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Ofgem
Offshore Coordination Policy
9 Millbank
London
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OFFSHORE TRANSMISSION – CONSULTATION ON POTENTIAL MEASURES TO SUPPORT EFFICIENT NETWORK COORDINATION

Dear Mr Parker,

This letter represents the views of the Countryside Council for Wales (CCW), Joint Nature Conservation Committee (JNCC), Natural England (NE) and Scottish Natural Heritage (SNH).

As statutory nature conservation agencies (SNCAs), we are primarily concerned with the minimisation of negative environmental effects of electricity transmission, both onshore and offshore, and welcome this opportunity to respond to the current consultation on potential measures to support a strategically coordinated and efficient electricity transmission network in the UK.

The SNCAs have worked together to consider this consultation and have agreed on a single response provided below in Annex I. Our response is focussed on those questions where we feel our input would be most beneficial.

We hope that you find our response useful; should you have any queries about any of the issues raised or comments below, please do not hesitate to get in touch. We look forward to continued engagement with Ofgem on work towards developing a coordinated, efficient and effective offshore transmission network.

Yours sincerely

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Annex I

The SNCAs have been involved in a variety of work in relation to the offshore renewable energy sector for a number of years, and have taken opportunities to respond to consultations run by Ofgem and DECC on the development of offshore transmission infrastructure to support the offshore renewable energy sector. In November last year, we circulated to Ofgem, DECC, National Grid and other organisations involved in offshore grid development our views and recommendations on the benefits of a coordinated approach and how environmental implications of offshore transmission can be addressed at a more strategic level[1]. We welcome the publication by DECC and Ofgem of the Offshore Transmission Coordination Project (OTCP) Conclusions Report and support many of its findings; it has always been our view that if offshore transmission infrastructure is developed in a strategic and coordinated manner, many environmental constraints and potential impacts can be addressed whilst maximising resource use and reducing consenting complexity. We see this current Ofgem consultation as an important first step in addressing some of the issues highlighted by us in previous correspondence and by the recent Offshore Transmission Coordination Project.

We recognise that some of the questions contained within the consultation document are quite detailed and address technical and financial aspects of the regulatory regime, and thus are outwith the experience of the SNCAs to be able to make comment. However, our comments on the questions directly relevant to our interests and remits are as follows:

Q1: What are your views on whether:
a) The connection process (including the relevant industry framework) supports the design of an efficient and coordinated network?
b) The NETSO needs further powers to develop an efficient network?
c) There are any barriers to the NETSO taking on an enhanced role in network development?

As statutory consultees, our advice on environmental issues in relation to the export cable and grid connection elements of an offshore renewable energy development is often sought relatively late on in the project design and impact assessment process. Invariably, we are presented with a single grid connection as part of the proposed development, the connection agreement having already been signed by the developer and the NETSO. As our advice has not been sought, the grid connection point may not necessarily be the best overall environmental option. This results in iterative discussions with the developer and consenting authorities during the project's pre-application stage in order to address and mitigate the potential environmental impacts of such a connection point and cable routes, both on and offshore. This requires a lot of resources on all sides, and risks delays and/or consent refusal for the project. Earlier engagement between the NETSO, developer and SNCAs, when various grid connection options are being considered and before an offer is made, could help to circumvent this to some extent. For example, more time, than is currently allowed, could be made for the consideration of a connection application and an offer being made. This would allow time for alternative options and their implications to be explored along with suitable advice from the SNCAs.

It is also important that there is some central overview of offshore transmission development, which includes an ability to steer and coordinate the connections being made for individual projects in order to reach a strategically and sustainably optimal solution. We have voiced our support for such a coordinating role via previous consultation responses[2], and welcome the finding of the OTCP that the role of the NETSO in system planning and coordination should be clarified. In our view the NETSO is ideally placed to be able to plan for a coordinated and efficient grid (both onshore and offshore) and help implement this through the connection offers made to individual generators, but

[1] Joint SNCA open letter submitted by JNCC on behalf of all the agencies on 17th November 2011
[2] See for example the joint JNCC, NE and CCW comments on the DECC/Ofgem consultation Offshore Electricity Transmission: Further consultation on the Enduring Regulatory Regime, submitted by the JNCC on 28th September 2010

we recognise that changes may first need to be made to the NETSO's licence conditions and powers in order to achieve this. We support Ofgem's proposals to consider longer-term improvements to NETSO's role and incentives as a central system planner across the whole national transmission system.

Q2: Do you agree with the proposed objectives for a reformed network planning document? Would other changes be useful?

We welcome proposals to improve network related documents so that a more fit for purpose planning document is achieved. The SNCAs have regular liaison meetings with National Grid and have taken opportunities to provide feedback on the ODIS and suggestions for improvement; at all times we have strived for greater consideration of environmental constraints and issues. Allowing such a high-level strategic view will allow better consideration of potential constraints, alternatives, and key consenting requirements that will have to be addressed at the project level.

We support the proposed objectives for a reformed network planning document set out in this consultation; in addition, we believe that an improved ODIS (and any other planning statements) could:

- Consider, at a high level, key consenting issues likely to be faced in the different regions if network scenarios set out in the planning document were to take place. For example this might include: key legislative requirements such as under Habitats Regulations, EIA Regulations, a forward look at the designation of conservation sites, and consideration of other known activities and uses in the area. Planning and development of an offshore transmission network should be integrated with marine planning, national planning policy documents and local onshore plans. It should take a forward look at key consenting requirements at this strategic level and help ensure that at the individual project level key issues and potential conflicts have been addressed to some extent.
- Give consideration to alternatives to various network design options and locations at a high, strategic level. This could assist any assessment at the project level under the relevant Habitats Regulations of any development subsequently taken forward. It may also help inform the decision about the need for any anticipatory investment.
- It would be useful to have the ODIS and other network related planning documents put in a European context (including proposals for inter-connectors) in order to allow a more strategic and holistic view to be taken.

Q3: Do you agree with our initial proposal for a definition of AI and that the types of AI set out are those that need to be captured in an approach to AI?

We agree with the proposed definition of anticipatory investment and the types of AI that need to be captured. We have commented previously that connection to onshore infrastructure and potential requirements for grid reinforcement should be considered holistically at the project and strategic levels. The second type of AI described, aimed at addressing wider network benefits, would appear to help capture this and help avoid unnecessary additional onshore reinforcements if a single offshore solution can be found.

Q4: Do you agree with our initial proposals and regulatory design principles for an approach to AI? Are there some which you see as more important than others?

We suggest that an additional high-level objective and design principle that could be used to inform the approach to AI would be to minimise negative environmental impacts through coordination of transmission assets, thus reducing consenting risk under relevant environmental legislation.

Q 5: What are your views on use of the connection application process as the platform for identifying AI opportunities? Could there be a need for AI to be identified outside of the formal connection offer process?

Identification of opportunities for AI, and longer-term reduction in environmental impacts of offshore transmission infrastructure, should take place as early as possible in order to allow iterative discussion with the SNCAs on the scope of such works, potential impacts and alternatives. The connection application process would appear to be a sensible stage to initiate this scoping and dialogue, as noted above, currently there is often little or no input from the SNCAs into this process. In order for early identification of AI and consideration of the implications of the different available options to be most effective the SNCAs should be given the opportunity to provide input and advice. We suggest that the formal connection offer process should be reviewed and opportunities for more stakeholder engagement identified. Within this revised process, it would make sense to incorporate the identification of any AI opportunities in order to create a single, streamlined strategic overview process.

Q 15: What are your views on the potential form of these Ofgem assessment stages? Should it be optional for generators to go through the gateways where they would be undertaking the subsequent works?

The best option is the earliest possible Ofgem assessment stage, ideally combined with the connection request and offer stage in order produce a streamlined strategic overview process. Before an offshore renewable energy development submits an application for development consent, a great deal of time and resource is invested in surveys and assessment work to inform the project design and development consent application. Defining, and agreeing, the scope of any AI works to be included as part of the application is, therefore, required at as early a stage as possible in order to inform the planning and implementation of this survey and assessment work. Should Ofgem's assessment and decision/agreement of AI come later on in the project development process, a developer faces the risk that the project design and supporting EIA work is no longer relevant or adequate. This represents a considerable waste of time and resources, not only for the developer, but also for the regulators and consultees involved in the pre-application process. Additionally, by considering AI early in the process, more confidence is likely to be given to the developer with respect to the consenting regime as there is less likelihood of an asset becoming stranded.

Q 16: Do you agree with the proposed high-level criteria for use by Ofgem if considering whether AI would be economic and efficient?

Although we recognise that Ofgem is required to consider the economic case for AI, we believe that there is also an opportunity to include environmental considerations at such initial assessment stages, looking at a high level at the different options/alternatives being proposed and their environmental implications. As we have communicated previously, finding a solution that minimises environmental impact may also offer an opportunity to rationalise the volume of infrastructure needed, simplify the consenting process, and reduce overall costs faced by the industry. Addressing potential environmental consenting risks early on at a strategic and high level can greatly reduce the consenting risk faced by individual projects later on and can minimise the cumulative effects of transmission infrastructure.

Q 17: What are your views on the appropriate timing of the possible Ofgem assessment stages?

Please see our comments in relation to Question 15 - the timing of discussions on the need for AI and agreement of the scope of such works should take place as early as possible in the project planning process.

Q 18: What information should, in your view, be provided as part of any published guidance that supports AI approval?

Given our response to Question 16, it would be helpful if guidance also highlighted some key environmental issues that should be taken into consideration when making a decision on the need for and appropriateness of proposed AI. In our letter of November 17th 2011, we suggested that it should be possible to develop some high level principles for the development of an offshore transmission network to minimise environmental impacts, informing where developments are sited later on once at the project level. The SNCAs would be happy to input to the development of such guidance, or enter into discussions with Ofgem about how key environmental constraints and potential impacts can be given more consideration at a strategic planning level.

Other comments

Alongside our comments expressed above regarding a streamlined strategic overview process, we thought it would be useful to outline a further improvement which we see as being possible to the current grid connection process. Currently, the conditions that NETSO operate under in order to make a connection offer to a developer require a 'separation' of work between the development of grid reinforcements and commercial transmission projects connecting to the grid. This leads to a situation, an example being at Peterhead, where there are a number of potential connections coming onshore in a confined space, but a co-ordinated approach to considering planning/consenting issues is difficult to achieve given the mix of 'regulated' and non-regulated' connections. While we understand there are possible competition/commercial sensitivities which would need to be addressed, it would make sense that any reform to the connection offer process sought to resolve this issue. Without a solution there are likely to be increased risks for developers due to the inability of the process to consider potential cumulative impacts of several grid connection projects taking place in one area.