

EnBW/bp response: Consultation on our Minded-to Decision on Anticipatory Investment and Implementation of Policy Changes

Partner companies bp and EnBW are preferred bidders on two 60-year leases awarded by The Crown Estate in UK Offshore Wind Round 4 and have entered into an option to lease agreement for an 860km² lease by Crown Estate Scotland in the North Sea.

The partners intend to jointly develop and operate the leases to contribute to the UK's 50GW target and Scotland's 11GW target for 2030. The combined potential generating capacity of 5.9 GW is sufficient to power the equivalent of around 6 million UK households with clean electricity.

We will refer to "the JV" throughout our response, which refers to EnBW and bp's joint ventures in our UK Round 4 projects, Morgan and Mona and ScotWind project Morven as mentioned above. This response is from an EnBW/bp offshore wind perspective only.

Anticipatory investment – consumer sharing

- 1. Do you agree that consumers should underwrite the risk of the AI Cost Gap by funding the AI Cost Gap until the later user starts paying TNUoS charges?**
- 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?**
- 3. Do you agree that, save for any amounts recovered under user commitment arrangements, AI costs should be recovered from consumers if the later user fails to connect?**
- 4. Do you agree with our assessment that policy option 3 better meets the aims of the Early Opportunities workstream of the OTNR?**

The following answer is applicable to questions 1-4.

EnBW/bp are aligned with the minded-to recommendation and the basis of which the decision was made. While the consultation is aimed at the Early Opportunities Workstreams, the basis also provides a balanced approach for Pathway to 2030 projects.

- 5. Do you have views on the modelled assessment of capital cost savings? Please provide any additional quantitative analysis and any further information.**

We agree with modelled assessment of capital cost savings. At this stage we don't have any additional quantitative analysis or information.

Anticipatory investment – early stage assessment

- 6. Do you agree with the introduction of the proposed early stage assessment process?**

EnBW/bp are aligned with the minded-to recommendation and the basis of which the decision was made. While the consultation is aimed at the Early Opportunities Workstreams, the basis also provides a balanced approach for Pathway to 2030 projects.

HND output for Pathway to 2030 projects has shown a number of instances where varying levels of AI may be applied to Offshore Transmission Programs of work that include multiple generation developers.

It is the view of the JV that early-stage assessment should also be applied during Pathway to 2030 in order to allow programs of work to be segregated into projects with balanced consideration given to lines of segregation between projects in order to minimize AI risk exposure to the consumer.

7. Do you think the information sought as part of the early stage assessment process is appropriate and proportionate?

The JV considers the listing provided in section 3.9 of the consultation to provide a basis for the early stage assessment process, with some minor additional features as noted below.

In addition to the proposed AI required to deliver coordination, a summary of the alternative concepts considered should also be provided with an overview of the pros and cons from the perspective of the final consumer including costs and additional benefits considerations.

Additional benefits should also include a detailed overview of risk and safety.

A method for change management should be included to account for the early assessment and the possibility that factors will emerge that may have a significant effect of the viability of the initial plan intent.

Clarification is sought over the parties involved, is the intention that all developers in the effected works provide a joint submission, similarly, should the relevant onshore TO's and ESO be party to the submission?

We note the HND process has four key objectives including social and environmental impact reduction. AI can have significant impact both in terms of equipment provision and social / environmental impact if the concept of AI is not applied in a schedule sensitive manner. The early-stage assessment should therefore include a section to demonstrate the schedule of works and approach to AI scope work in harmony to meet the objectives of OTNR such as reduced social and environmental impact.

8. Do you have any views on the timing of the early stage assessment process?

In the context of Early Opportunities workstream, bp has limited views on the timing. Considering the same process of Early AI assessment in relation to Pathway to 2030, the JV considers the assessment should be submitted between HND finalisation and commencement of Bi-Lateral sessions with ESO.

9. Is there any other information which you believe should be included in the confirmation to developers?

In alignment with our above response to question 7 and item 3.19 of the consultation document; the JV would request clear basis and explanation of the processes related to the update of the coordinated activities prior to the cost assessment process, which can result in the overriding technical, environmental or social impact which would give rise to resubmission and evaluation.

10. Do you agree with the proposed extension of user commitment arrangements to the potential later user of offshore transmission infrastructure which has been funded by AI?

It is positive that the 'first developer will receive certainty that costs will be considered for inclusion in the final transfer value paid by the OFTO after the cost assessment process. The first developer will then pay its share of the OFTO's revenues through use of system charges.'

As per our response to NG ESO HND design, we proposed a modular design of the offshore network infrastructure, which reduce the requirements of the AI i.e. lower the cost while still enabling efficient connection of the later user. This approach also reduces the AI for later user and/or risks that the end user might face in the terms of the costs of AI became stranded investment.

Taking into consideration multiple developers sharing the use of the offshore transmission infrastructure i.e. interconnector, offshore wind farm generators, it is important to understand how the transmission changes will be equitably allocated.

More fundamentally, the JV is not aligned with this approach for projects which have fallen under the category of Early Opportunity or Pathway to 2030 projects, including UK Round 4 and ScotWind projects. JV projects within both UK Round 4 and ScotWind have undergone extensive bidding processes and financial modeling to arrive at a development commitment. Requirements to retrospectively impose significant user commitments to large scale infrastructure works has the potential to undermine the financial viability of all inflight projects.

11. Do you have any views on the manner in which the user commitment should be calculated?

As per answer to Q.10 our preference is that the proposed method tabled is not adopted for inflight projects. If it were adopted and security is needed to be provided by a later user for the AI being put in place, there would need to be clarity on timing for connection of the later user and whether this is within a reasonable timescale (not multiple years later) from the AI commitments.

As per Q.10 an approach that enables future offshore transmission infrastructure through a modular approach minimising AI spend should be the approach adopted both for future users and as protection for the consumer.