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7 June 2022

Dear Adam,

**Consultation on our Minded-to Decision on Anticipatory Investment and Implementation of Policy Changes**

Transmission Investment, as one of the UK's leading independent transmission companies manages one of the largest offshore electricity transmission portfolios. We are a strong advocate of introducing competition into the delivery of transmission and we continue to support the development of the required arrangements *inter alia* through industry groups, responding to consultations such as these and providing evidence to Parliament.

Transmission Investment is also leading, in partnership with the French national grid company RTE, the development of a proposed 1400MW HVDC interconnector between France and Britain via Alderney ("the FAB interconnector project") and is also developing alone a 700MW HVDC interconnector between Scotland and Northern Ireland ("the LirIC interconnector").

We welcome Ofgem's consultation setting out its minded to decisions. Our response focusses on the issues most relevant to us as an Offshore Transmission Owner:

**Question 2:** *Do you agree with the proposal to recover the AI Cost Gap from the later user if the later user connects? If so, do you agree that this should take place over the period of the relevant OFTO licence, starting from the date that the later user starts to pay TNUoS charges?*

Yes. To avoid complications at the end of the OFTO Licence period, the costs should be recovered within the initial TRS period. This aligns to the recovery period of any incremental costs and investments required to connect the Later User incurred by the OFTO.

The definition of what is included in the AI Cost Gap should include all OFTO costs associated with connecting the Later User. This would include resource costs and physical works necessary for the OFTO to achieve the connection and commissioning of the Later User onto the system. It should ensure the OFTO is held harmless with respect to any impact on the performance availability incentive.

Overall, we are supportive of the approach taken to balancing the risk faced by consumers and the use of proportionate assessments of AI. As the detail is developed from these AI policy minded-to decisions there will undoubtedly be further implications on the OFTO regulatory regime to consider. We will endeavour to support you in further shaping of these policies through our responses to future consultations.

Yours faithfully,



**Mark Fitch**  
Corporate Development and Regulation Manager