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RESPONSE TO OFGEM'S CONSULTATION ON THE INTERCONNECTOR POLICY REVIEW: WORKING PAPER 3 – WIDER IMPACTS

Introduction

AQUIND Interconnector welcomes the opportunity to provide feedback on the findings and initial proposals of Workstream 3 of the Interconnector Policy Review ("**IPR**"), which relates to the wider impacts of interconnection.[1]

AQUIND Interconnector is a proposed high voltage direct current ("**HVDC**") interconnector between Great Britain ("**GB**") and France that will improve electricity transmission connection between the two markets. The subsea cable will connect the South Coast of England with Normandy and provide 2,000 megawatts ("**MW**") of additional capacity.[2] The project is expected to make energy markets more efficient, improve security of supply, help meet decarbonisation targets and ensure greater reliability and affordability for consumers.

Summary

The response to this work stream should be read in conjunction with our responses to other workstreams.

We agree that there is clearly a strong case for further GB interconnection going forward to help meet national decarbonisation targets – and that interconnectors have a key role to play in enabling the decarbonisation of the energy system, providing system flexibility, and ensuring security of supply. We believe that interconnectors also help to maintain system operability in GB by offering a range of ancillary services to the electricity system operator ("**ESO**"). We firmly believe that interconnectors' contribution to system operability is positive overall, and have some reservations regarding Ofgem's assessment of interconnectors' contribution to security of supply (as set out in our response to Question 3 below).

As regards Ofgem's initial proposals in Working Paper 3:

- **We agree that it is important to consider the impact of interconnection on wider benefits and to explore options for quantifying wider impacts *as far as it is practicable***

[1] https://www.ofgem.gov.uk/publications/interconnector-policy-review-working-paper-workstream-3-wider-impacts-interconnection
[2] http://aquind.co.uk/

***to do so*.** However, developing detailed methodologies for assessing wider impacts should not delay the delivery of further interconnection as the benefits lost due to such delays will likely outweigh the benefits of performing such detailed calculations.

- **We believe that any future needs case assessment framework should be developer-led.** Developers are well-placed to demonstrate the benefits of their respective projects and provide analysis on how the project is expected to impact consumers from a socio-economic perspective and from the perspective of wider benefits.

- **We disagree that there is a need for more proactive network planning and an enhanced role for National Grid ESO ("NG ESO") to help manage the impact of interconnection on system operability.** We emphasise the importance of allowing market signals to drive decision-making in terms of interconnector development. We accept that Ofgem will need to draw upon information and analysis provided by the ESO to consider the impact of interconnection on system operability. However, the ESO's analysis should be transparent and accessible to developers and considered in addition to the socio-economic and wider analysis prepared by developers rather than form the main basis for Ofgem's decision making.

- We accept that Ofgem may draw on public data sources when assessing developer applications, or commission independent analysis to test the findings of developer analysis. **The assumptions and methodologies used in such analysis should be clear and replicable, and Ofgem should be transparent regarding the way in which such studies feed into its decision-making.**

We set out our detailed feedback in response to Ofgem's consultation on Working Paper 3 in our responses to Questions 1-9 below.

For any questions regarding our response please do not hesitate to contact me at kirill.glukhovskoy@aquind.co.uk.

Yours faithfully,

Kirill Glukhovskoy
Managing Director

Response to Working Paper 3 – Wider Impacts

Section 2

Question 1: Do you agree with the approach we have taken to workstream 3?

We broadly agree with Ofgem's overall approach to workstream 3.

However, we note that Ofgem's findings and initial proposals for Workstream 3 are at an early stage of development, and Ofgem has not set out a clear timeline or roadmap for reaching its final conclusions. We are concerned that this will lead to delays in opening further application windows for the cap and floor ("**C&F**") regime, to the detriment of GB consumers.

Section 3

Question 2: Do you agree with the potential wider impact categories we have focussed on? Are there any other areas we should consider?

We broadly agree with the main types of wider impacts that Ofgem has identified. We recognise that Ofgem considered some aspects of these wider impacts as part of previous assessment windows (but not always explicitly or fully).

Question 3: Do you think the discussion presented in this document adequately represents the potential impact of interconnection within each category? If not, please explain and provide supporting evidence if possible.

The discussion in Ofgem's consultation paper is a reasonable representation of the potential impact of interconnection for some of the identified impact categories but not for others. In our view, Ofgem's representation of the impact of interconnection on system operability and, to some extent, security of supply is incorrect. We provide our views in relation to each of the impact categories in turn below.

Decarbonisation

We broadly agree with Ofgem's representation of the impact of interconnection on decarbonisation. This is consistent with the report by FTI Consulting on the contribution of interconnectors to delivering Net Zero, which found interconnectors have a positive impact on delivering Net Zero for GB consumers.[3]

However, we consider that Ofgem could have presented a broader view of the anticipated development of renewable energy over the coming years, and taken into account a broader range of different renewables scenarios (including ones with more ambitious renewable generation profiles and decarbonisation targets).

[3] See **Appendix 1** to this response for more detail.

Flexibility

We broadly agree with Ofgem's representation of the impact of interconnection on flexibility, which is consistent with a study that we have commissioned on this issue. [4]

However, in our view, interconnectors offer a more reliable source of flexibility than suggested by Ofgem, as they represent a more mature technology than some of the other potential sources of flexibility. We also note that, while Ofgem considers that interconnectors contributing primarily to intraday flexibility, others are also considering interconnectors' contribution to day-to-day flexibility.[5]

Security of supply

We agree with Ofgem's assessment that interconnectors help to improve security of supply in GB by diversifying the sources of electricity that the GB energy system relies on and providing access to other energy resources at times of system stress. This happens when there is insufficient generation available to meet electricity demand.[6]

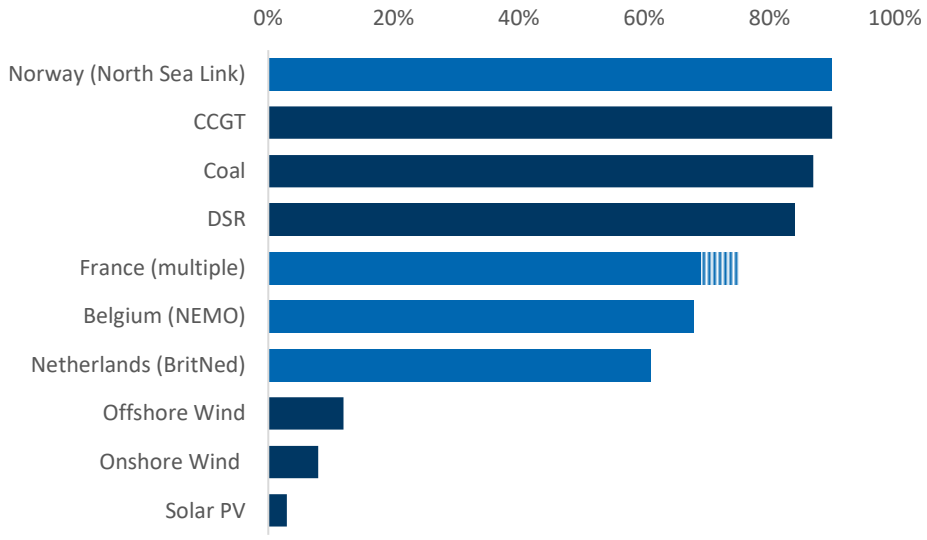
However, we do not agree with arguments put forward by some stakeholders that interconnectors may have a negative impact on the security of supply by displacing domestic generation or by flowing out of GB at times of system stress if there is greater scarcity in the connecting market. This is for the following reasons.

First, it is widely accepted that delivering Net Zero without relying on interconnection as a source of flexibility would be extremely costly as GB would need to invest in and rely much more heavily on other types of generation technologies (including thermal generation, pumped hydro, battery storage, and demand-side response).

Second, the latest modelling from National Grid (summarised in Figure 1 below) suggests that existing and proposed GB interconnectors can provide a similarly secure supply of power to the coal and combined cycle gas turbine ("**CCGT**") plants that have been traditionally used to maintain security of supply. Policy Exchange, a UK-based think-tank, also considers that "*existing interconnectors have demonstrated a greater level of reliability than Ofgem assumes for almost all forms of generation*".[7] The Policy Exchange concludes that interconnectors "*are very reliable*".

[4] See, for example, **Appendix 1**, which contains a recent report by FTI Consulting on the role of cross-border transmission in the European transition to Net Zero (also available here).
[5] See, for example, a recent study by RTE (available here).
[6] For an in depth discussion of interconnectors' contribution for security of supply, see, for example, a 2019 report by FTI Consulting for National Grid Ventures (available here).
[7] Policy Exchange (2014) Getting Interconnected: How can interconnectors compete to help lower bills and cut carbon?

Figure 1: Capacity-market de-rating factors by supply source



Note: De-rating factors for generation assets are illustrated in navy while de-rating factors for interconnector assets are illustrated in blue. De-rating factors for interconnectors between GB and France are in a range which is represented by a dashed bar. De-rating factors are re-estimated annually, and interconnector de-rating factors in particular have varied from year to year. Source: National Grid ESO (2019), Electricity Capacity Report; National Grid ESO (2020), Interconnector De-Rating Analysis.

It is true that the reliability of interconnectors varies across borders. Ultimately, the reliability of any particular interconnector is determined by the availability of generation in the source country of imports. This is measured using de-rating factors produced by National Grid, which reflect the technical and market risks for each specific interconnection (and generation) asset.

System operability

We agree with Ofgem's assessment that interconnectors can help to maintain to system operability by offering a range of ancillary services to the electricity system operator ("**ESO**"). Indeed, we consider that the role of interconnectors in providing ancillary services will become increasingly important as GB transitions towards a greener energy system with a large proportion of intermittent renewable generation.

However, we have reservations regarding the general emphasis that has been placed on system operability. System operability and network costs should be part of a holistic and balanced assessment to the extent that they impact on consumers. The benefits of interconnectors in terms of socio-economic welfare and the contribution to decarbonisation, flexibility and security of supply should not be diluted by an excessive weight on operability.

We emphasise the importance of allowing market signals to drive decision-making in terms of interconnector development. We note that signals for operability exist within several market-based mechanisms through the ESO's balancing and ancillary services requirements. As interconnectors will be exposed to these signals under a developer-led framework, interconnectors will incorporate

signals for ancillary services, including those that vary by location as part of their wider investment decision.

We set out further comments regarding this assessment and each type of ancillary service considered by Ofgem in turn below.

Frequency response and reserve

We agree with Ofgem's assessment that interconnectors with Voltage Source Converter ("**VSC**") technology can provide frequency response and reserve services, and therefore contribute system inertia. This will become increasingly important as the energy system transitions towards integrating a greater amount of intermittent renewable generation, which will reduce the relative levels of system inertia provided by existing synchronous generation sources (such as rotating steam/gas turbines).

Interconnectors' ability to provide a robust frequency response service was recently demonstrated by NemoLink. On Friday, 8th January, the system the system frequency in continental Europe dropped unexpectedly due to an incident on the European transmission system. Nemo Link was scheduled to export at full capacity from Belgium to the UK at that time. Nemo Link immediately responded by reducing its exports, thereby delivering a fast upward frequency response on the continent of up to 62MW. This helped to restore the system frequency to normal levels and shows how HVDC technology allows for controlled energy flows and rapid response to contribute to system stability, and thereby has a positive impact on system integrity and volatility.[8]

However, we do not agree with Ofgem's assessment that the impact of interconnector flows "*often represents the largest loss on the system*" and leads to "*significant curtailment costs*".[9] This is for the following reasons.

- **First, network loss on the system is not an interconnector-specific issue.** The ESO is considering the impact of offshore wind and other technologies on the system in addition to the impact of interconnectors.[10]
- **Second, the magnitude of potential losses from interconnectors are comparable to other projects and sectors.** For example, wind farms such as Dogger Bank and Hornsea will eventually provide c.6GW of capacity each, if the projects reach completion as expected. It is reasonable to assume that the offshore transmission lines connecting these assets will be of a similar capacity to cross-border transmission lines, and that the loss of a transmission line due to a fault or incident would therefore cause a loss to the energy system comparable to that caused by the loss of any individual interconnector. Similarly, new reactors at Hinkley (and potentially Sizewell) will also be c.1.6GW each and a provide a total of c.3.2GW capacity (as two reactors are needed at each site). Therefore, any outage at these sites, which might happen one or two years, would also represent a greater loss to the system than any single interconnector project. These potential outages would also need to be considered by the ESO when procuring frequency services.

[8] See LinkedIn update posted by NemoLink (available here).
[9] Ofgem consultation, Workstream 3, ¶3.26 and ¶3.35.
[10] See, for example, the Frequency Risk and Control Report (FRCR) published by NG ESO, page 26 (available here).

- **Third, it is highly unlikely that all interconnectors will become unavailable at the same time.** All interconnectors, as part of their connection arrangements with National Grid, take into account limits imposed by National Grid on the loss of a connecting asset and design projects to fit this restriction. The capacity of each proposed interconnector is thus considered within the Connection Infrastructure Options Note ("**CION**") process, and thus does not have to be considered as part of the C&F process.
- **Finally, there are ramping restrictions in place for certain interconnector cables that are designed to lessen their impact on loss of load by delaying 'flips'** (i.e. when the interconnector changes direction with flows).

Black start

We agree with Ofgem's assessment that interconnectors with VSC technology can provide black start services and support the process of restoring power stations following a total or partial shutdown of the transmission system. We recognise that an interconnector's ability to provide black start services is location-dependent – but it is important to note that it is also dependent on NG ESO's contracting strategy for black start services, which divides the GB market into six zones and allows for only one interconnector to provide black start services in each zone. We would encourage Ofgem to take steps to encourage the development of a more transparent and competitive market for black start services.

Reactive response

We agree that interconnectors with the right technology could provide local reactive power services and potentially reduce capital investment in purpose-built equipment. In our view, the need for such services should be assessed in a transparent way and the required services should be procured through transparent and competitive markets.

This and other ancillary services are an important, but only a relatively small source of interconnector revenue. Projects typically earn relatively higher revenues from providing access to their capacity for transmission of electricity and capacity markets.

Also, only National Grid has been able to estimate the value of such services for each interconnector considered within the Cap and Floor Window 2,[11] but could not share either the detailed methodology or exact values of such services with market participants. If these factors (as well as operability) are to become key factors in determining which interconnectors need to be developed, the methodology and results of such assessment should be made transparent.

Boundary capability and constraint management

We are concerned with Ofgem's focus on enhancing the role of the ESO to help address challenges associated with managing anticipated future congestion on the GB transmission network.

We agree that future changes in generation and demand will change the nature of power flows on the transmission system, as GB transitions towards a greener energy system with a large proportion

[11] NGET, March 2016, Benefits of Interconnectors to GB Transmission System.

of intermittent renewable generation. Indeed, power will need to be transported from potentially distant locations with substantial renewables generation capacity (such as Northern Scotland and the North Sea) to demand centres (predominantly in the South of England). We agree that this may lead to constraints in the transmission of power to the location of demand due to congestion at different points of the transmission network.

However, we are concerned about Ofgem's proposition to enhance the role of the ESO to help address constraints without undertaking an assessment of whether the underlying power market arrangements in GB are exacerbating the issue at hand. In our view, more localised wholesale price markets (for example zonal or nodal wholesale pricing) could help manage congestion on the network and reduce the need for further domestic investment to help alleviate congestion, without the need for costly curtailment. Most importantly, local wholesale prices would also ensure that, in the event of localised scarcity (typically in the South of England), cross-border links would operate in the correct direction in line with the power needs of the electricity system.

For example, it is entirely conceivable that national prices in GB may be low at certain times (e.g. at times of high wind production) and indicate that power should be exported from GB to neighbouring countries with higher national prices at that time. However, at this time, congestion on the GB network may constrain power flows from the North to the South, meaning that, in practice, power cannot be exported on some South-based interconnectors. In these circumstances, the ESO would evaluate that interconnector flows to neighbouring countries would exacerbate congestion and represent a cost to customers, and therefore add negatively to any *ex ante* socio-economic assessment of a proposed link connecting in the South of GB.

Of course, this is, in reality, an entirely suboptimal result from the point of view of socio-economic benefits. Were Britain to adopt more locationally granular wholesale pricing that reflected transmission constraints in wholesale prices, then, in the circumstances described above, the wholesale prices in the South of GB (but not in the North) would rise indicating scarcity in the South. This would reduce exports to neighbouring countries (as the spread between the two countries would narrow). Indeed, it may be that the interconnector flow would reverse, so that neighbouring countries exported to GB, attracted by high localised prices in the areas where the interconnector lands in GB, despite seemingly low prices that would be observed elsewhere in the country.

Overall, we strongly encourage Ofgem to recognise that the evaluation of interconnectors should *not* take into account the impact of NG ESO's assessment of an interconnector's impact on the quantum of congestion. As noted above, congestion arises because of a market design that currently sends incorrect locational price signals to market participants, and needs to be adapted to meet the evolving generation and consumption patterns, and cross border exchanges. The costs of addressing this flaw (in terms of re-dispatch costs that are incurred by NG ESO) is then recovered from customers in terms of constraint costs.

Worse still, over time, the rise in congestion costs may bolster the case for costly upgrades to the onshore electricity transmission system to alleviate congestion. However, with improved wholesale market signals, interconnectors have the potential to significantly reduce the need for additional onshore transmission infrastructure. This is because, were the right market signals to be adopted, then localised GB transmission constraints could only ever be alleviated by interconnectors (not exacerbated). In this respect, with the correct market design, interconnectors offer the potential for

huge savings to customers - potentially of many billions of pounds – as the requirements for onshore network reinforcement would be materially reduced.

Hence, in our view, for Ofgem to assess the merits of a proposed additional infrastructure against a backdrop of an outdated market design would be highly erroneous. It risks, in our view, preventing new infrastructure proceeding that would, in reality, be highly beneficial to customers in terms of mitigating onshore transmission bottlenecks and, over time, reducing the need for onshore network reinforcement.

If Ofgem is not persuaded by this line of argument, we would urge that, at the very least, NG ESO's modelling of congestion costs should be much more transparent than it has been to date.

Question 4: Do agree with our initial views with respect to each potential wider impact category? If not, please explain why.

As set out in our response to Question 3 above, we broadly agree with Ofgem's initial views for some of the identified impact categories, but not for others. In particular, we consider that Ofgem's representation and initial views on system operability (and, to some extent, security of supply) are incorrect.

We note the consultation document sets out Ofgem's intention to consider how the impact on wider benefits can be integrated into potential future needs case assessments, and to explore options for quantifying wider impacts.

We consider that, while it is important to consider wider impacts, developing an all-encompassing and comprehensive framework for quantifying all potential impacts associated with greater interconnection will be a complex and time-consuming exercise. It would require the development of detailed methodologies, during which the industry should be given an adequate role, followed by public consultations. This has the potential to delay the development of further interconnection in GB by at least 24 to 36 months. For example, this IPR was initiated on 12 August 2020 and it is some time away from achieving a conclusion. On the flip side, assessment based on non-transparent and immature methodologies will undermine the trust of investors.

Overall, we consider that there is already a clear needs case for further interconnection, and we would strongly encourage Ofgem to open a further assessment window as soon as practicable to ensure that interconnection targets set by the UK Government are met in a timely manner.

In our view, there is a material risk that pursuing the development of an all-encompassing assessment framework for wider benefits will lead to a risk of interconnection targets not being met, to the detriment of GB consumers.

In any case, if Ofgem chooses to incorporate an assessment of wider impacts in its assessment framework, it must provide further clarity on how it intends to approach this type of assessment as a matter of urgency to allow market participants sufficient time to respond to any new requirements.

Section 4

Question 5: Do agree with our view on how wider impacts have been captured in past needs case assessments?

We agree with some, but not all, of the points that Ofgem makes regarding the way in which it has captured the impact of greater interconnection on wider benefits in past needs case assessments.

Specifically, we recognise that Ofgem has considered some of the wider impacts that are the focus of the current consultation in the past when evaluating submissions to previous application windows. Most of the wider impacts were considered in a qualitative way.

However, we do not agree that Ofgem's socio-economic analysis undertaken at the time of Window 1 and Window 2 submissions represents a comprehensive assessment of the benefits associated with greater flexibility and security of supply.

Furthermore, we consider it important to recognise that the quantitative analysis undertaken by National Grid Electricity Transmission ("**NGET**") to assess the impact of interconnection on system operability was not transparent as it was not made public or shared on a confidential or redacted basis with project developers. We firmly believe that greater transparency is needed in terms of the methodology adopted by the ESO to assess system operability impacts and its findings to ensure market confidence in Ofgem's assessment process.

We also note that the onshore reinforcement costs that Ofgem references in its consultation document (at paragraph 4.13) are not specific to interconnectors. Indeed, they reflect the way in which the GB power generation and consumption are located (with generation predominantly in the North and consumption predominantly in the South).

Question 6: How do you think we should approach future needs case assessments within the framework presented in this working paper? Are there any other options we should consider?

We believe that any future needs case assessment framework should be developer-led. Developers are well-placed to demonstrate the benefits of their respective projects to Ofgem and provide analysis on how the project is expected to impact consumers from a socio-economic perspective. Many developers – including Aquind – are also undertaking research and analysis to consider the wider impacts of interconnection. Indeed, the developer-led approach could give rise to new thinking in terms of how some of the wider benefits of specific projects should be assessed and evaluated.

Under the developer-led approach, Ofgem's role is to test and challenge the benefits case put forward by developers, and the decision on whether to award the C&F regime should sit firmly with Ofgem. We understand that Ofgem may draw on public data sources when assessing developer applications, or commission independent analysis to test the findings of developer analysis. However, the assumptions and methodologies used in such analysis should be clear and replicable, and Ofgem should be transparent regarding the way in which such studies feed into its decision-making.

We accept that Ofgem will also need to draw upon information and analysis provided by the ESO to consider the impact of interconnection on system operability. However, such analysis should be accessible to developers and considered in addition to the socio-economic analysis prepared by developers, rather than form the main basis for Ofgem's decision making. Doing otherwise would risk putting undue weight on the impact of interconnectors on system operability at the cost of their contribution to socio-economic welfare, decarbonisation, and wider system benefits.

We have strong concerns regarding the envisaged role that NG ESO would hold regardless of the ownership model and independence of an ESO, as is being consulted on by BEIS.[12] The stronger role would continue to constitute a shift away from the developer-led principles of the GB Interconnector regime. We also consider that any future ESO model would retain certain incentives (whether financial or reputational) that would influence its prioritisation of certain areas of assessment (e.g. system operability). Finally, the extensive structural change required for any future ESO model will take several years to develop and implement. P2P interconnector development should not be delayed while these arrangements are introduced.

While we would expect the NG ESO to support assessment of operability impacts, this should form one part of a holistic assessment of the full range of impacts for which Ofgem is responsible. As indicated above, the operability assessment should play a proportionate role within the overall assessment without undue prioritisation.

We note that consultation document sets out Ofgem's view that the network development planning process in Europe provides a useful comparative framework for how some wider impacts can be quantified and how network development processes can feed into regulatory decision-making. However, we would caution Ofgem from assuming that there is a clear or direct read-across from ENTSO-E's CBA guidelines and the TYNDP and PCI process to the GB C&F regime. In our experience, both processes can be rigid at times and have not been set up to encourage interconnection and attract third-party investment in the same way as the C&F regime. Indeed, in our view, there are aspects of the ETNSO-E's CBA guidelines that are much less developed than existing planning and assessment processes in the UK. For example, the planning process in the UK is far more robust in terms of assessing environmental impacts than the assessment of residual impacts under the ENTSO-E CBA guidelines. Neither Ofgem nor the ESO can substantially contribute to the assessment of environmental impacts compared to relevant planning authorities and other relevant organisations, and should not attempt to duplicate their function.

Section 5

Question 7: Do you agree with our initial conclusions? If not, please concisely explain why and provide supporting information if available.

We agree with Ofgem's assessment that interconnectors:

- Have a positive impact on **decarbonisation** and have a key role to play in enabling a decarbonisation of the energy system in support of net zero targets.

[12] BEIS, Energy Future System Operator Consultation, available here.

- Help to provide the **system flexibility** that is needed to enable a transition to a greener energy system. In our view, interconnectors represent a more mature technology than some of the other potential sources of flexibility.
- Contribute to **security of supply** by increasing the diversity and resilience of GB's energy supply.

However, as we set out in our response to Question 3 above, we do not agree with Ofgem's assessment of the impact of interconnection on system operability or its proposal for an enhanced role for the ESO to help manage this impact. We firmly believe that the developer-led approach has been a key strength of the C&F regime and that any future needs case assessment framework should also be developer-led. We are concerned that an enhanced role for ESO and a 'centrally-led' approach would place undue emphasis on system operability without recognising the socio-economic and wider benefits of interconnection fully.

Ofgem has also proposed that a more detailed assessment of these wider impacts should be integrated into potential future needs case assessments, and that the network development planning process in Europe provides a useful comparative framework for how some wider impacts can be quantified and how network development processes can feed into regulatory decision-making. We believe that it is important to consider the impact of interconnection on wider benefits in addition to considering the socio-economic benefits that they generate. However, developing an all-encompassing assessment framework could be a complex and time-consuming exercise that would delay the development of further interconnection in GB and result in consumer benefits lost because such a delay will likely outweigh any benefits from designing and implementing such methodologies. We also believe that there is limited read-across from network planning processes in Europe to the C&F regime and the assessment of wider impacts. In fact, many such benefits within the TYNDP framework play an auxiliary role, due the experimental nature of the assessment methodologies, and the focus is on the main socio-economic welfare benefits and the impact on decarbonisation.

We would encourage Ofgem not to delay the opening of further windows unnecessarily and to provide clarity to developers in terms of the information that should be provided as part of future needs case assessments as regards wider impacts, to allow market participants sufficient time to respond to any new requirements.

Question 8: Do you agree with our initial proposals? If not, please concisely explain why and provide supporting information if available.

We agree with Ofgem's conclusion that there is a clear needs case for further GB interconnection and a regulatory regime to incentivise investment that is beneficial for consumers. We agree that it is important to consider the impact of interconnection on wider benefits (including system operability and interconnectors' ability to contribute to the provision of ancillary services) in addition to considering the wider benefits that they generate.

However, we are concerned that Ofgem's proposals in respect of wider impacts may lead to delays in delivering further interconnection and place an undue emphasis on system operability and network planning considerations, to the detriment of GB consumers. As we explain in our responses to Questions 6 and 7 above, we would encourage Ofgem not to delay the opening of further C&F application windows unnecessarily – and to ensure that any challenges associated with system operability are considered in the context of other benefits associated with further interconnection.

Other

Question 9: Do you have any further feedback on our analysis, conclusions or proposals presented in this consultation document?

Regardless of Ofgem's final position on coordination for point-to-point interconnectors, we note that Ofgem and BEIS's proposals for enhanced coordination under the Offshore Transmission Network Review ("**OFTR**") and for Multiple-Purpose Interconnectors ("**MPIs**") are 'opt-in' in the early opportunities phase to 2030. Here, Ofgem and BEIS recognise the disruption that would be caused to near-term project delivery by introducing mandatory coordination requirements without a transitionary phase. If Ofgem were to decide to introduce enhanced coordination for point-to-point ("**P2P**") interconnectors (which we do not consider to be beneficial), then the same considerations regarding the need for a transition to these new arrangements should be applied to avoid disrupting the existing interconnector pipeline.

Appendices:

- Appendix 1 – FTI, 2020 – 2021, Electricity interconnection: The role of cross-border transmission in the European transition to Net Zero