



Department for
Business, Energy
& Industrial Strategy

ofgem

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Developers of offshore wind generation,
Electricity transmission licensees, and
Other interested parties.

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Offshore Transmission Network Review: stakeholders are invited to respond to the consultation on Early Opportunities, Pathway to 2030 and Multi-purpose Interconnectors

Background

Launched in July 2020, the Offshore Transmission Network Review ('OTNR') seeks to bring increased coordination of offshore transmission and interconnection. The aim is to find a better balance between environmental, social and economic costs in support of the UK's targets of 40GW of offshore wind by 2030 and net zero by 2050.

BEIS and Ofgem have been working together, and with a wide range of stakeholders, to develop proposals to drive this fundamental change to the UK's electricity system. We are working to ensure environmental and community considerations are taken into account and that projects work to achieve a reduction in overall environmental and local impact. Today sees the publication of the first consultation for the OTNR. This is the first time formal proposals have been set out and while this covers a number of key workstreams, it is important for these to be viewed in the context of wider actions under consideration as part of the OTNR.

It is clear that urgent reform is required to address the barriers projects are facing in planning and consenting as a result of environmental impacts, which pose a risk to the delivery of Government targets. It is also clear that in delivering this reform we need to avoid a hiatus in the deployment of offshore wind as we move to a more coordinated approach. It is therefore right that we adopt different approaches across the near-, medium- and long-term timeframes to reflect the different challenges that would be faced by projects at different stages in the development cycle.

We are progressing the review using a multi-stage approach which facilitates coordination as far as possible without slowing the rate of deployment. Within Government, consideration is

also being given to what changes to planning and consenting routes, including the National Policy Statements, would assist in driving coordination.

What is being consulted on today?

Early Opportunities

We believe there are steps which can be taken to assist in establishing more offshore coordination, even for those projects that are already well-advanced in their development, either by leveraging flexibility within the existing regime or by making changes within the current overall regulatory framework. Today's consultation focuses on concepts for delivery.

In parallel, however, work is ongoing to consider what can be done to facilitate *Pathfinder* projects. In the joint [open letter](#)¹ by BEIS and Ofgem on 24 August 2020, we invited developers of well-advanced, in-flight projects to express their interest in early opportunities for coordination. A number of developers have since submitted project-specific proposals for consideration. Discussions between BEIS and developers on their proposals are ongoing so it is not possible to comment on specific projects at this stage, however a key factor in the assessment will be the environmental and social benefits each proposal can offer. We are also working together with National Grid ESO to explore other regional, coordinated solutions with developers and what would be needed to make these solutions possible.

Informed by these discussions, Ofgem's proposals are focussed on facilitating coordination of offshore transmission infrastructure with an opt-in for developers, rather than enforcing coordination. We recognise that these projects are at an advanced stage of development where much of the detailed design and planning work has already been completed.

We believe that the mechanisms we have highlighted in the consultation and which we intend to put in place through the Early Opportunities workstream would allow developers to be more ambitious and expand on their proposed levels of coordination. We would strongly encourage developers to proactively consider opportunities for coordination with others in the same region where they have not already done so.

Pathway to 2030

For projects that are at an earlier stage of their development, for example with a seabed lease only and with less design work completed, we are proposing a different approach. We will support the ESO to develop a national 'blueprint' that brings together the planning of the onshore and offshore networks in a much more holistic way, and which allows for cumulative social and environmental impacts to be better managed at the plan-level rather than project-level. We are considering several options for how a more integrated offshore network can be delivered. This will primarily impact projects which have recently obtained a seabed lease through The Crown Estate's Leasing Round 4 or aim to do so shortly through Crown Estate Scotland's ScotWind leasing round. It is anticipated that this approach could enable these projects to connect between now and 2030. The proposed new approach seeks to facilitate more anticipatory investment, speed up the delivery of associated onshore grid infrastructure

¹ <https://www.gov.uk/government/publications/increasing-the-level-of-coordination-in-offshore-electricity-infrastructure-beis-and-ofgem-open-letter>

and bring forward connection dates of offshore wind projects. This workstream could deliver significant changes in how offshore transmission infrastructure is developed.

Multi-Purpose Interconnectors (MPIs)

Ofgem is testing the feasibility of using the existing regulatory regime to facilitate proposed MPI models for early coordination. This includes considering the impact of market arrangements, regulations in possible connecting countries, and the Trade and Cooperation Agreement on MPI model choice. BEIS is also seeking views on the wider impacts of these factors. Across workstreams we are aiming to facilitate MPIs, both through exploiting flexibilities and tactical changes for near-term projects, as well as more strategic changes in an enduring regime. We are working to ensure that key barriers are identified and addressed for MPIs.

What's next?

In addition to these areas, BEIS will be publishing a consultation on a future enduring regime for projects connecting beyond 2030, which will also consider MPIs, later this year.

BEIS and Ofgem will continue to engage with stakeholders through bilateral meetings and various fora to provide them with opportunities to propose evidence and provide comments. As part of this, we will be hosting a webinar on 22 July to engage with stakeholders across the sector and provide them with an update on the OTNR. We will also communicate further news and forthcoming engagement opportunities through the OTNR website and quarterly OTNR newsletter.

We look forward to receiving responses to the consultation published today. However, if you have any questions about this letter, or if you wish to discuss the detail of the content noted above, please contact Offshore.Coordination@ofgem.gov.uk and Offshore.Coordination@beis.gov.uk.

Yours faithfully,



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