

RIIOElectricityTransmission@ofgem.gov.uk

18 August 2022

Dear Konark and Dayna,

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

Transmission Investment, as one of the UK's leading independent transmission companies manages one of the largest offshore electricity transmission portfolios. Transmission Investment is also leading, in partnership with the French national grid company RTE, the development of a proposed HVDC interconnector between France and Britain ("the FAB interconnector project") and is also developing alone a HVDC interconnector between Scotland and Northern Ireland ("the LirlC interconnector").

We are a strong advocate of introducing competition into the delivery of transmission. 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.

Introducing the Central Network Planner and the Centralised Strategic Network Plan process are key developments that need to be progressed urgently. Changing the processes to be fully competition enabling is essential to allow consumers to benefit from speeding up delivery, and increasing quality and efficiency of outcomes. Ofgem's own Impact Assessment estimates savings of up to 18.7%¹ from competition, which based on the investment identified in this consultation, amounts to over £25 billion to 2040.

We agree with Ofgem's rationale for its minded-to decision to introduce the new planning process and for the FSO to build the required capability and lead it. We also agree with Ofgem's policy, in paragraph 1.9 of the consultation, that the new process should cover all investments that have load-related need, even where the project may also be driven by asset health. Ofgem highlights in its rationale key features of the process that could define success, including: producing a single plan encompassing the pipeline of investments to address the challenges of a changing system; a clear definition of a strategic investment and the consequences of that designation; and how competition will be integrated to allow innovation in solutions and delivery models.

This consultation is a significant step towards a truly independent process for planning our energy network infrastructure, and the introduction of competition that will release tangible benefits to consumers as they face the prospect of rising energy bills.

Yours faithfully,



Mark Fitch
Corporate Development and Regulation Manager

¹ https://www.ofgem.gov.uk/sites/default/files/docs/2018/09/impact_assessment_2018_final.pdf

ATTACHMENT – RESPONSE TO CONSULTATION QUESTIONS

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

We agree with Ofgem’s rationale for its minded-to decision to introduce the new planning process and for the FSO to build the required capability and lead it. We would emphasise the need to be clear on the scope of the process. It appears that Ofgem’s policy, as described in paragraph 1.9 of the consultation, is that the new process should cover all investments that have load-related need, even where the project may also have an asset health need, however that is not carried into the impact assessment. Clarity is also required in the definition and implications where an investment is deemed “strategic” within the process, a fundamental policy concept that will drive the scope of potential benefits.

The minded-to decision also outlines the CSNP would include “incorporation of interconnection”. Taken alongside the statement in Ofgem’s recent “Net Zero Britain: developing an energy system fit for the future” paper, (paragraph 3.11) “*...recommending the strategic investment that is needed across the energy system – in particular transmission, interconnection and (in an advisory role) large-scale generation...*” creates uncertainty as to how future interconnection will be developed and incentivised.

As an interconnector developer we would welcome greater clarity on how the minded-to decision and proposed CSNP process may impact on interconnector project development and how it would help avoid delays in strategic wider works, which are prerequisites for ‘invest then connect’ interconnector connection offers.

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

The approach taken by Ofgem appears a transparent and reasonable way to estimate the scale of the load-related investments, however, it is not clear it captures shared need investments (health and load-related) therefore it is likely to be an under-estimate. The scale of the investment means a small percentage improvement in the process, e.g. by allowing competition for some needs, will result in significant consumer benefit.

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?

The impact assessment is currently narrow, considering only impacts on some direct stakeholders of the existing network planning process. However, it does not consider interconnectors, who may benefit similarly to generators from improved strategic planning that provides more timely connections.

There will also be other positive impacts on wider stakeholders in the process. The greater independence and longer-term nature of the strategic plan, developed by the FSO should see a more stable and transparent pipeline of opportunities. Such clarity in foresight will help facilitate a vibrant, competitive market, enabling innovative/ independent transmission service providers, the supply-chain, and investors to make the longer-term commitments into the sector and more efficient delivery.

Question 4/5: Have we omitted/included any inputs, activities, outputs, or impacts that should be included?

We note the Theory of Change is a draft and welcome that it will be further developed, and therefore recognise the examples of broader impacts, noted in our answer to Question 3. It would also seem appropriate to make the connection between the environmental and social Outcome to the “Lower cost in meeting net zero” Impact, which would align to Ofgem’s policy of recognising wider i.e. hard-to-monetise benefits, for interconnectors, (in its Window 3 Initial Project Assessment framework). This would also align with initiatives like the Holistic Network Design, which aims to balance the impact on society and the environment, while also meeting the ambition for Offshore wind generation.