250 per property aligns with the rest of the scheme. This delivery model also mitigates the risk of low scheme accessibility, as was the case for the Energy Bill Support Scheme, particularly for care home residents.[21]

We propose the following intermediaries will be subject to the pass-through requirement and would need to apply for the £250 payment in order to pass it through to their residents:

- Religious community site owner or operator
- Care home owner or manager
- Managers of purpose-built student accommodation (PBSA) that is not self-contained flats.

We are aware that this option would place an administrative burden on these groups. We will continue to explore options to reduce burden on intermediaries, including enabling bulk applications where site owners are responsible for multiple buildings, and minimising re-verification requirements for future payments.

Intermediaries could instead be allowed to apply for the scheme, and spend the money on a shared benefit rather than being mandated to pass the benefit to residents. This would reduce administrative burden on intermediaries. However, this would introduce subjectivity about what is an acceptable shared benefit to ensure the residents receive the substance of the benefit, which would be challenging to prove and enforce. In addition, we are proposing excluding businesses so allowing intermediaries to keep the money (even if spent on residents) is likely to create inconsistencies.

[21] According to research by Age UK, the Energy Bills Support Scheme Alternative Fund (EBSSAF) had low take-up for eligible care home residents who had to apply for themselves (~7%). www.ageuk.org.uk/latest-press/articles/2023/4-in-5-of-all-those-eligible-for-the-energy-bills-support-scheme-alternative-fund-missing-out/

Alternatively, we have considered allowing site owners to bulk apply for one discount per resident living in multi-occupancy accommodation, which would increase incentive to apply for the scheme; however, this would significantly increase the cost of the scheme due to the added value of payments, and would not align with the main scheme which delivers one discount per property.

Finally, the above property types and therefore residents could be excluded from the scheme. Delivery to them is complex and requires greater oversight, along with putting an additional burden on intermediaries who will not benefit from the scheme. Therefore, on balance it may be too complex and costly to include them.

To note, landlords of HMOs on domestic meters, where the landlord pays the bills, will receive the discount automatically. If their tenants are on all-inclusive contracts, we propose the landlord would also be subject to the pass-through requirement. We see this as the only viable option as it is not feasible to isolate these landlords, remove discount delivery, and pay eligible households directly.

The pass-through requirement would be a legal obligation. That is to say, an intermediary who is subject to the mandatory pass-through requirement must pass the substance of the benefit to eligible residents living in an eligible property they own or manage. Identified or suspected failure to meet the requirement will result in compliance action, and potentially enforcement action taken against the intermediary in question. Subject to final policy design, this may include civil penalties.

If opting for the lead option of allowing one discount per building, where the site owner/manager applies and passes the money to residents in equal shares, we propose the following intermediaries to be subject to the pass-through requirement:

- Religious community site owners or operators
- Care Home owner
- Managers of purpose-built student accommodation that are not in self-contained flats.
- Landlords who manage HMOs on domestic electricity meters

A pass-through requirement for these household types adds an additional significant administrative burden in terms of checking pass-through has occurred and any necessary investigation and enforcement that applies if it does not. However, we think it is preferable to deliver the benefit this way for these household types, to reduce unfair treatment between household types.

We are also investigating potential avenues for complaints and appeals when it is suspected that an intermediary has failed to meet the pass-through requirement.

Question 9: Do you agree we should include multiple occupancy buildings in scope of the bill discount scheme? If yes, do you agree that delivery should be via an intermediary receiving the benefit and being mandated to pass the £250 to residents in equal shares? If not, do you have a view as to which option strikes the

best balance between ensuring they benefit, without compromising deliverability or adding disproportionate cost and complexity?

4.4 Individual opt-in

We consider the most appropriate delivery route for other types of opt-in recipients – i.e. other eligible opt-in recipients beyond residents of specialist use multiple occupancy buildings, such as households living in eligible properties on commercial meters - to be via individual opt-in, so that each household receives one £250 payment or voucher. We consider these other recipient types to be capable of applying to the scheme themselves. However, we will ensure appropriate support is in place for more vulnerable households who, for example, may not have digital capabilities and subsequently need extra assistance to apply for the scheme.

Question 10: Do you agree that all other household types who are eligible but will not receive automatic bill discounts (e.g. eligible households on commercial meters) should apply for the scheme individually?

4.5 Verification of applications and continuing eligibility for opt-in recipients

We want to ensure there is an appropriate balance between verifying eligibility (and therefore reducing fraud risks and subsequently scheme costs) and extra administrative burden on both opt-in recipients and the scheme administrator.

It is proposed that there will be a set application window in which applications will have to be submitted. As part of this application process, the scheme administrator will verify applicant addresses to ensure eligibility for the opt-in scheme. Additionally, to ensure the ongoing eligibility of recipients throughout the course of the scheme, a periodic re-verification process will be required.

Question 11: Do you agree with the principles for verifying applicant eligibility for the scheme? Do you have any suggestions for how we can balance the need to verify eligibility and reduce burden on both the scheme administrator and households?

5 Delivery to pre-payment meter customers

A pre-payment meter (PPM), or a “pay-as-you-go” meter, is a debit-based meter which is designed so that the customer tops up the account in advance of use. By contrast, a traditional credit-based meter allows customers to use electricity first, then pay for it. There are two types of pre-payment meters: traditional and smart. Government statistics indicate there are approximately 4.3 million customers on smart PPMs, and 2.5 million customers on traditional PPMs, accounting for around 12.6% of total domestic electricity users.[22] We are aware that PPM customers include a disproportionate number of low-income and vulnerable customers. We are keen to ensure the delivery route does not disadvantage PPM customers over other groups.

5.1 Smart pre-payment meter customers

For delivery to eligible smart pre-payment meter customers, our intention is that electricity suppliers automatically apply credit to their eligible customers’ accounts. Due to the ability to apply credit virtually, we are not aware of any prohibitive barriers preventing this process from taking place automatically. Automatic delivery has several advantages over manual delivery, including reduced scheme administrative costs and fraud risks, as well as increased scheme accessibility.

5.2 Traditional pre-payment meter customers

Unlike with smart PPMs, suppliers are unable to apply credit automatically to traditional PPM customers due to the manual top-up process. Customers must take their top-up card to a participating shop, including PayPoint, PayZone and the Post Office. This makes delivering the scheme to traditional PPM customers more challenging than with other groups.

We propose that electricity suppliers are mandated to deliver energy vouchers to their eligible customers. Suppliers will send letters to their eligible traditional PPM customers, notifying them of the option to opt in to be sent vouchers. Customers would need to respond with any required details to receive the voucher.

To reduce burden on suppliers, we propose that they will not be required to pursue voucher redemption. Their obligation to advertise the scheme will be fulfilled so long as they have sent out an initial correspondence to the account holder via the preferred correspondence method. They may also encourage customers to switch to smart meters to benefit, as smart meter customers will receive automatic credit and will be easier to administer than voucher.

Our view is that this option strikes a balance between household choice, delivery complexity, and administrative cost. We have considered other options including mandating customers to install a smart meter to benefit, which would restrict consumer choice, and directing customers to the opt-in scheme which would hugely increase administrative costs.

[22] www.gov.uk/government/statistics/smart-meters-in-great-britain-quarterly-update-december-2024.

Question 12: Do you agree that electricity suppliers should deliver the scheme to their eligible traditional pre-payment meter customers by offering vouchers, with no redemption-related requirements?

Question 13: Are there any considerations we should take into account when assessing options to deliver the scheme to pre-payment meter customers?

6 Scheme funding

This section provides information on the government's current intentions for scheme funding. The scheme will be funded by an obligation on all licensed electricity suppliers ('suppliers'). Although suppliers will be obligated to fund the scheme, it is expected that they will recoup their costs by passing them onto their customers through their bills, which would mean that the scheme is ultimately funded by billpayers by an additional cost on their bills. We expect the impact on bills to be minimal, and the exact impact will be determined as the scheme is developed. We continue to consider any potential impact on bills throughout our policy design and will strive for optimal consumer value for money.

Energy Intensive Industries (EIIs) will be exempt from paying towards the cost of this scheme.[23] As such, a supplier's EII customer base will be taken into consideration for scheme cost calculations.

Reconciliation

Suppliers will be required to pay bill discounts to their eligible customers (identified by the scheme administrator) and will also need to participate in a reconciliation process.

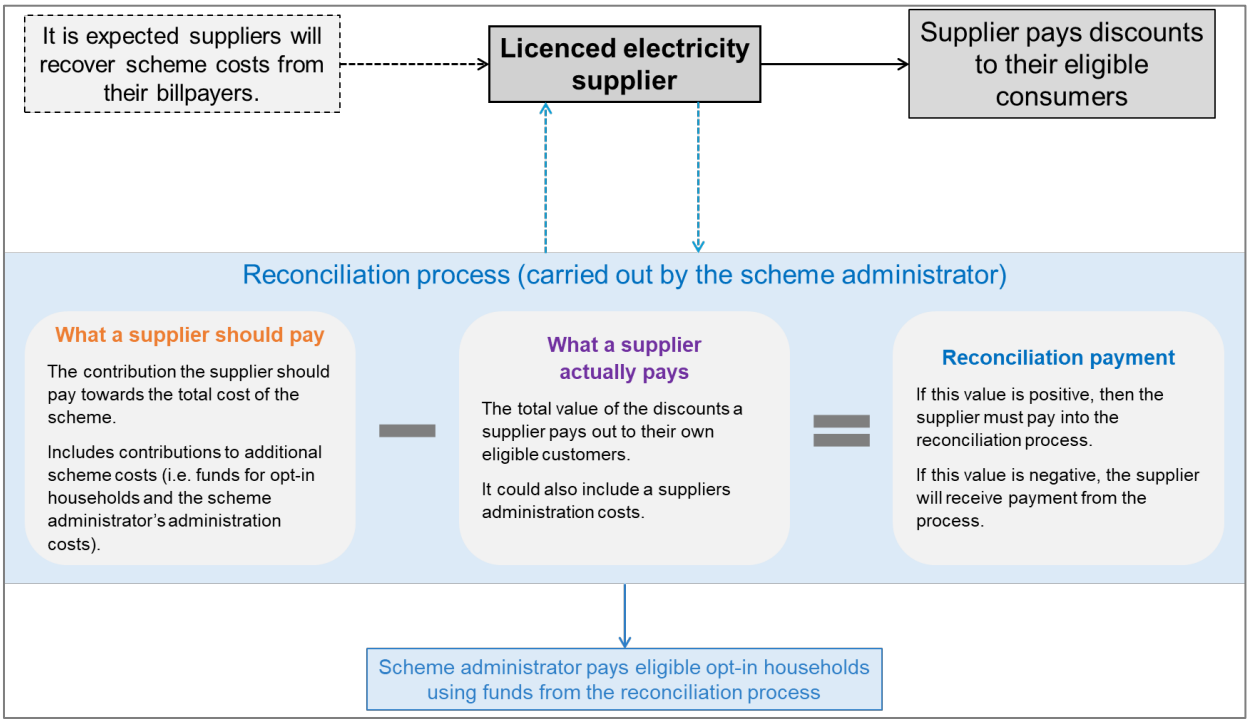
The reconciliation process (managed by the scheme administrator, see Functions of the scheme administrator), aims to redistribute total scheme costs amongst suppliers to account for what they should be paying into the scheme[24] versus what they actually pay. If a supplier has underpaid, then they will be required to make a payment to the scheme administrator, and if a supplier has overpaid then they will receive a payment from the scheme administrator. Figure 1 provides an overview of the funding mechanism for the scheme, including the reconciliation process.

Reconciliation calculations will also account for funding of additional scheme costs, that suppliers will be required to contribute towards. These costs will be used to cover payments to opt-in recipients and the scheme administrator's administration costs.

Calculations could also take into account a supplier's administration costs for their role in delivering the scheme (see Administration Costs for further discussion on this point).

[23] Energy Intensive Industries (EIIs): Guidance for applicants seeking a certificate for an exemption
[24] Calculations to determine what a supplier should be paying into the scheme is discussed in Distribution of scheme costs across suppliers.

Figure 1: Diagrammatic representation of the funding mechanism for the bill discount scheme



7 Distribution of scheme costs across suppliers

We are proposing that the total cost of the scheme will be distributed across all licensed electricity suppliers, and this will include both domestic and non-domestic suppliers. As we anticipate these costs to be passed on to billpayers, funding the scheme through both domestic and non-domestic suppliers would mean the cost of the scheme will be spread over a larger number of billpayers (i.e. domestic and non-domestic billpayers). This will help reduce the impact on domestic billpayers compared to if non-domestic suppliers did not contribute to the cost of the scheme.

We are also proposing that the contribution of a supplier to total scheme costs will be independent of the number of eligible customers they have and will instead be based on the volume of electricity that a supplier supplies to the GB market. This means that suppliers that supply a larger volume of electricity to the market will contribute more to scheme costs than suppliers that contribute a small supply, which we believe is a fairer approach.

An alternative method to determine a supplier's contribution to scheme costs would be to base it on total customer numbers. However, we are not proposing this route as some suppliers may have a large customer base with low usage (and so would pay more), or a small customer base with high usage (so would pay less). Moreover, this route would put extra pressure on

domestic billpayers because they are a larger proportion of the customer base (~90%) but consume a much smaller share of electricity (~40%).[25]

Question 14: Do you agree with the proposed distribution of costs across suppliers to fund the scheme? Please provide evidence to support your answer wherever possible.

8 Supplier failure

In the event of supplier failure, where a supplier declares bankruptcy and is unable to meet their customer obligations, it is possible that funds may not be paid to eligible households, and a reconciliation payment may be missed.

In these situations, we are proposing that the missed reconciliation payments be covered through a mutualisation process, whereby obligated suppliers make up the shortfall based on their calculated contributions to the scheme.

Missed payments to customers can be picked up by the new supplier of the customer. The new suppliers will be informed of the new customer's eligibility by the scheme administrator ahead of each payment.

Question 15: Do you agree with the outlined proposals for supplier failure?

9 De minimis threshold

As is used for the Green Gas Levy scheme,[26] we are considering that a de minimis threshold could be used for the bill discount scheme to reduce administrative burden (and associated costs) for settling small amounts of money. This would put a minimum limit on payments to be made as part of scheme operations and would consider the administrative burden of payments for small amounts of money in the scheme.

Question 16: Do you agree with introducing a de minimis threshold for the bill discount scheme? Please provide evidence to support your answer wherever possible.

[25] Calculation based on DESNZ subnational electricity consumption statistics for Great Britian. In 2023, there were 29 million domestic electricity meters, which consumed 96,517 GWh of electricity, compared to 2.4 million non-domestic meters, which consumed 152,527 GWh of electricity.
[26] www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/green-gas-levy-ggl-rates-underlying-variables-mutualisation-threshold-and-de-minimis-for-the-2024-2025-financial-year

10 Administration costs

Scheme administrator

The scheme administrator will require administration funds to cover the costs of running and managing the scheme (see Functions of the scheme administrator). We will ensure that these are proportionate and reasonable.

The scheme administrator will recover administration costs incurred with operation of the scheme as part of the reconciliation process. Suppliers will be obligated to pay these administration costs, and their contribution will be calculated as part of reconciliation process (see Figure 1) as a cost that a supplier should pay. As described in Scheme Funding, it is expected that suppliers will recover their obligated costs of the scheme (which would therefore include their contribution to these administration costs) from their billpayers.

Suppliers

As part of their role in the scheme, we expect that licensed electricity suppliers will be required to perform the following functions (noting that this list is subject to change as the scheme develops):

- Identify eligible domestic customers from MPANs provided by the scheme administrator and provide payment to customer accounts.
- Participate in the reconciliation process: specifically making and receiving payments with the scheme administrator, as required.
- Provide accurate and timely data to the scheme administrator as required for scheme monitoring (for example, evidence that a customer has been paid, updating customer eligibility if a customer opts-out of the scheme) and reconciliation calculations (for example, to verify how much discounts have been paid and to how many customers).
- Participate in the mutualisation process, if required (see Supplier failure).
- Provide customers with an option to opt-out of the scheme, and to opt-back in (especially for new customers where previous customers have opted out), whilst keeping the scheme administrator informed of these changes.
- Provide vouchers to eligible traditional pre-payment meter customers upon request.
- Communicate appropriately to eligible customers, including informing them of eligibility, providing available delivery options, and managing some customer queries.
- Have robust governance and management processes in place to be satisfied that the scheme is being delivered in line with the regulations and to monitor for cases of fraud, and to participate in fraud/noncompliance investigations as required.

The costs incurred by suppliers for their role in delivering the scheme could be considered within total scheme costs, whereby the reconciliation calculations (see Scheme Funding) could take into account these administration costs, meaning that these costs would likely be borne by billpayers.

Question 17: Do you consider that licensed electricity suppliers should be allowed to recover costs from the scheme to contribute to the costs they incur for their role in delivering the scheme? Please provide clear evidence in your answer (for example evidence of administration costs used to fund other schemes).

11 Payment timings

The framework for the scheme is intended to be in place by late 2026, once legislative and regulatory changes have been made, with first payments not intended to begin until 2027. We are currently legislating for the scheme in the Planning and Infrastructure Bill and intend to make secondary legislation when parliamentary timings allow. It is our intention that the scheme will run for a set period of time, and the projects included are still to be determined. It is our plan to hold a post-implementation review 5 years into the scheme, to determine whether it is working as envisioned. Following this review a decision will be taken as to whether the scheme would continue or come to an end once the benefits period for live projects already in the scheme has concluded.

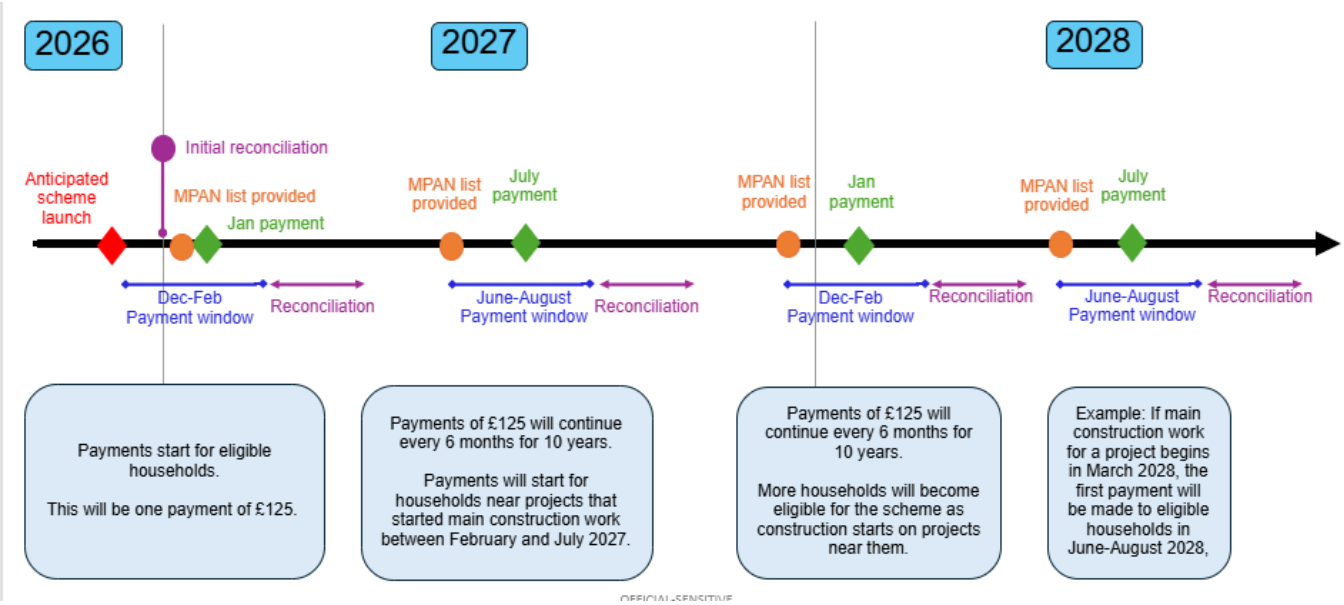
We propose households are paid £125 every 6 months (£250 per year; up to £2,500 over 10 years). This balances deliverability, administrative costs and the risk of households having to wait a long time for their first payment. We also propose that suppliers and the scheme administrator will be given a 3-month window to make payments, to allow alignment with billing cycles.

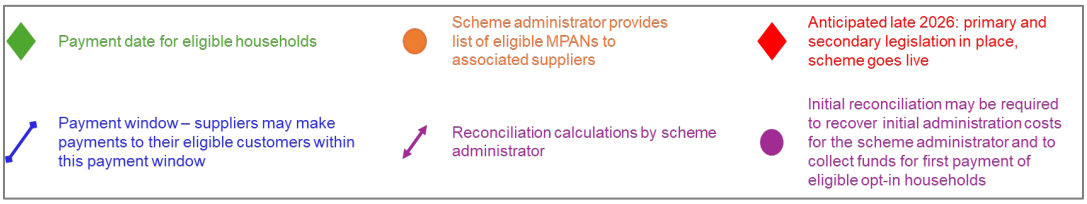
Subject to deliverability, we currently intend that payments are made in January and July each year, with the first potential payment in January 2027.

We propose the reconciliation process occurs every 6 months (after the payment window closes) to align with payments to households.

Due to the administrative cost associated with scheme delivery, we are also proposing an initial reconciliation process shortly after scheme launch. This would be to allow the scheme administrator to recover initial administration costs; for example, there may be a higher number of eligible households to be identified at the start of the scheme. An initial reconciliation process will also allow the scheme administrator to start to collect funds to pay eligible opt-in households.

Figure 2: Proposed payment timings for the bill discount scheme. The diagram provides estimates and may not be to accurate scale; please see text for further detail on timings





Question 18: Do you agree with the proposed payment and reconciliation timings, including for an initial reconciliation payment? Please provide evidence wherever possible to support your response.

Analytical annex

Introduction

This annex summarises the evidence and analysis supporting the consultation on scheme design for bill discounts for transmission network infrastructure. Section 1 outlines the rationale for government intervention, Section 2 sets out potential impacts, and Section 3 includes questions to test the existing evidence and gather further evidence.

An initial assessment of the potential costs and benefits of the proposed bill discount scheme under a range of indicative policy scenarios was set out in the Planning and Infrastructure Bill (PIB) Impact Assessment.[27] The government has subsequently announced a minded to position to offer bill discounts of up to £2,500 over 10 years for those living up to 500 metres from new and significantly upgraded electricity transmission infrastructure.[28] Further analysis of scheme costs and benefits will be set out in an Impact Assessment to support the scheme introduction through secondary legislation, so any initial estimates presented here are subject to change.

1 Rationale for intervention

At the heart of the government's agenda is an ambition to make Great Britain (GB) a clean energy superpower, with twin objectives of delivering clean power by 2030 and accelerating towards net zero to boost energy independence, protect consumers, and support jobs. Key to achieving this is ensuring that the electricity transmission network, which transports electricity from where it is generated to where it is needed, is fit for purpose. As we increase low-carbon and renewable electricity generation, we will need to increase the scale of the transmission network, at pace, to keep up with demand and reduce the impact of constraints in the existing network.

Network constraints occur when the electricity transmission system is unable to transmit power to electricity users because the maximum capacity of the circuit is reached. These constraints are expected to increase as renewables form a larger share of electricity generation due to the net zero transition. This is because the optimal location for non-renewables, which the grid was initially built around, differs from the optimal location for renewables, which tends to be further from electricity users. Renewable assets are more optimally located in areas where weather conditions are more favourable for these technologies: for instance, wind farms being placed in areas where there are consistent strong winds. This means the network must transmit power further, so larger parts of the network are facing congestion issues more frequently. The National Energy System Operator (NESO) typically manages constraints by paying generators to switch off (turn down) in locations where the network is congested and paying generators to

[27] For more information on the methodology and assumptions applied, see Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme
[28] Electricity transmission infrastructure: proposed bill discount scheme

switch on (turn up) in locations closer to electricity users. This is costly and has emissions implications because renewable generation is usually curtailed (switched off) whilst non-renewable generation is usually switched on to meet demand.

Analysis by NESO suggests that network constraint costs are expected to rise from current levels of around £1.7bn in 2024 to a peak of around £8bn in 2030.[29] However, if critical transmission network projects are brought forward and delays to plans for wider network expansion are avoided, this peak in costs could be reduced, delivering savings of approximately £4bn in 2030.[30] This is estimated to be equivalent to an average saving of between £45-£50 per household in 2030, compared to the scenario where delays persist.[31]

Rapid expansion of the transmission network is therefore required, as it will not be possible to deliver a secure supply of electricity, vital to growth and prosperity, without a transmission network that can transport it. Around twice as much new transmission network infrastructure will need to be built by 2030 as has been built in the past decade.[32]

However, public consent for new transmission network infrastructure projects is precarious and challenges the government's ability to meet the required scale of infrastructure to keep pace with increasing electrification and to help realise clean power by 2030 targets. Unlike other infrastructure, these linear assets do not tend to deliver the same sort of tangible benefits to the locality, such as jobs, skills, and inward investment. It is challenging for communities to visualise the end benefits for all consumers when faced with permanent, visually impactful infrastructure. Opposition increases the risk of legal challenges to planning consents, potentially resulting in delays to the approval and build of new transmission network infrastructure.

According to data from DESNZ's Public Attitudes Tracker, in summer 2024, 79% of people said they were aware of the need to build more electricity network infrastructure, but respondents were more likely to be unhappy (30%) than happy (23%) about the prospect of new electricity network infrastructure being built in their local area.[33] These results are similar to findings from DESNZ-commissioned social research, which indicated that around 30% of respondents surveyed would find construction of transmission infrastructure (such as a substation or lattice pylon) in their local area unacceptable.[34] However, this social research also suggested that a community benefit approach of electricity bill discounts was able to increase acceptance for new transmission infrastructure for the most respondents (78%),

[29] Calculated using NESO Monthly Balancing Services Summary (MBSS) and National Energy System Operator (NESO) (2024), 'Clean Power 2030'
[30] National Energy System Operator (NESO) (2024), 'Clean Power 2030'
[31] Assuming residential demand as 34% of total demand, and 28 million households in GB derived from DESNZ Energy & Emission Projections (EEP) – Annex F: Final energy demand and DESNZ Subnational Electricity and Gas Consumption Statistics
[32] National Energy System Operator (NESO) (2024), 'Clean Power 2030'
[33] DESNZ Public Attitudes Tracker: Summer 2024. A substantial proportion of respondents provided a more neutral answer, either stating they did not mind either way (34%), or that they did not know enough to form an opinion (6%) or that it wouldn't be feasible in their local area (7%).
[34] BMG Research – Community benefits for electricity transmission network infrastructure. Full question: "How acceptable or unacceptable would you find [a substation/a lattice pylon] being built within a 15-minute walk from your home?

including more than two thirds (69%) of respondents who previously stated that transmission network infrastructure projects in their local area would be unacceptable.[35]

Communities that host network infrastructure are therefore a critical support in delivering cheaper, cleaner, secure energy – there is a positive externality for wider society. In the absence of government intervention, these external benefits are unlikely to be considered, leading to under-provision of network infrastructure. Government intervention is required to internalise this external benefit and ensure communities can gain from hosting network infrastructure that delivers a national need.

In March 2025, the government announced the creation of a bill discount scheme, which would be established through the Planning and Infrastructure Bill introduced to Parliament.[36] This was published alongside community funds voluntary guidance,[37] which forms part of a dual approach to ensure that communities can directly benefit from hosting clean energy infrastructure, as recommended by the independent Electricity Network Commissioner.[38]

2 Potential impacts

This section outlines the potential impacts of the proposed transmission network bill discount scheme. The following points summarise the types of costs and benefits and, where available, indicative quantified estimates.

The costs and benefits of this policy cannot be quantified with certainty at this stage because this depends significantly on detailed policy design which will be confirmed at secondary legislation stage. Further analysis of scheme costs and benefits will be set out in an Impact Assessment to support scheme introduction through secondary legislation, so any initial estimates presented here are subject to change.

The appraisal period for initial cost and benefit estimates presented here is 16 years (2026 – 2041) as this covers the period up to and including 10 years after construction commencing for the last project identified as potentially being in scope during preliminary analysis. This initial analysis considers the impact of the proposed scheme on transmission projects identified in the Accelerated Strategic Transmission Investment (ASTI) framework and NESO's Clean Power 2030 advice.[39] It does not include the potential impact of further enabling works, which could increase the total cost associated with the policy.[40] Further analysis is in progress to consider the potential impact of these additional transmission projects which will be set out in the Impact Assessment to support secondary legislation.

[35] BMG Research – Community benefits for electricity transmission network infrastructure.
[36] Electricity transmission infrastructure: proposed bill discount scheme
[37] Electricity transmission network infrastructure: Community funds
[38] Accelerating electricity transmission network deployment: Electricity Networks Commissioner's recommendations
[39] See Ofgem Accelerated Strategic Investment Guidance – Appendix 1, and NESO Clean Power 2030 – Annex 2: Networks, connections and network access analysis, for detailed list of projects included in initial analysis.
[40] For instance, the minimum transmission reinforcement works which need to be completed before an onshore renewable generation asset can be connected to and given firm access to the transmission network.

All costs, benefits and transfers are presented in 2025 prices and discounted in line with HMT Green Book guidance from 2026 – the year we would expect the policy to commence – unless stated otherwise.

Initial estimates for the potential transfers, costs and benefits associated with this policy are set out in Table 1 and then discussed in further detail in the remainder of this section.

Table 1 – Summary of costs and benefits

	PIB Impact Assessment scenarios	Government minded to position
Total transfers	£30m - £2,370m	£360m - £530m
Direct costs	£10m - £20m	£10m - £20m
Indirect costs	£0 - £470m	£0 - £420m
Indirect benefits	£0 - £2,510m	£0 - £2,260m

Transfers

This policy is expected to lead to a transfer of costs and benefits between different parties in the economy. The potential transfers resulting from this scheme are outlined further below:

The proposed policy would be funded by an obligation on electricity suppliers. They are expected to recoup their costs by passing them onto their customers through their electricity bills. Funding this policy via electricity bills will therefore result in a transfer from all electricity consumers to households that are living closest to new transmission network infrastructure.

The policy will result in a net benefit to households within the eligibility zone of new transmission network infrastructure as they will receive funds as part of the bill discount scheme.

At this stage, it is unclear whether this policy will result in a net cost to consumers who do not host transmission network infrastructure as any direct cost associated with funding the policy has the potential to be offset by indirect benefits in the form of constraint cost savings if this policy supports a reduction in delays to network build.

An initial estimate of the potential total transfers associated with the scheme presented in the PIB Impact Assessment ranged from £30m - £2,370m.[41] Applying the same assumptions to the government minded to position implies an initial estimate of £360m - £530m total scheme transfers.

The aggregate impact of these transfers cannot be quantified with certainty at this stage because this depends significantly on details which will be confirmed in secondary legislation, such as how the eligibility zone is determined, and the types of infrastructure and households that would be in scope.

Costs

The implementation and administration of this policy is likely to result in direct costs for both government and certain businesses. If the policy is successful in reducing delays to network build, indirect costs associated with bringing forward investment earlier than initially expected could also be incurred. These potential direct and indirect costs are outlined further below:

Direct costs

Familiarisation costs: Transmission Owners and electricity suppliers could incur time costs to familiarise themselves with the new guidance, including time taken to read the guidance and formulate a plan to respond to it.

Policy implementation costs: The government and the scheme administrator are likely to incur costs to implement the scheme.

Administration costs: Transmission Owners and electricity suppliers may incur costs to administer the benefits.

An initial estimate of the potential total direct costs associated with familiarisation and administration of the scheme presented in the PIB Impact Assessment ranged from £10m to £20m. Applying the same assumptions to the government minded to position implies an unchanged initial estimate of £10m - £20m total direct administration and familiarisation costs.

Indirect costs

Earlier disruption and infrastructure costs: If this policy successfully reduces delays to network build, disruption and infrastructure costs could occur sooner than initially planned. These costs are uncertain as they are dependent on an assumed relationship between improved community acceptability of transmission infrastructure and a reduction in delays to network build.

[41] Unless stated otherwise, all costs, benefits and transfers presented in this analytical annex are in 2025 prices and discounted to 2026 present value in line with HMT Green Book guidance.

Earlier network investment costs were calculated using transmission network investment estimates outlined in the Electricity Networks Strategic Framework[42] and is set out in further detail in the PIB Impact Assessment.[43]

An initial estimate of the potential total indirect costs associated with the scheme presented in the PIB Impact Assessment ranged from a low estimate of no cost in the scenario where delays are not avoided up to a high estimate of £470 million. Applying the same assumptions to the government minded to position implies an initial estimate of up to £420 million total indirect costs.

Benefits

The proposed policy aims to increase community acceptability of electricity transmission infrastructure, and therefore help reduce opposition and planning delays. Reducing delays to network infrastructure projects is critical to reducing network constraint costs, which are explained in more detail in Section 1 'Rationale for Intervention'. If the policy is successful in achieving its stated objectives, it has the potential to deliver indirect benefits in the form of constraint cost and emission savings, which are outlined below.

Indirect benefits

Reduced network constraint costs: Network constraint costs are the costs incurred to manage the electricity transmission network when it is at full capacity. These costs are initially incurred by the National Energy System Operator (NESO) but are passed on to electricity consumers via balancing charges, which make up a portion of a household's electricity bill.

If this policy successfully reduces delays to network build, this may reduce congestion on the network and therefore reduce constraint costs, resulting in savings for electricity consumers.

An initial estimate of potential constraint cost savings associated with the prevention of a 1-year delay to network build presented in the PIB Impact Assessment ranged from a low estimate of no benefit to a high estimate of £1,980 million. Results from DESNZ-commissioned social research, indicating the proportion of respondents that would find transmission network infrastructure acceptable at a given payment level, were used as an upper bound proxy for the likelihood of preventing a 1-year delay.[44] This is highly uncertain because the estimated acceptance rate may not feed through to preventing delays 1:1, and there is a possibility that delays may not be prevented at all – as indicated by the lower bound estimate. Applying these same assumptions to the government minded to position implies an initial estimate of up to £1,760 million.

[42] Electricity networks strategic framework
[43] Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme. See paragraphs 68 to 71.
[44] BMG Research – Community benefits for electricity transmission network infrastructure. The social research did not directly ask about levels of bill discount, so it is assumed the acceptance for bill discounts would be the same as the equivalent level of direct payment. For further information, see paragraphs 109 – 121 of Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme.

Any potential constraint cost savings associated with this policy are uncertain and dependent on an assumed relationship between improved community acceptability of network infrastructure, prevention of delays to network build, and network constraint costs. This is uncertain and should only be interpreted as an indication of the magnitude of the potential benefits if the policy contributes to a reduction in delays to network build.

Emissions savings: Network constraints increase emissions because NESO manage constraints by paying generators to turn down in locations where the network is constrained, which are typically zero carbon wind generators, and paying generators to turn up closer to demand, which are typically more carbon-intensive thermal generators. Therefore, if this policy reduces delays to network build, there may be emissions savings.

An initial estimate of potential emission savings in the PIB Impact Assessment ranged from a low estimate of no savings, in the scenario where delays are not prevented, to a high estimate of up to 1.9MtCO2e, in the scenario where the policy contributes to a reduction in delays to network build. This amounts to an additional benefit of up to £530 million based on current carbon values.[45] Applying the same assumptions to the government minded to position implies an estimated impact of up to 1.8MtCO2e, or up to £500 million.

As outlined above, any potential constraint cost savings are uncertain and dependent on an assumed relationship between improved community acceptability of network infrastructure, prevention of delays to network build and network constraint costs. However, monetising emissions savings from a constraint cost saving of this size gives some indication of the magnitude of this benefit if the policy contributes to a reduction in delays to network build.

Non-quantified benefits

Shorter network connection times for new low-carbon generation: Enabling works must be completed before a new generation asset can connect to the electricity network. If this policy reduces delays to network build including enabling works, this could allow new low-carbon generation to connect to the network more quickly, supporting households and businesses across the country in achieving cheaper, more secure and low-carbon energy generation. This benefit has not been quantified at this stage.

Increased trust in Transmission Owners and developers: Host communities may have increased trust in Transmission Owners and developers due to this policy if they feel they are benefitting adequately from hosting transmission network infrastructure. This benefit has not been quantified.

Lower legal costs: Host communities may have lower legal costs due to this policy if they feel they are benefitting adequately from hosting transmission network infrastructure and are not required to legally challenge the infrastructure as a result. This benefit has not been quantified.

[45] Valuation of energy use and greenhouse gas emissions – Supplementary guidance to HM Treasury Green Book on Appraisal and Evaluation in Central Government.

Estimated Bill impact

As discussed above, the proposed policy is expected to be funded via an obligation on electricity suppliers. It is expected that electricity suppliers will pass this cost onto their customers via their electricity bills.

Initial estimates offer the potential impact of the policy on an average household's annual electricity bill were presented in the PIB Impact Assessment to give an indication of the scale of this policy cost.[46]

To do this, the total annual policy cost was divided by annual projections for GB electricity consumption to arrive at a cost per MWh of electricity consumed, which was then scaled by internal estimates of average annual household electricity consumption throughout the appraisal period.

Initial estimates for the potential impact of the policy on an average domestic electricity consumer are set out in Table 2; this includes an updated estimate to reflect the current government minded to position, announced in March 2025. Monetised impacts that are assumed to fall on all electricity consumers include:

Direct costs

- Transfer payment to eligible households
- Administration costs

Indirect costs

- Costs associated with earlier network investment

Indirect benefits

- Cost savings associated with a reduction in network constraints

As discussed above, indirect costs and benefits (cost savings) are only likely to occur if the policy, in combination with other reforms, is successful in reducing the likelihood of delays to transmission network build.[47] As a result, the estimated net impact on consumers should be treated as uncertain. The risks and sensitivity associated with the assumptions underpinning this analysis are set out in more detail in the PIB Impact Assessment.[48]

Further analysis, outlining the potential impact of this policy for electricity consumers, will be set out in the Impact Assessment supporting secondary legislation.

[46] See Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme, paragraphs 81 – 83, for further detail on the potential impacts for billpayers.
[47] See Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme, paragraphs 53 – 56, for further detail on the approach taken to quantify this.
[48] See Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme, paragraphs 84 – 85, for further detail on switching value analysis and 109 – 122 for risks and assumptions.

Table 2 – Estimated annual electricity bill impact per average GB household[49]

	PIB Impact Assessment scenarios	**Government minded to position**
Average annual cost (2026-2035)	£0.05 - £2.90	£0.40 - £0.80
Average annual savings (2026-2035)	£0.00 - £1.70	£0.00 - £1.50

3 Other impacts

Distributional impacts

This policy redistributes funds from all electricity consumers to residential properties that host in scope transmission network infrastructure and are eligible for the bill discount scheme.[50] Further analysis setting out the distributional impact of this policy will be set out in the Impact Assessment supporting secondary legislation.

Small and micro business impacts

Transmission owners do not qualify as small or micro businesses and initial analysis presented in the PIB Impact Assessment suggest electricity suppliers are unlikely to be classified as small or micro businesses. However, this policy could impact small and micro businesses if they are funding this policy via their electricity bills.[51] Further analysis setting out the distributional impact of this policy will be set out in the Impact Assessment supporting secondary legislation.

[49] All figures have been discounted in line with HMT Green Book guidance and rounded to the nearest 5p. The majority of estimated costs as set out in initial analysis were expected to be incurred during the 10-year period 2026-2035, so a 10-year average estimated bill impact is presented, as opposed to a full 16-year appraisal period average

[50] See Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme, paragraphs 86 – 94 for further detail on initial distributional analysis for this policy.

[51] See Planning and Infrastructure Bill: Impact assessment - Annex 6: Electricity bill discount scheme, paragraphs 95 – 105 for further detail on initial analysis on the impact of this policy for small and micro businesses.

Analytical Questions

19. Do you agree with the rationale for intervention and the market failures we have identified? Are there any points we have missed?

20. Do you agree with the impacts that have been identified? If not, explain why with supporting evidence.

21. Do you think there are other impacts that have not been identified? If yes, what other impacts are there that have not been included? Please provide supporting evidence.

22. Please provide any data and evidence on whether this policy is likely to reduce delays to transmission network build.

23. Are there any groups you expect would be uniquely impacted by these proposals, such as small and micro businesses or people from protected characteristics? If yes, which groups do you expect would be uniquely impacted? Please provide supporting evidence.

Consultation questions

1. **Do you have any views on infrastructure in scope for the scheme?**

2. **Do you have any views on including certain types of capacity upgrades to existing transmission infrastructure?**

3. **Do you agree to the proposed approach to determining eligibility for the scheme?**

4. **Do you have any views on the method of mapping the eligibility zone and identifying eligible properties?**

5. **Are there any functions you think we should ensure the scheme administrator can deliver?**

6. **Do you agree with the proposed approach to considering eligibility for the opt-in scheme? Are there any other household living arrangements we should consider? Please provide any reasoning to support your response.**

7. **Do you have any views on how we can maximise reach to communities with scheme communications, particularly those who will need to opt in to benefit?**

8. **Do you agree that direct Bacs payment should be the primary delivery method for successful opt-in recipients, and that we should continue to explore alternative delivery options for exceptional cases?**

9. **Do you agree we should include multiple occupancy buildings in scope of the bill discount scheme? If yes, do you agree that delivery should be via an intermediary receiving the benefit and being mandated to pass the £250 to residents in equal shares? If not, do you have a view as to which option strikes the best balance between ensuring they benefit, without compromising deliverability or adding disproportionate cost and complexity?**

10. **Do you agree that all other household types who are eligible but will not receive automatic bill discounts (e.g eligible households on commercial meters) should apply for the scheme individually?**

11. **Do you agree with the principles for verifying applicant eligibility for the scheme? Do you have any suggestions for how we can balance the need to verify eligibility and reduce burden on both the scheme administrator and households?**

12. **Do you agree that electricity suppliers should deliver the scheme to their eligible traditional pre-payment meter customers by offering vouchers, with no redemption-related requirements?**

13. **Are there any considerations we should take into account when assessing options to deliver the scheme to eligible pre-payment meter customers?**

14. Do you agree with the proposed distribution of costs across suppliers to fund the scheme? Please provide evidence to support your answer wherever possible.

15. Do you agree with the outlined proposals for supplier failure?

16. Do you agree with introducing a de minimis threshold for the bill discount scheme? Please provide evidence to support your answer wherever possible.

17. Do you consider that licensed electricity suppliers should be allowed to recover costs from the scheme to contribute to the costs they incur for their role in delivering the scheme? Please provide clear evidence in your answer (for example evidence of administration costs used to fund other schemes).

18. Do you agree with the proposed payment and reconciliation timings, including for an initial reconciliation payment? Please provide evidence wherever possible to support your response.

Analytical Annex Questions

19. Do you agree with the rationale for intervention and the market failures we have identified? Are there any points we have missed?

20. Do you agree with the impacts that have been identified? If not, explain why with supporting evidence.

21. Do you think there are other impacts that have not been identified? If yes, what other impacts are there that have not been included? Please provide supporting evidence.

22. Please provide any data and evidence on whether this policy is likely to reduce delays to transmission network build.

23. Are there any groups you expect would be uniquely impacted by these proposals, such as small and micro businesses or people from protected characteristics? If yes, which groups do you expect would be uniquely impacted? Please provide supporting evidence.

Next steps

Once the consultation has closed, we will review responses and address our final decisions in a government response. We will continue routine engagement with delivery stakeholders (including transmission operators, Ofgem, and electricity suppliers) to communicate updates about the scheme, and to inform the development of operational guidance and procedures.

We also intend to hold further engagement with community stakeholders, including groups representing rural communities and groups that are likely to fall within our opt-in element of the scheme, to share information and test positions at timely points.

Annex A: Definitions and photographs of infrastructure in scope of the scheme

Onshore, overhead transmission lines

Transmit electricity – usually 275kV or 400kV, but also 132kV in Scotland. The scheme will also cover onshore, overhead lines that connect to offshore windfarms.

Photo credit: SP Transmission

Substations

Convert electricity into different voltages so it can be transmitted throughout the country.

Photo credit: National Grid Electricity Transmission

Convertors

A specialised type of substation which forms the terminal equipment for a high-voltage direct current (HVDC) transmission line. It converts direct current to alternating current or the reverse.

Photo credit: SP Transmission

Switching stations

Connect and route transmission or distribution lines, typically without changing voltage levels (unlike substations). The main purpose of switching stations is to control electricity flow, isolate parts of the grid for maintenance, and protect the system from faults.

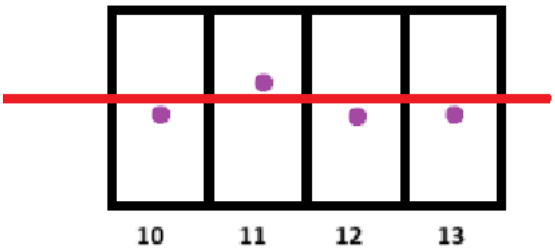
Photo credit: SSEN Transmission

Sealing end compounds

Connect underground cables to overhead lines.

Photo credit: National Grid Electricity Transmission

Annex B: Diagram highlighting ununiform UPRN placement



In this example the purple dots represent each property's UPRN. The red line represents the boundary of the eligibility zone. In this example, property 11 is not identified as eligible despite being the same distance from the eligibility zone as properties 10, 12 and 13.

This publication is available from: www.gov.uk/government/consultations/scheme-design-for-bill-discounts-for-new-transmission-network-infrastructure

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