SDIC
Red Rock Power Limited

Submission to *Changes intended to bring about greater coordination in the development of offshore energy networks* consultation

Introduction

Red Rock Power Limited (RRPL) – headquartered in Scotland – is an investor, owner, developer and operator of renewable energy projects. Our project portfolio currently includes five wind projects. While we continue to grow our UK wind portfolio, we are also pursuing development and acquisition opportunities to expand further into the European market and other sustainable energy technologies.

Our response to the present consultation is focused on our interest in the ScotWind leasing round with our partner Eni, who are aligned in the views we have set out below. Given this targeted focus we have largely restricted our responses to the questions on the Pathway to 2030 section of the consultation.

However, we believe that one area of the Early Opportunities has relevance to the delivery of "Pathway to 2030", that being the potential for impacts from earlier AI methodologies in this later period of delivery. In particular, we wish to note that in regard to Figure 10 it is considered that a less complex solution that better matches the current situation and reduces conflicts of interest would be to seek to removal of any commercial relationship between developer 1 and developer 2, given their inherent competition as generators. It is considered delivery in this area is better lead by the ESO.

Pathway to 2030 – Question Responses

Question 8: We consider that a holistic design will result in a more coordinated, economic and efficient network. Do you agree? Please give reasons for your answer.

We agree that early foresight and direction rather the ad hoc project lead development will lead to a better model. However, we note that these changes need for work for development in both TCE and CES realms. In this regard it is currently unclear how the proposed timeline (completion Jan 2022) will allow for the consideration of developer opinion in Scotland when this overlaps with the date of award for Scottish sites.

We also consider that the HND will most likely be required to support any project configuration put forward to planning and consenting processes (including CPO). Given this, the HND will need to be robust and unable to be brought into question mid-development. This is particularly the case in Scotland as here it will not be able to fall back on the DCO process.

Consequently, clarity on the HND standing, the legal framework within which it operates and the basis with which adequate consultation can be demonstrated are key. It is also critical that for EIA, consenting (for both the connection and the generator asset) and the creation of an adequate onshore rights package that HND becomes consolidated and fixed at an early stage. Again, the magnitude of these concerns is greater in Scotland than in England.

Question 9: Do you agree with the planned work for a detailed network design offshore?

In the case of conjoined connection opportunities there is a clear need for a designated designer, and we consider that a entity embedded within a generator developer is unlikely to be adequately qualified or able to create suitable distance from their embedded interests in the process. That designer needs to be able to see the relationship to the network as whole. It is therefore logical that this is the embedded entity of ESO.

Question 10: Who do you believe is best placed to undertake the detailed design for assets that are in offshore waters?

Without further justification, we see no reason at this time for another entity to be involved in detail design and are content that this workstream is continued by the ESO. Combining these responsibilities should help ensure early-stage certainty and ensure the move to consenting can be commenced as early as possible. Transition to a TO creates an unnecessary interface and is likely to lead to delay.

Question 11: Do you agree that the existing developer led model should be retained and applied where the HND indicates a radial solution should be used? Please explain your answer.

Yes. It is proven to work and is the model most likely to ensure prompt delivery of these projects, ensuring as early as possible contribution to the Government's 2030 targets.

Question 12: Please provide your views on each of the delivery options we have described in this document. In providing your views, please comment on the issues we have raised. Please also give your views on the implementation issues we have raised.

It is our opinion that Option 4 is the optimal model. The competitive tension created by the early introduction of an OFTO is likely to ensure timely delivery and competitive costing, and may allow the emergence of specialist entities that focus on the delivery of subsea networks. Introduction of the OFTO at this juncture also ensures they can truly own the "design and build" contractual process and that they are able to take full ownership of the challenges around consenting, which will be timing critical.

Question 13: Please describe any feasible delivery options that we have not set out in this document.

It is our consideration that delivery options are not necessarily what is missing from this document, but rather the assessment of drivers and questions that should be asked in this regard, i.e.:

i. What have been the advantages of the current generator-build system?

In our mind, it has been the ability to manage the risks around consent and asset delivery, and the ability for a developer mindset to be applied to these assets to ensure they are delivered not just on time but competitively. These benefits should remain with the system. However RRPL, is agnostic to the control of this process.

It is our consideration that if developers of offshore wind farms had been confident in the use of external entities to deliver offshore transmission assets on time and on budget – and to align delivery of assets with CfD rounds - they would have been happy to eschew the generator build option.

ii. How can changes to the grid regime speed up delivery of decarbonisation?

It is noted in the document that the period from concept to COD for a generator asset is approximately 10 years. This aligns with our own perception of the market. However it is our

position that if there was greater certainty over delivery of grid assets, offshore generating assets could be delivered in as little as seven years.

Grid may not be the only factor that extends this development and construction duration, but it is certainly a significant factor in many cases, and it is important that the present consultation considers how these models streamline and expedite delivery. It is our contention that option 4 may well be the most efficient model in this regard, for the points noted above.

Whilst we wish to be clear that we believe reform is required, it is clear that the risk profile for projects will be increased in the short term by the lack of certainty as to how, where and when grid connection consents will be delivered. It is vital that in delivering reform certainty is retained that consents for grid will be in place in time for critical generator project milestones. Without this there is the risk that projects will be stranded by the wider consenting regime, as developers must travel purely under the believe that a path to connection will be delivered in due course.

All of these factors will only become more important if and when offshore wind development begins to take place on a subsidy-free basis, given the higher overall risk profile of projects based on wholesale market returns or relatively short-term corporate PPA's, for example.

RRPL thank you for the opportunity to contribute to this consultation and look forward to following OFGEM's consideration of responses from the wider stakeholder community in due course.