



Via email:
RIIOElectricityTransmission@ofgem.gov.uk

Email : Tom.Steward@RWE.com

18th August 2022

Ref: Consultation on our minded-to decision and draft impact assessment on the initial findings of the Electricity Transmission Network Planning Review

Dear Neil Copeland,

RWE Renewables is one of the world's leading renewable energy companies. With around 3,500 employees, the company has onshore and offshore wind farms, photovoltaic plants and battery storage facilities with a combined capacity of approximately 9 gigawatts. RWE Renewables is driving the expansion of renewable energy in more than 20 countries on five continents. From 2020 until 2022, RWE Renewables targets to invest €5 billion net in renewable energy and to grow its renewables portfolio to 13 gigawatts of net capacity. Beyond this, the company plans to further grow in wind and solar power. The focus is on the Americas, the core markets in Europe, and the Asia-Pacific region.

Thank you for the opportunity to respond to this consultation on the future of transmission network planning. We strongly support OFGEM's view that the timely delivery of Net Zero, and other climate objectives, necessitates coordinated strategic, anticipatory investment across the onshore and offshore transmission networks.

Overview

- We are supportive of the development of the Centralised Strategic Network Plan (CSNP), covering onshore and offshore grids, as well as interconnection.
- Use of a range of net-zero compliant scenarios, including those from the FES as the basis for planning is appropriate. However, scenarios that have a greater reliance on other energy vectors should not justify delay of strategic electricity network developments – all plausible scenarios to 2050 show significant increases in electricity demand.
- We support the anticipated load-flow reinforcement trajectory modelled as moving slightly ahead of the level of demand growth set out in the FES, as this allows for anticipatory investment in grid to accommodate new sources of generation.

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- The development of the CSNP (and preceding workstreams such as Accelerating onshore electricity transmission investment) should prioritise facilitating the swift connection of both new offshore wind (e.g. East Coast of England) and onshore wind (e.g. in Mid-Wales) projects to support the delivery of the 2030 offshore wind, and 2035 zero carbon grid targets.
- Necessary grid development to eliminate inefficient constraint costs can be progressed ahead of the full development of the CSNP with reforms to current network planning processes.

Question 1: Do you have any concerns with our minded-to decision?

We support the proposal that there should be a new planning process which incorporates all load-related aspects of planning for the entire NETS, including offshore and interconnection. It is appropriate that this be delivered by the FSO, with the foundations beginning to be laid by the ESO today – significant, coordinated, anticipatory investment in the electricity grid is essential to meeting the 2030 50GW offshore wind target, the 2035 Zero Carbon Grid commitment, and the legally binding obligation to deliver a net-zero carbon economy by 2050 (2045 in Scotland).

We support the cross-vector approach, taking into consideration other energy vectors in planning the electricity network. However, it is essential that this does not become a reason to stall progress on electricity network development. For example, the FES2022 “System Transformation” scenario is highly reliant upon hydrogen, with lower levels of electricity demand in 2030 and 2035 than other Net-Zero compliant scenarios. However even the Net-Zero compliant scenario with the lowest level of demand in 2050 still assumes a more than doubling of today’s level of electricity demand, and a significant increase on all scenarios’ 2030 and 2035 demand assumptions. This supports the statement in the minded-to consultation that there is very limited risk of stranded assets on the path to 2050. Although it is essential that consumers’ funds are spent responsibly, it is critical that the ESO, FSO, or OFGEM take a risk-based approach to investment and do not delay strategic works that represent going faster than the slowest Net-Zero compliant FES scenario of the day.

For the avoidance of doubt, the “Falling Short” scenario should not be included as an input to the CSNP, as to do so would be to plan to fail to meet Net Zero.

Question 2: Do you agree with how we have estimated the scale of load related investments?

We support the anticipated load-flow reinforcement trajectory modelled as moving slightly ahead of the level of demand growth set out in the FES, as this allows for anticipatory investment in grid to accommodate new sources of generation. It is difficult to assess if the exact scale is appropriate however.



Question 3: Do you agree with the impacts of introducing the CSNP that we have identified? Do you think there are other impacts not currently addressed?

We broadly agree with the stated qualitative impacts of the introduction of the CSNP. We agree that consumer benefit will be derived through better network planning leading to a lower cost network (and so lower bills).

We support the drive to reduce constraint payments, wherever such constraints are at an inefficient level (accepting that a grid with no constraints at all is likely to have been “overbuilt”). However, we suggest that delivery of such an objective need not necessarily wait for the delivery of the CSNP. It was well noted at the introduction of connect and manage that without network investment keeping pace with generator connections, that constraint payments would necessarily rise. Reviewing the current Network Development Policy under within the current FES-ETYS-NOA model could represent a route to faster reductions of inefficient constraint payments, ahead of the full development of the CSNP.

Question 4: Have we omitted any inputs, activities, outputs, or impacts that should be included?

We support BEIS and OFGEM working together to develop the roles and responsibilities of the FSO so it can take on its role as the Central Network Planner. In particular we support the recent publication stating that delivery of a cost-efficient transition to net zero would be a core part of the FSO’s remit. We believe that reforming OFGEM’s remit to include provision to the effect of “protection of current and future consumers whilst delivering an economically efficient transition to net zero” would enable the FSO and the regulator to push in the same direction, and mitigate the risk of the FSO making a proposal on the grounds of its support for net zero, and OFGEM not having the necessary remit to sign off on such a proposal. The development of a CSNP will necessitate significant anticipatory investment in pursuit of net-zero, which potentially risks the impression of forcing OFGEM to act ultra vires – risking judicial challenge. Even unsuccessful judicial challenges take much time and resource that could be better deployed focussing on delivery of a cost-efficient transition to Net Zero.

We have concerns that the proposed timescale of a new CSNP every two to three years is too infrequent both to deliver a transparent view of grid development to the generator developer community, and to respond to developments in the pipeline of new projects, of changes in the policy regime. For example, the recent commitment in the BESS increasing the 2030 offshore wind target from 40GW to 50GW necessitates a significant amount of additional network build. If such a target change were to come very shortly after publication of a CSNP, then the information within the CSNP would have been rendered instantly out of date, and not updated for another two years. We propose that the CSNP should become an annual publication.

We also believe that a much wider group of institutions should provide input to the design of the CSNP – in addition to BEIS, OFGEM and the ESO/FSO, The Crown Estate,



Crown Estate Scotland, and Department for Levelling Up, Housing and Communities (as the government department overseeing planning), the TOs and the DNOs are all key stakeholders to the design of the CSNP, and should have input into its design. With more input into the design, the more quickly and effectively it may be executed.

In particular, the Crown Estate and Crown Estate Scotland are key for inclusion, as the network should be planned and developed to support the timely connection of future offshore wind farms (which will be led by future sea-bed leases) – a close working relationship with those planning the leasing rounds will allow for advanced planning and swifter delivery.

The addition of a new process by which developers of generation may challenge decisions to hold back expansion of the network in certain areas would support transparency of decision-making, and lead to stronger grid development decisions in future.

In the early stages of developing the CSNP (and preceding workstreams such as Accelerating onshore electricity transmission investment), we believe that there are some areas of network that should be targeted for early consideration. A North-South transmission link through mid-Wales could unlock both Celtic Sea and onshore wind developments is one such example, as is development down the East coast of England where a number of new offshore projects will be connecting in the coming years.

Question 5: Have we included any inputs, activities, outputs, or impacts that should be omitted?

No response.

I hope you find this response useful, if you have any questions or would like to discuss any of our response further, please do not hesitate to contact me.

Yours sincerely,

Dr Tom Steward

Senior Regulatory Affairs Manager
RWE Renewables