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Your Ref:
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Dear Mr Parker

Offshore transmission - Consultation on potential measures to support efficient network coordination

The Offshore Transmission Coordination Project¹ concluded that one of the key benefits of coordinated development was the potential to reduce environmental impacts and (consequential) delays associated with the planning consenting process. This is quite clear in the Executive Summary of the Conclusions Report of that Project².

It is unfortunate, therefore, that this important recognition is relegated to the Impact Assessment in the Appendix of the consultation document (paragraph 1.53, p62) and considered as rather an incidental benefit, than a more formative consideration³.

Potential environmental (and indeed socio-economic) impacts need to be more firmly embedded in the connection offer process, and similarly the proposed process for determining eligibility for anticipatory investment (AI). Consideration of these issues with relevant stakeholders at an early stage would ensure that development needs are more likely to be met in the “efficient and timely manner” that Ofgem strives for (paragraph 2.9).

¹ SCC attended all the Expert Workshops

²

http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/2012/Documents1/20120103_OTCP%20Conclusions%20Report.pdf

³ A note of caution – a reduction in the overall quantum of infrastructure does not necessarily realise reduced environmental impact, the location of it is equally important.

As we have previously argued, a blueprint for the network would allow more upfront consideration of other non-technical constraints and allow tools such as Strategic Environmental Assessment to inform the location of transmission assets, in the same way it directed the location of generation (see the SEA which informed Round 3⁴).

We recognise that there is a degree of uncertainty over the location and scale of future generation, however as the consultation document acknowledges “generation build-out is strongly impacted by the level of subsidy set through Government policies” (paragraph 2.20), so it is not entirely unpredictable.

In considering the economic case for AI in offshore transmission infrastructure, the suggestion is to “adopt [a] similar assessment criteria framework as for the TII framework onshore” (paragraph 3.36). It is recognised that the assessment criteria framework for the Transmission Investment Incentives (TII) framework onshore does not currently reflect the proposal above that more formative consideration of environmental/socio-economic impacts needs to be undertaken, however it is pertinent to note that TII will be rolled in to RIIO and the RIIO process has broader considerations of sustainability firmly embedded within it⁵. These positive advances should also be reflected in the emerging regulatory framework for the offshore network.

It is also worth noting that work undertaken by National Grid at the direction of Ofgem has shown that customers do value the impacts caused by transmission infrastructure and are willing to pay a premium on their energy bills to minimise this impact⁶. It is therefore regrettable that there is an ongoing emphasis in this consultation document on being ‘economic and efficient’ (for example paragraph 2.1) when customers’ interests (which Ofgem has, of course, a ‘duty to protect’) are far broader than this. In the absence of analysis valuing any environmental or socioeconomic impacts of infrastructure, the phrase ‘best value for consumers’ (paragraph 1.14), should be used with caution.

We would support in principle the intention to merge ODIS and the SYS in to a single document, principally for the reasons set out in National Grid’s open letter (and attached appendix) of 28th March 2012⁷.

Yours sincerely

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Spatial Planning Projects Manager

⁴ http://www.offshore-sea.org.uk/consultations/Offshore_Energy_SEA/index.php

⁵ See Ofgem presentation to ENSG workshop 03/04/2012: <https://www.decc.gov.uk/assets/decc/11/meeting-energy-demand/future-elec-network/5033-ofgem-pres-ensg-stakeholder-event.pdf>

⁶ <http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/ConRes/Documents1/visualamenity.pdf>

⁷ <http://www.nationalgrid.com/NR/rdonlyres/1D781F6A-1E62-4744-BE73-B82D8CB0E3E3/52743/OpenletterreSYSODISMAR12.pdf>