

By email FAO: Office of Gas and Electricity Markets

16th December 2021

RE: Electricity Transmission Network Planning Review / Offshore Transmission Network Review

Energy UK acknowledges the importance of bringing about greater coordination in the development of electricity transmission networks. Energy UK supports the submission made by Renewable UK on the OTNR, and we have set out some high-level points from the energy industry below.

Key points and recommendations:

- There needs to be a clear long-term goal of fully integrating the onshore and offshore grid, with as far as possible the same technical and commercial arrangements. The current legal and regulatory frameworks focus only on existing onshore transmission with 'bolt-on' regulatory arrangements for offshore transmission. Therefore, the removal of the compartmentalisation of the transmission system between offshore and onshore (as currently is the case) would be welcome.
- The development of an integrated offshore and onshore transmission system would ensure that the electricity transmission network is set up to support the overall delivery of net zero. Ofgem's recent publication of its consultation on the initial findings of its Electricity Transmission Network Planning Review provides an opportunity to potentially remove the current regime's distinction between onshore and offshore and move towards a single integrated approach.
- Greater clarity is required regarding the design and operation of MPI's and the legal and regulatory framework should consider MPI's carefully as we move to a more integrated system. Any further consideration of MPIs should be carried out fully in the context of the goal of a fully integrated system.
- Overall, there needs to be further consultation on the detail of the strategic plan, network design and delivery models to build on what is currently a high-level framework.

Strategic Plan

- The strategic plan needs to be a coherent single strategic plan that encompasses the broad energy system that looks to 2050 and how to achieve net zero.
- The scale of change needed to the offshore and onshore grid is very significant and needs to be considered holistically within a wider energy systems based approach that considers future changes to the system such as decarbonisation of heat, transport as well as storage and flexibility assets.
- A well-resourced and funded specialist group needs to be established to act as a clear, expert, independent body accountable for the medium/longer term planning and coordination of the energy system and therefore appropriate to lead on delivering the strategic plan. This role could be provided by the Future System Operator (the

independent ESO) or by a dedicated team within BEIS. The organisational placement is a secondary consideration to the fundamental need to ensure that sufficient resources and expertise are secured.

Holistic Network Design

- There needs to be a clear long-term goal of fully integrating the onshore and offshore grid, with as far as possible the same technical and commercial arrangements.
- We agree that a well-resourced ESO/ FSO is best placed to undertake a Holistic Network design; a well-resourced and funded ESO/FSO should be equipped with the right skills set, visibility and overview of the whole energy system to take on the role of a strategic network planner.

Delivery Models

- The FSO should determine the most appropriate model through the Holistic Network design process and should focus on delivering net zero.
- Based on developer-build experience to date, the delivery model should:
 - Be able to meet the Review's objectives with the least complexity, interfaces and handovers would be the most appropriate.
 - Be able to vary depending on the expected issues and degree of co-ordination in a particular geographical area.
- Ultimately, the arrangements should seek to deliver a similar framework and process for an offshore developer as an onshore generator applying for a grid connection, namely that the developer specifies the capacity and location of their project and the network operator provides an offer of a grid connection, with no involvement of the developer in the delivery of that connection.

Timing of detailed design and delivery

- The strategic plan should identify, over a long-term period, where windfarms can be built and what needs to happen in relation to the wider transmission network to enable this development to proceed in a timely way. We believe that option 2a would facilitate this.
- Option 2b raises a number of concerns but with limited information provided, it is difficult to provide an informed view at this time. It may not be necessary to combine the seabed and financial support processes with the HND as long as these aspects are fully considered as part of the overall strategic plan. Furthermore, it would require fundamental changes to roles of The Crown Estate or Crown Estate Scotland which will not necessarily lead to quick changes.
- There may also be a need to change policy to support a more efficient level of anticipatory investment in the regulatory frameworks of transmission networks. This would lead to a more coordinated or integrated transmission system.
- It is not clear that the German and Dutch approaches would be appropriate for GB. Either of these would require radical changes to existing processes as well as roles and responsibilities, with resulting delays to the planning, development and delivery of offshore transmission.

Yours sincerely,

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