

By email:  
Konark.Anand@ofgem.gov.uk

Date  
20 December 2021

Contact / Extension  
Eric Leavy  
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Dear Konark,

### **Electricity Transmission Network Planning Review Consultation**

Thank you for the opportunity to share our views on the initial findings of Ofgem's Electricity Transmission Network Planning Review (ETNPR).

SP Energy Networks (SPEN) represents the transmission licensee of SP Transmission plc, as well as the distribution licensees of SP Distribution plc and SP Manweb plc. SP Transmission owns, develops and maintains the onshore electricity transmission network in the south of Scotland. SPEN also own and operate the electricity distribution networks in the south of Scotland (SP Distribution) which serves two million customers, and Merseyside and North Wales (SP Manweb) which serves one and a half million customers. This response is on behalf of SP Transmission (SPT).

We welcome the opportunity to respond to this consultation on the ETNPR. We support the proposed scope of the ETNPR and the development of a strategic network plan for strategic transmission infrastructure that is necessary to support Net Zero ambitions. The roles and responsibilities in the future energy system need to be carefully considered, and we are concerned that some of the proposed changes to industry roles have not been adequately assessed or demonstrated to deliver consumer value. Our comments on the proposals are summarised below and detailed in **Annex 1** of this response.

- We support the development of a strategic network plan for strategic transmission infrastructure that is necessary to support Net Zero ambitions. Such a strategic plan could help provide additional confidence and certainty in network need, and therefore support the timely delivery of the necessary onshore transmission infrastructure needed to support offshore wind, as an alternative approach to the current annual Future Energy Scenarios (FES), Electricity Ten Year Statement (ETYS) and Network Options Assessment (NOA) processes, led by the ESO.
- In order to set the scope of the strategic plan, a needs statement needs to be developed by the UK Government, with the support of the Devolved Administrations, to support delivery of 2030 and 2045/2050 Net Zero ambitions.
- The strategic network plan should cover at least the next 15-20-year period and be updated every 5 years in line with existing transmission price control periods. Economic assessment

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- should not be revisited annually, as this introduces uncertainty and causes delays to the delivery of vital strategic infrastructure.
- To achieve Net Zero, we believe policy makers, the ESO/FSO and networks companies must work together to create greater certainty on long term strategic planning, best utilising industry experience. BEIS should co-ordinate the development of this strategic plan through chairing a forum similar to the previous Electricity Networks Strategy Group (ENSG)<sup>1</sup>, co-chaired by DECC and Ofgem, which developed a similar strategic overview of the network.
- The onshore and offshore design (including interconnection) must be integrated and included in the strategic plan, and fully aligned with the OTNR's Holistic Network Design (HND). Only a whole system co-ordinated approach will achieve an efficient and strategic approach that provides certainty to supply chains.
- For the ETNPR workstream to be successful, clearer definitions of what is considered to be Strategic Investment (SI) and non-SI is needed. We would suggest this is a topic of discussion for a future Strategic Advisory Group meeting and should not fall solely to the responsibility of the central network planner to decide.
- We do have concerns with Ofgem's proposals that only one party, the FSO, should solely undertake the proposed central network planner role. Whilst we support the FSO taking on a senior coordination role for the strategic plan, we believe that a more co-ordinated approach to the development of high-level network planning which brings together all the relevant skills, experience, and authority for informed, whole system decision making is instead required, given the importance of this work to facilitate Net Zero ambitions. Our main comments on the central network planner's role are summarised below.
  - We do not believe an FSO would have the necessary experience, depth of knowledge or skills to deal with the proposed remit of network planning responsibilities, and recruitment for those skills will lead to duplication of efforts. At a time where the industry is already suffering a skills shortage in these areas, we would question where and how this would add value for the consumer or to the system.
  - The FSO could not readily acquire or maintain the level of necessary experience. As this experience can only be gained from having enduring responsibilities across the remit of asset design, construction and whole of life ownership in addition to the electrical system planning aspects.
  - An FSO would also not have the requisite knowledge or experience to make complex decisions to align and dovetail various reinforcement and asset condition works to maximise the use of resources and minimise cost to consumers, resulting in an efficiency loss.
  - These proposals have failed to consider the extent of the community engagement, consenting activities, and relationship building in relation to network planning that TOs undertake. These are extremely important to secure positive outcomes for all parties and will not be straightforwardly delivered by a centralised FSO.

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<sup>1</sup> <https://www.gov.uk/government/groups/electricity-networks-strategy-group>

- If the FSO carries out some of the TO's current network planning roles, network companies would no longer have full control of the design and operation of their network. This would risk significantly impacting TOs' ongoing ability to comply with their obligations to properly coordinate the system and ensure it operates efficiently and economically.
- Excluding network companies, with extensive technical knowledge and wide-ranging experience in this area would deprive network companies of being able to contribute meaningfully to the network planning process, which is not in the interests of present or future consumers.
- There is very little detail on what the transitional arrangements are, and what is expected to be put in place by 2022. We therefore do not consider that the timeline of 2022 is realistic or deliverable without significant additional resources.

Please see **Annex 1** of this response for our detailed comments and responses to the consultation questions.

Please do not hesitate to contact us should you wish to discuss any of the points raised in the above response.

Yours sincerely



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