

For the Attention of Neil Copeland
Lead response contact
Consultation on changes intended
to bring about greater coordination
in the development of offshore energy networks
OFGEM

7th September 2021

Dear Neil,

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

The New Anglia Local Enterprise Partnership, Norfolk County Council and Suffolk County Council, welcomes the opportunity to provide a joint response to the proposals, and the ongoing engagement from OFGEM, on changes that will increase the levels of coordination, in the design and delivery of offshore transmission network infrastructure. Norfolk and Suffolk are part of the UK's largest offshore wind cluster, and key players in the world's market for offshore wind energy.

We are working positively with both the Department for Business, Energy & Industrial Strategy (BEIS), National Grid, and the East of England Energy Group (EEEGR), the regional offshore wind special interest group. Recently presenting to the OTNR Expert Advisory Group, explaining the local community perspective, highlighting the impacts of the current regime on local communities, and the consequent risks to project delivery that greater coordination could alleviate. Transparent, clear, and upfront communication regarding the development process, and how communities can be involved as part of the planning and associated decision-making cycle, is critical.

The New Anglia LEPs All Energy Industry Council (AEIC) is a platform for business, supply chain, cluster, education bodies and Councils, working across all the energy sub-sectors located in the area/region. We would encourage OFGEM to engage with the AEIC in the greater coordination of offshore energy networks.

For the avoidance of any doubt, individual members of AEIC may provide separate representations reflecting their specific interests and views, and this representation is without prejudice to those representations.

We welcome, through the three OTNR workstreams (early opportunities, pathway to 2030 and multi-purpose interconnectors), the exploration of opportunities to deliver coordination and connectivity, whilst maintaining the required pace of delivery to achieve Government ambitions. The Government's commitment to achieve 40 GW of offshore wind by 2030 and net zero by 2050 is an enormous opportunity for the economies of Norfolk and Suffolk, and we welcome OFGEM consulting on a more coordinated and integrated approach to offshore network development.

As the consultation identifies, moving from a developer-led and incremental model of offshore network development, to a more centrally planned and coordinated approach represents a major shift for the industry. There are significant technological

and regulatory challenges to overcome if the benefits of this approach are to be secured. Early and decisive action could lead to a reduced amount of infrastructure, in both the short and long term.

We are keen that the opportunities provided by the growth of the offshore wind sector are fully realised for the people and businesses of Norfolk and Suffolk, and support the vision set out in the consultation being achieved in an integrated and strategic manner. As well as welcoming the economic opportunities for the Norfolk and Suffolk supply chain, a coordinated network approach that reduces environmental impacts also supports our visitor economy, worth £5.2bn, and recovery from the effects of the pandemic.

Like energy, we consider tourism a priority, and the New Anglia LEP [Economic Recovery Restart Plan](#) re-confirms the importance of the sector to Norfolk and Suffolk. As such, we offer ourselves as a strong local network to provide a joint conduit of consultation, ensuring a transparent process with local communities, as it is not yet clear what impact an integrated network might have on this sector.

Due to the cumulative impacts of transmission infrastructure associated with projects in Norfolk and Suffolk, both onshore and offshore, the radial approach now presents a major barrier to the long-term delivery of increasingly ambitious offshore wind targets and where feasible, projects should be incorporated within a new integrated network. However, there will need to be a commitment to prevent delays to project delivery. A coordinated network approach, despite the challenges of delivering it, clearly offers significant economic, social, and environmental benefits:

- Potential to save consumers approximately £6 billion in capital and operating expenditure between now and 2050
- Significant potential opportunities for local and national supply chain
- Potential to reduce the environmental impact both offshore and onshore, the number of new electricity infrastructure assets associated with offshore connections, including cables and landing points, could reduce by ~50%
- Potential to reduce the impact on local communities, through fewer landing points and less onshore infrastructure required overall.

In addition to the above, we have the following comments on each of the three component parts of the consultation:

1) Early opportunities

We support the aim to increase the ability of projects to coordinate and to realise the benefits of coordination, a similar third party approach has been in place in the oil and gas industry for many decades. We agree, that with coordination, there is a better chance of projects reducing costs and reaching commercial operation on schedule. Given the number of projects at an advanced stage in the Norfolk and Suffolk area, it is felt the early opportunities workstream can focus on these projects and facilitate greater coordination that minimises the impact on business, communities, and the environment. Proactive planning and engagement could also enable additional opportunities, such as Green Hydrogen, that could be integrated into the future network. We stand ready to support this. However, the early opportunities workstream is particularly challenging, as it encompasses mature, or

very mature, projects. Whilst we recognise that discussions between the regulator, BEIS and developers are ongoing, it will be helpful to understand soon, the level and extent of promoter participation in the region.

Furthermore, we recognise the tension in this workstream, between maximising coordination, whilst securing timely delivery of mature projects, to deliver both national targets and support local supply chain businesses, who are severely hampered in terms of staff retention and investment, by project uncertainty. This tends to undermine the post-pandemic economic recovery in the region. Recovery has already been hampered locally, by uncertainty around project consenting, for example of Norfolk Vanguard and Norfolk Boreas.

Understanding the importance of process being followed, we want to see a resolution on these projects promptly, and feel it is an example of where a more strategic and collaborative approach would reduce consenting risk and uncertainty in the longer term. The delay to these projects will have considerable negative economic consequences directly, but also raises concerns with the message it sends to future potential investors, both nationally and internationally. A clear strategy with dates and milestones, for industry to respond to, will be critical.

Sharing anticipatory investment risk with consumers

We consider that anticipatory investment risk should be shared with consumers and that it may be necessary, given the need to develop new technologies and ways of working to achieve coordination, for this to be at a high level initially, but that it should taper to a low or zero level once technologies and ways of working are established. Such an approach appears likely to provide an appropriate incentive to overcome the higher and more complex obstacles, to coordination in the early years, for the most mature projects, whilst setting out a clear pathway to lower levels of support in future.

Development of system modifications

Given the absence of a Holistic Network Design (HND) at this stage, we agree that, as set out in para 2.64, developers and the ESO (as currently configured) are best placed to develop specific opportunities in the early opportunities workstream.

2) Pathway to 2030

We agree with the view in the consultation that the pathway to 2030 workstream is necessary to realise the substantive benefits to be gained from coordination, in this medium-term period. This is particularly relevant for the number of projects in the Norfolk and Suffolk area that are in the earlier stages of development or have connection dates in the late 2020's, where more can be done to facilitate greater coordination.

Generation Map and Network Design

We believe the production of the generation map is essential and should include details of activity timelines including which projects, and all associated infrastructure, will be included in a future integrated network approach and which ones will need phasing in. We agree that the Network Design objectives outlined in table 3 of the

consultation are appropriate. This approach, in conjunction with the Holistic Network Design, (HND) is likely to provide an appropriate framework for delivering the pathway to 2030 projects, that are currently in the early stages of development. This is because it will provide an overarching and agreed framework on which options, detailed network design, and coordination, can be based.

Detailed Network design is likely to be best facilitated by offshore transmission operators in conjunction with the successor organisation to ESO.

Retention of developer led model

The consultation asks if the developer led model should be retained where an individual radial connection is optimal in the HND. This is likely to be appropriate, however this should not negate the opportunity for integration of that connection into a wider integrated network in future, should the need or opportunity present itself.

Deliverability

Given the limited timeline remaining to deliver pathway to 2030 projects, it is likely that option 6, may be preferred in the very short term, however as the document points out in section 3.63 sufficient incentives for wider investment, and greater consumer share of the costs perhaps, would be required. Therefore, a move to the very early competition model within the framework of the HND, should be the final outcome. Particularly as this is broadly consistent with the onshore Competitively Appointed Transmission Owners (CATO) process. Therefore, the Detailed Network Design (DND) (questions 9 and 10) will also need to transition from the OWF developer to the offshore TO, as part of that process.

3) Multi-purpose interconnectors

We welcome the view in section 4.9 that as the seas become more crowded BEIS and Ofgem explore options to facilitate MPIs in a way that realises their potential benefits, including consumer savings of £3bn to 2030 and £6bn to 2050 and up to 50% reduction in the number of new electricity infrastructure assets, including cables and onshore landing points which brings significant environmental and social benefits. We support the clarification of regulations, providing certainty that encourages and enables investment in flexible and coordinated network solutions.

As part of our discussions with developers it has been highlighted that OFTO substations can be better utilised, and developers could connect renewable power generated to these substations, they also referred to changes needed to licencing, to allow greater flexibility for use of infrastructure, which alleviates energy constraints particularly to production, use, and storage locally.

We support the proposals that move to a coordinated approach to the offshore wind network, as set out in the consultation document, and will be keen to participate in the structured engagement with stakeholders, and to review the “minded-to” proposals. We also suggest that further analysis is required of the legislative and regulatory model, to take the proposals from concept to reality.

In summary, the New Anglia Local Enterprise Partnership, Norfolk County Council and Suffolk County Council welcomes the proposals in the consultation report, and

the benefits the coordinated network approach could have for jobs and growth across Norfolk and Suffolk. There are also potential benefits for communities and the environment, but also potentially significant localised impacts, that we need to be collectively mindful of, and communicate appropriately. We ask that the process, timeline, and decisions taken should not be detrimental to investor confidence, in particular, with regard to projects which are at an advanced stage in our region. Therefore, we would like to be kept updated on future reports and the outcomes of the Offshore Transmission Network Review.

We look forward to continuing to work with you.

Yours sincerely,



Chris Starkie,
Chief Executive
New Anglia Local
Enterprise Partnership



Mark Goodall,
Chair of All Energy
Industry Council
New Anglia Local
Enterprise Partnership



Tom McCabe,
Head of Paid Service and
Executive Director of
Community and Environmental Services
Norfolk County Council



Vincent Muspratt,
Director Growth and Development
Norfolk County Council



Mark Ash,
Executive Director of Growth,
Highways & Infrastructure
Suffolk County Council