ANNEX 1

SP Transmission response to Electricity Transmission Network Planning Review consultation

Question 1: What are your views on our key objectives for future ET network planning arrangements that can deliver Net Zero at lowest cost to consumers?

We agree with Ofgem that the scope of the ETNPR should be focused on load related network planning processes and investments. In our view, it is these investments that should be considered as the Strategic Infrastructure (SI) required to meet Net Zero ambitions. However, it is key that this work is also aligned with non-load drivers and new connections to ensure an efficient and timely strategy.

We support the development of a strategic network plan for the planning and development of strategic transmission infrastructure, which is necessary to support Net Zero ambitions, as the key output to the CSNP work. 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.

SPT is strongly of the view that in order to set the scope of the strategic plan, a GB-wide needs statement to support delivery of 2030 and 2050 Net Zero ambitions, needs to be developed by the UK Government, with the support of the Devolved Administrations. By way of example, Crown Estate Scotland currently advises how much capacity (in GW) will be leased in advance of the next round of leasing round in Scottish Marine Regions. We need a similar needs statement from Government covering the whole of GB and giving a longer-term view of renewable ambitions. This should translate into what the country needs in terms of energy requirements to ensure that the right technologies are then developed in the right places. This needs statement will provide a much-needed view on where transmission capacity will be needed and when, allowing a robust long-term roadmap to be created.

Our view is that the strategic network plan should be based on value to the consumer as well as SQSS compliance. In departing from the NOA approach, economic assessment should not be revisited annually, as this introduces uncertainty and causes delays to the delivery of vital strategic infrastructure. Instead we would suggest that the strategic plan is reviewed every 5 years to ensure continued suitability and ongoing value to consumers. Similarly, designing a network to manage voltage, stability and fault level issues is dependent on specific generation developments. We therefore recommend that the strategic design primarily, although not exclusively, focusses on thermal issues. We also recommend that scheme proposals are made by experienced industry parties to ensure the strategic plan is credible and deliverable to accelerated timescales.

We strongly believe that, once the network needs are set out and the subsequent strategic plan is developed, approval should be sought from BEIS, the Devolved Administrations and Ofgem for the whole system design for strategic infrastructure (onshore and offshore) that is recommended from the high-level design work. This would then become a ‘fixed’ design for the necessary onshore infrastructure – subject to local options assessment, routing and engineering (‘detailed design’) – taken forward into the pre-consenting development phase by the TOs.

To achieve Net Zero, we believe policy makers, the FSO and networks companies must work together to create greater certainty on long term strategic planning. This approach will best utilise the existing experience within the industry, building on the success of RETS (which led to the TIRG project), Electricity Networks Strategy Group (ENSG)[1] (which led to delivery of TII projects) and closely coordinated working between TOs, demonstrated by construction of the Beauly-Denny link, Series Compensation (stability focused), the Western HVDC link and development of the Eastern HVDC link removing the need to develop new capabilities within a single central planner, and the associated delays this would cause.

It is therefore our view that BEIS should co-ordinate the development of this strategic plan through chairing a forum similar to the successful ENSG, co-chaired by DECC and Ofgem, which developed a similar strategic overview of the network, the ENSG 2020 Vision report, in 2009[2]. We believe the policy for the strategic plan should be owned by BEIS with a governance framework similar to the ENSG as the ENSG was successful, drove action and set out a clear plan for the delivery of the necessary strategic infrastructure needed to meet 2020 renewable targets. The governance forum should consist of a collaboration of people responsible for different parts of the strategic plan, including BEIS, Ofgem, the Devolved Administrations, the FSO, TOs any other relevant parties, all with clear responsibilities and accountable for delivering their part of the plan on time. We believe BEIS is the most appropriate party to co-ordinate the strategic plan as they have access to policy levers across industry, with the power to make decisions and affect change.

The onshore and offshore design (including interconnection) must be integrated and included in the strategic plan. Only a whole system, co-ordinated approach will achieve the following benefits efficiency in system design, a strategic approach to planning, certainty to the supply chain and offshore developers, and reduced impacts on consumers and affected onshore and marine communities and environments. Currently, the only factors considered are the requirements of offshore generators and offshore corridors. The strategic plan needs to also consider onshore areas for connections, substations and onshore corridors, i.e. onshore generation will also need to be considered.

We believe the strategic 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. Updates should be carried out mid-price control to ensure that the outcomes are available to inform investment planning for the next price control. We believe 5 years is the correct frequency as each update will require a lengthy process including strategy definition, design, review and regulatory approval of relevant constituent projects. The timing of the strategic plan update should also take into account the timing of Scotwind (and other) future leasing rounds. Considering that the pace of change in this area could merit more frequent updates, we believe there should be an option to update the strategic plan more frequently if required e.g. if there is a material change in government policy and/or the uptake of renewables. We need to learn lessons from the annual NOA process, which does not allow for strategic view. Reviewing the strategic plan every 5 years would allow the strategic plan to be developed and key schemes forming part of the plan to be taken through elements of the consenting process and regulatory approvals, forming a firm basis for the next strategic plan.

[1] https://www.gov.uk/government/groups/electricity-networks-strategy-group

[2] ENSG 2020 Vision report https://www.gov.uk/government/publications/our-electricity-transmission-network-a-vision-for-2020

Question 2: Are there any other key workstreams that interact with this review that we need to align with?

There are many key workstreams which interact and must align with this work as it develops. In relation to workstreams which directly relate to electricity transmission network planning these are:

- the Offshore Transmission Network Review (OTNR);
- proposals for the Future System Operator (FSO);
- proposals for the introduction of early and late competition models into onshore electricity transmission;
- development of the Future Energy Scenarios (FES), Electricity Ten Year Statement (ETYS) and the Network Options Assessment (NOA);
- RIIO-T2 tools for supporting strategic transmission investment including Large Onshore Transmission Investment (LOTI) and Medium Sized Investment Projects (MSIP);
- whole system planning and the development of the Distribution System Operator (DSO);
- the forthcoming Electricity Networks Strategy which is focused on electricity transmission;
- planning policy reform; and
- network charging reform.

In terms of other key workstreams which haven't been referred to in the consultation document, we would suggest the Scottish Government's current reform of their National Planning Framework (NPF) should also be included in the scope of this review. The NPF will be a key facilitation tool in the development of strategic infrastructure in Scotland.

There also needs to be direct read-across, with this ETNPR work, to the forthcoming Energy Bill, which we understand is to include provisions for the proposed new FSO.

Whilst reference is made in this consultation to the FES, ETYS and NOA, in relation to the OTNR workstream, we consider that more fundamental reform of the FES, ETYS and NOA is required, to facilitate the objectives of this ETNPR workstream. We are therefore supportive of this work being looked at in greater detail in 2022, as suggested at Appendix 3 of this consultation.

Finally, as the consultation notes, it is fundamental that this ETNPR workstream needs to be fully aligned with the OTNR's Holistic Network Design (HND), when it is published. We therefore agree with Ofgem that the OTNR's HND is a good starting point for the development of a strategic plan and avoids duplication of work and resources. It is absolutely fundamental for the timely progress of strategic transmission infrastructure that the NOA, HND and ETNPR outputs are fully aligned so as not to send mixed messages to stakeholders and statutory consultees as the design, development and consenting of strategic transmission infrastructure projects take place.

Question 3: Do you have any views on the scope of the review? Are there any key topics that we have missed?

We would suggest that there needs to be greater focus on the ability to meet Net Zero targets, including the UK's 2030 offshore wind target of 40GW, as well as determining evidence of the delivery of additional consumer value, compared to the status quo

arrangements. System operability issues must also be a key issue for consideration in the development of the ETNPR work.

Question 4: Do you have any views on the success criteria? Are there any key areas that we have missed?

We believe it is important that Ofgem considers, in advance of putting in place new network planning arrangements, the likely success of any proposed future planning arrangements to ensure, it not only meets Net Zero ambitions, but also delivers additional and clearly evidenced consumer value, when compared to the status quo approach.

We would therefore like to offer the following comments on the proposed evaluation criteria at Table 3, Appendix 1 of the consultation document:

- A2 – In addition to supporting *"the strategic transmission investments required for the Sixth Carbon Budget"* we believe this needs to be extended to wider Net Zero ambitions, in relation to the wider 2045 and 2050 targets, which may not currently be covered in the Sixth Carbon Budget.
- Whilst we note the consultation suggests cost should not be included as a stand-alone criterion, we do believe that *"additional value to consumers, compared to the status quo approach",* should be added as a specific success criterion, directly ensuring that thought is given to any additional benefit, which consumers will receive from this new strategic approach.
- We would also suggest that there needs to be an additional criterion that ensures all key stakeholders are included and accountable to the outputs of the overall strategic plan. See our comments above, on the need for a collaborative approach, such as we have seen previously with the successful ENSG or currently, via the collaborative ScotWind Leasing Roundtable, which also involves all the key players in relation to the development of network planning and policy setting in Scotland.
- We believe that consideration should also be given to the weighting of criteria, which will consider the timely and cost-effective delivery of Net Zero as the key driver.

In terms of Ofgem's initial assessment of the NOA, we would offer the following comments:

- NOA should score lower on A1 - timely decisions are not drawn out of NOA based on the use of EISD, as this date assumes a perfect programme and doesn't build in any risk;
- A2 – the 'stop' 'start' nature of NOA on an annual cycle does not build confidence in the delivery of any long-term strategic plans, therefore projects of any scale are difficult to demonstrate as required, via this process. It can depend very much on the generation background and annual changes of background can have a significant impact;
- C2 – NOA only considers transmission build, and to a lesser extend 'interested parties'. There needs to be a whole system approach that can determine if electrical power is the most efficient mode of transport, which would not come from the process as it stands;
- E. TOs provide an environmental commentary for options in NOA, but it is unclear how this feeds into the ESO assessment.

Based on the above feedback, we would suggest that NOA drops to a red in the evaluation process as it "does not meet the evaluation criteria".

Given that key elements of the Enduring CNSP have yet to be scored, as part of this assessment, it is not right that Ofgem is consulting on putting in place such an arrangement, until a full scoring exercise within the Strategic Advisory Group (SAG) has been undertaken and discussed. Without a proper scoring exercise being undertaken, incorporating the additional criteria we propose above, we cannot be confident that this new approach will deliver additional benefits for consumers over the status quo arrangements established under ITPR.

Question 5: What are your views on our enduring vision for Centralised Strategic Network Planning?

We support the development of a strategic network plan for the planning and development of strategic transmission infrastructure which 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 new renewable developments and technologies, as an alternative approach to the current annual FES, ETYS and NOA processes led by the ESO.

SPT is strongly of the view that in order to set the scope of the strategic plan, a needs statement to support delivery of 2030 and 2050 Net Zero ambitions, needs to be developed by the UK Government, with the support of the Devolved Administrations. By way of example, Crown Estate Scotland currently advises how much capacity (in GW) will be leased in advance of the next round of leasing round in Scottish Marine Regions. We need a similar needs statement from Government covering the whole of GB and giving a longer-term view of renewable ambitions. This will provide a much-needed view on where transmission capacity will be needed and when, allowing a robust long-term roadmap to be created.

Our view is that the strategic network plan should be based on value to the consumer as well as SQSS compliance. In departing from the NOA approach, economic assessment should not be revisited annually, as this introduces uncertainty and causes delays to the delivery of vital strategic infrastructure. Instead we would suggest that the HND is reviewed every 5 years to ensure continued suitability and ongoing value to consumers. Similarly, designing a network to manage voltage, stability and fault level issues is dependent on specific generation developments. We therefore recommend that the strategic design primarily, although not exclusively, focusses on thermal issues. We also recommend that scheme proposals are made by experienced industry parties to ensure the strategic plan is credible and deliverable to accelerated timescales.

We strongly believe that, once the network needs are set out and the subsequent strategic plan is developed, approval should be sought from BEIS, the Devolved Administrations and Ofgem for the whole system design for strategic infrastructure (onshore and offshore) that is recommended from the high-level design work. This would then become a ‘fixed’ design for the necessary onshore infrastructure – subject to local options assessment, routing and engineering (‘detailed design’) – taken forward into the pre-consenting development phase by the TOs.

To achieve Net Zero, we believe policy makers, the FSO and networks companies must work together to create greater certainty on long term strategic planning. This approach will best utilise the existing experience within the industry, removing the need to develop new capabilities within a single central planner, and the associated delays.

It is therefore our view that BEIS should co-ordinate the development of this strategic plan through chairing a forum similar to the previously successful ENSG, co-chaired by DECC and Ofgem, which developed a similar strategic overview of the network, the ENSG 2020 Vision report, in 2009. We believe the policy for the strategic plan should be owned by BEIS with a governance framework similar to the ENSG as the ENSG was successful, drove action and gave a clear line of sight to the people who could influence the outcome. The governance forum should consist of a collaboration of people responsible for different parts of the strategic plan, all with clear responsibilities and accountable for delivering their part of the plan on time. We believe BEIS is the most appropriate party to co-ordinate the strategic plan as they have access to policy levers across industry, so they have the power to make decisions and affect change.

The onshore and offshore design (including interconnection) must be integrated and included in the strategic plan. Only a whole system co-ordinated approach will achieve the following benefits within prevailing legislation: efficiency in system design, a strategic approach to planning, certainty to the supply chain and offshore developers, and reduced impacts on consumers and affected onshore and marine communities and environments. Currently, the only factors considered are the requirements of offshore generators and offshore corridors. The strategic plan needs to also consider onshore areas for connections, substations and onshore corridors i.e. onshore generation will need to be
considered as well.

We believe the strategic 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. Updates should be carried out mid-price control to ensure that the outcomes are available to inform investment planning for the next price control. We believe 5 years is the correct frequency as each update will require a lengthy process including strategy definition, design, review and regulatory approval of relevant constituent projects. The timing of the strategic plan update should also take into account the timing of Scotwind (and other) future leasing rounds. Considering that the pace of change in this area could merit more frequent updates, we believe there should be an option to update the strategic plan more frequently if required e.g. if there is a material change in government policy and/or the uptake of renewables. We need to learn lessons from the annual NOA process, which does not allow for strategic view. Reviewing the strategic plan every 5 years would allow the strategic plan to be developed and key schemes forming part of the plan to be taken through elements of the consenting process and regulatory approvals, forming a firm basis for the next strategic plan.

We do not support the proposal at para 4.8, that in instances of deadlock, there should be an alternative ET network plan which covers one plan for each eventuality. Such an exercise would be resource intensive, a duplication of effort and likely to cause confusion to key stakeholders and statutory consultees. One strategic plan with the associated network need identified is required to accelerate the development of Net Zero infrastructure, particularly in relation to engaging with statutory consultees and impacted communities. Any deadlock can be resolved in the actual development of the strategic plan, if the collaborative working-level approach we describe above, is adopted.

For the ETNPR workstream to be successful, clearer definitions of what is considered to be SI and non-SI is needed. The current definition of SI at para 4.12 of this consultation is vague *"By SI we refer to ET network investments that are critical to delivering Net Zero or other agreed decarbonisation targets efficiently. Our initial view is that SI, at least at first, should be 'key' parts of the GB ET network that are necessary for the bulk transfer of electricity and/or that are strategically important to the GB energy system for other reasons."*
A much clearer and detailed definition of SI is required. We would suggest this is a topic of discussion for a future SAG meeting and should not fall solely to the responsibility of the

central network planner to decide, who will not have full oversight of system needs and options. It is important that all key parties are clear, and agree upon, the definition of SI. We do however agree that *"the bar for qualifying as SI may be set quite high"*.

We note the point at 4.15 that *"We expect that cost estimation and evaluation of earliest in-service dates for options should be robust, based on sound information exchange processes between the central network planner and parties putting forward options*." For a number of years, we have highlighted the use of 'Earliest in Service Dates' (EISDs) within the NOA to assess when reinforcements should be delivered as restrictive, and fails to acknowledge delivery risk of any project, inherently resulting in projects having to progress as fast as possible to ensure that they are not then 'late', potentially incurring significant additional cost.

Alternative to the use of EISDs, our preference would be to find a solution that would allow a range of delivery dates to be considered within the analysis, which would allow the TOs and wider industry to make more informed investment decisions, resulting in an overall reduction in project/system operation costs, as well as ensuring the optimal network could be delivered to meet Net Zero. The concept of only considering options to be delivered on the **earliest** in service date, in our view, risks ensuring the network is where it needs to be, to meet the challenges that face the GB system in the coming decades as we transition to a Net Zero economy.

We are supportive of economic project assessment including a cost benefit assessment methodology that strikes a balance between cost and environmental and community impact, which should aide our stakeholder engagement and planning consenting processes. This methodology will be fundamental to the success and timely delivery of strategic infrastructure required to meet Net Zero targets. However, any proposed process which is to include assessment of community impacts and community engagement must be set out in detail, in terms of what is expected of the TOs, to ensure that such engagement is carefully managed, meaningful and worthwhile for all stakeholders involved. For these reasons, it will therefore be important that such a methodology, and its associated processes, is given detailed consideration and is subject to consultation, with key parties who have expertise and experience in these areas.

In relation to the detailed design and consenting of the actual projects, we strongly believe that the party who will ultimately operate the asset(s) should be involved in the detailed design and consenting process. The ultimate owner of the asset must also be a licensed entity and bound by the same licence obligations as existing parties currently are.

Question 6: Do you have any views on the proposed central network planner's role, who that planner might be, and how it may perform this function?

In light of Net Zero ambitions we agree upon, and support, the need for a strategic plan and a more co-ordinated approach to the development of network planning for strategic transmission infrastructure.

We do however have concerns with Ofgem's proposals that one party, the FSO, should solely undertake the proposed central network planner role. Whilst we do not have an issue with 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. It is crucial that the bodies best placed to deliver decision making and network planning functions, including policy makers, the FSO and network companies, act in collaboration. 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 this process, which is not in the interests of present or future consumers.

The FSO does not have the necessary experience or skills to deal with the remit of network planning responsibilities, which has been reserved to a large extent to TOs, who have unrivalled expertise, as well as statutory obligations, in developing and maintaining an economic, efficient and coordinated network across GB. To note: the OTNR HND has recently been delayed and will not be published as planned in early 2022.

Strengthening the onshore (and offshore) network planning role of the FSO would require an increase to the FSO's skillsets to include, for example, detailed project development, including environmental planning and consenting, and engineering design expertise. It will take time to build this capability and embarking on this process will likely introduce additional delays and complexities to the delivery of projects that are crucial to the UK's Net Zero ambitions. This will also result in duplication of resource that is already held within TOs and other developers, and we would question how and where this would add value for consumers. At a time where the industry is already suffering a skills shortage in these areas, we again would question where this would add value to the system or the consumer.

We would argue that the FSO could not readily acquire or maintain the level of necessary experience that is required. 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.

In relation to more detailed network planning responsibilities, we firmly believe that these responsibilities should remain with the TOs. As licensed owners and operators of transmission network assets, TOs already have the expertise, resources and skills to develop and consent projects.

The removal of network planning responsibilities will not promote efficiency and economy in electricity networks. The proposals significantly risk undermining the TOs' general duties under Section 9 of the 1989 Act where it is the duty of each licence holder to *"develop and maintain an efficient, co-ordinated and economical system"* of electricity transmission.

These proposals have failed to consider, and therefore have undervalued, the extent of the community engagement and consenting activities in relation to network planning which TOs undertake, which is extremely important to secure positive outcomes for all parties. We have developed good, strong and enduring relationships with a wide range of local stakeholders, from local farmers to the Scottish Government, as part of our network planning responsibilities. An additional party undertaking this role would risk damage to our existing relationships with these stakeholders and would add further complexity to the process, which could slow down the pace of projects.

If the network planning role was carried out by another party, then we believe that there would be efficiency losses. There are numerous occasions where we, using our network planning role, optimise our time working on a particular area. For example, if we plan to build a new asset in an area, which also has ageing assets, we will carefully plan and consider this work at the same time so as to limit the subsequent impact on the local community, maximise use of resources and minimise costs to consumers. Our recent RIIO-T2 business plan has many examples where only our detailed knowledge of the history, performance and condition of assets to a component level has allowed us to profile condition-related interventions to efficiently dovetail with reinforcement works. This has allowed us to defer or avoid some expenditure but also optimises system outages, creating significant consumer savings in

constraint costs. The FSO would simply not have the requisite knowledge or experience to make these complex decisions. By making informed decisions to delay some works for greater consumer benefit, we are accountable. A FSO making similar decisions relating to existing TO assets would need to assume complete responsibility, and importantly the associated liabilities, for that decision.

Accountability for the design and decision making in any system, where detailed network planning roles are carried out by the FSO, is a key risk. The network companies are incentivised and penalised against the network performance and reliability of their own assets. For SPEN, this includes transmission and distribution assets. To manage the risks of penalty associated with faults and loss of supply, network operators carefully plan the network and conduct feasibility studies on connecting equipment. If the FSO carries out some of these roles, network companies would no longer have full control of the design and operation of their network, and therefore could not be held accountable for network issues and adverse events that are the fault of a third party. Any enhanced network planning role taken over by the FSO needs to also include the associated risks, penalties, liabilities and reputational damage from local stakeholders and customers that the network companies face when delivering these roles. In practice, the proposed scenario would create a complex risk-sharing framework and result in unclear attribution when loss of supply events occur. It would be absolutely fundamental to address this to ensure the safe operation of the network.

Therefore, the suggestion of giving network planning responsibilities to the FSO would risk significantly impacting TOs' ongoing ability to comply with their obligations to properly coordinate the system and ensure it operates efficiently and economically. If this proposal is progressed, it would be essential to review all aspects of the regulatory framework to ensure that it remains fit for purpose in light of the changes in responsibilities. Examples for review would include the SO-TO Code and incentives such as Energy Not Supplied.

More generally, Ofgem and its predecessors have developed a regulatory framework for electricity networks since vesting and privatisation which has evolved over time to ensure that networks deliver a highly reliable, safe secure and stable supply of electricity to GB electricity consumers. Robust evidence and careful consideration is essential before implementing such a fundamental alteration of this framework, as is being proposed. A detailed Impact Assessment should also be undertaken by Ofgem, in advance of introducing any changes, to identify whether any additional value to consumers, over and above the status quo arrangements.

Policymakers must understand that the TOs' roles in network development, system design and network feasibility studies are deliberately designed to be interlinked, and a new FSO cannot be given parts of these roles without causing significant inefficiencies in network planning and requiring changes to the regulatory framework. These proposals are likely to require extensive revision and consultation on the existing regulated and licensed framework, which will be both timely, resource intensive and will weaken the current strength of system operation.

We note in the consultation that Ofgem is considering allowing the ESO to undertake the enduring CSNP arrangements, ahead of it transitioning to the FSO. It is fundamental that the necessary primary and secondary legislation as well as the associated licence and industry code changes are all in place, before there are any transitions to the FSO. The legislative and regulatory framework must be respected as any changes to the ESO's existing responsibilities are developed and implemented.

We would also question whether the FSO (as the former Electricity System Operator) is best placed to take on the responsibility for system and network planning for other sectors, such

as hydrogen and nuclear, given that their experiences to date, have been in electricity and to a more limited extent, gas. This is another reason why a more collaborative approach, involving all key parties, to the development of the CNSP model is required.

Question 7: What are your views on the proposed stages and focus of the enduring CSNP model? If you can suggest alternative approaches to any of the stages then please do so.

In relation to the potential stages of the CSNP process, as set out in Table 1, there are some elements set out in item 7, which will be required to inform Items 3 – 6 e.g. at 4.22, reference is made to early community engagement with regards to lasting and construction impacts.

In terms of the suggestion of using a 'Central Estimate' instead of the range of scenarios currently used, how will this then feedback into the industry to drive the changes required to meet this Estimate? How can the assumptions be communicated to provide the right investment signals to the wider market, if we are only planning one scenario. We believe that there will need to be a "best view" in the short to medium term, which may help remove some of the current complexities that are being encountered with the existing processes.

We believe the strategic 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. Updates should be carried out mid-price control to ensure that the outcomes are available to inform investment planning for the next price control. We believe 5 years is the correct frequency as each update will require a lengthy process including strategy definition, design, review and regulatory approval of relevant constituent projects. The timing of the strategic plan update should also take into account the timing of Scotwind (and other) future leasing rounds. Considering that the pace of change in this area could merit more frequent updates, we believe there should be an option to update the strategic plan more frequently if required e.g. if there is a material change in government policy and/or the uptake of renewables. We need to learn lessons from the annual NOA process which does not allow for strategic view. Reviewing the strategic plan every 5 years would allow the strategic plan to be developed and key schemes forming part of the plan to be taken through elements of the consenting process and regulatory approvals, forming a firm basis for the next strategic plan.

Question 8: What are your views on closer stakeholder co-working to break longer-term uncertainty deadlocks?

We are strongly supportive of close stakeholder working in the development of the strategic plan. In fact, as mentioned above, we would propose an entirely collaborative approach for the proposed CSNP process, using the ENSG model adopted in 2009 and the current ScotWind Roundtable approach, currently in operation in Scotland. This will allow for deadlocks to be resolved during the actual development of the strategic plan.

To be beneficial in facilitating the delivery of onshore and offshore infrastructure the finalised strategic plan must be supported and endorsed by stakeholders. The adoption of a more collaborative approach to the development of the strategic plan will actively promote this. This is key given that the final strategic plan will be used to support regulatory funding submissions by the delivery party, and ideally will be included in National Policy Statements /National Planning Frameworks to support consenting of these SI projects.

Question 9: What are your views on allocating risks and accountability for various aspects of the CSNP, and for delivering the options finalised under CSNP? Do you have any suggestions to mitigate any of the risks?

We share our thoughts on Ofgem's views on the mitigation of risks coming from the introduction of the CNSP, at Table 2 p55. We address some of Ofgem's mitigation of risk suggestions below:

- *Central network planner not having the sufficient knowledge, skills and capabilities* – as mentioned above, we do not believe that the FSO (or ESO) has the right skill set of experiences to solely undertake this role. We believe that a collaborative approach involving all relevant parties including BEIS, Ofgem, the Devolved Administrations, the ESO and network operators is needed to develop a realistic, timely and robust strategic plan.
- *We consider that the benefits of CSNP outweigh any additional costs, particularly given the benefits from economies of scale due to the large amount of infrastructure projects that are expected over the coming years to deliver Net Zero ambitions* – There is no evidence or Impact Assessment work that has been undertaken to substantiate this claim.
- We are fundamentally opposed to the suggestion that *"TOs will retain their responsibility to identify and resolve any shortfalls in the system that would lead to potential non-compliance with the Security and Quality of Supply Standard (SQSS)"*. If responsibility for network planning is removed from TOs and instead allocated to the FSO (or the ESO) and there is a non-compliance with the SQSS, it would not, on any view, be proportionate to sanction the TO for such non-compliances. Any sanction must be proportionate. Furthermore, such a proposal reiterates our arguments that the removal of network planning responsibilities will not promote efficiency and economy in electricity networks and that these proposals significantly risk undermining the TOs' general duties under Section 9 of the 1989 Act where it is the duty of each licence holder to *"develop and maintain an efficient, co-ordinated and economical system"* of electricity transmission.

Question 10: What are your views on the proposed Transitional arrangements?

Any proposed transitional arrangements must develop from the OTNR's HND, once published so as to ensure there is no delay to the delivery of strategic transmission infrastructure, required to deliver on the UK and Scottish Governments' 2030 offshore wind targets. There is very little detail on what these transitional arrangements are, and what is expected be put in place by 2022. We therefore do not consider that the timeline of 2022 is in any way realistic or deliverable.

Attention and resource cannot shift from the current work to deliver the OTNR's HND, which is already experiencing delay to its publication. In our view, this additional work is a distraction to the current task at hand, which is to identify the strategic infrastructure required to facilitate the Scottish and UK Governments' 2030 offshore wind targets.

With delays to the OTNR's HND work, already occurring, we cannot see further delays to the development of strategic transmission infrastructure, caused by uncertainty or later CNSP timelines, and its interaction with other network planning activities as this infrastructure is required to meet the UK and Scottish Governments' 2030 offshore wind targets.

In developing a co-ordinated network design that will be beneficial to all parties it is essential that the individual schemes identified within the HND are deliverable to the scope, cost and time set out in the published document. Any significant changes to the schemes as they progress through detailed design, development and delivery will undermine the

credibility of the overall strategic plan, increasing any challenge and opposition to it, and put at risk its delivery to meet governments' Net Zero targets. We consider than any 'transitional' arrangements for the CNSP would risk doing that.

We support the proposal that during the transitional period the clustering of projects for regulatory submission and planning purposes is to be encouraged. However, we consider that this approach is already being undertaken, for example, the way in which the 2 sub-sea links that make up the E-HVDC project are being developed. We understand that NGET is also taking a clustering approach for some of its strategic infrastructure projects across its network.

Question 11: Do you have any views on the next steps to implement CSNP?

We note that to date the focus of the ETNPR workstream has been on topic 1 (Strategic clustering of large projects and centralisation of planning). The consultation is proposing that moving into 2022, the ESO should lead on topic 2 (Analysis and decision-making methods for network planning against uncertainty) and topic 3 (Breadth of solutions, covering whole system solutions and innovation).

We would suggest that topic 2 should focus on the reform of the FES, ETYS and NOA processes, to make them more aligned to the delivery of timely network infrastructure to support Net Zero ambitions. We would be more than happy to share our views and ideas with the ESO on this issue.

Given that this ETNPR workstream has not been included in the ESO's RIIO-2 Business Plan (1), we would question whether the ESO has the resources in place to undertake this work, without it impacting negatively on other areas of work with pressing timelines, such as the OTNR work, which is also not currently included in the ESO's RIIO-2 Business Plan.

We note that Appendix 3 makes no reference to topic 4 (Roles and responsibilities) which is an important area of this work and must also be considered further in terms of any work on next steps.

Question 12: What are your thoughts on our initial view of the areas to be covered in the next phase of the review? Are there other areas that aren't included that you would like us to include?

We agree that further work is required on decision making tools under topic 2, particularly if cost benefit analysis is to consider cost as well as environmental and community impacts. This is a sensitive and complex area and will need the ESO to work closely with parties with experience of consenting and the handling of environmental issues.

We note that further work is suggested on how the Pathfinders interact with the wider network planning process. We agree that further work is required on this point at the earliest opportunity.

We stand ready to work with the ESO, and other relevant parties, on the proposed issues considered for further discussion next year. We would also expect that regular discussions and updates on these areas of work are reported back to the Strategic Advisory Group, at each meeting.