

Neil Copeland  
Commonwealth House  
32 Albion Street  
Glasgow G1 1LH

18 August 2022

Dear Neil,

**SSEN Transmission response to minded-to decision and draft impact assessment on the initial findings of the Electricity Transmission Network Planning Review**

This response is prepared on behalf of Scottish Hydro Electric Transmission Plc (SSEN Transmission), part of the SSE Group, responsible for the electricity transmission network in the north of Scotland.

We welcome the opportunity to respond to the minded-to decision on the initial findings of the Electricity Transmission Network Planning Review (ETNPR). As noted in our response to the previous consultation, we welcome the timing, intent, and objectives of the review and support policy proposals that focus on timely and efficient delivery of infrastructure and provide confidence in delivery to system users given the pace and scale of investment required. We therefore support, in principle, Ofgem's minded-to decision to implement a Centralised Strategic Network Plan (CSNP). We have provided responses to the consultation questions in Appendix 1, however, in responding we would highlight the following key points:

- **Further consultation:** Whilst recognising that further detail on the process for delivering the CSNP will be consulted on at a later date, it is difficult to fully understand the outcomes and impacts of the proposal without understanding how strategic investments will be defined and the extent of each party's roles and responsibilities within the planning process. We would welcome further clarity from Ofgem on the timelines for consulting on these aspects of the ETNPR.
- **Roles and responsibilities:** Collaborative national long-term system planning must consider national impacts, but importantly relies on detailed options presented by TOs based on 'on the ground' design, development (including environmental and community impacts), stakeholder engagement, and costing. TOs must therefore continue to play a significant role alongside the FSO in network planning process, beyond non-strategic investments. Close coordination between a future FSO, with TOs continuing to play a key role in optioneering will enable a new CSNP framework to retain the high-performance behaviour, benefits, and outcomes evident under the current framework. We would be pleased to provide further demonstration to Ofgem colleagues of the important role that TOs currently play in network planning.
- **Strategic investments:** We welcome the innovative and flexible approach taken by Ofgem to date in order to accelerate strategic transmission investments that are required to deliver 2030 ambitions. We consider that using a strategic investment approach to network development, whereby critical infrastructure is prioritised, sends the right signals to network developers and the supply chain. Recognising that this will be consulted on in due course, we welcome further engagement on the

definition of, approach to, and effect of strategic investments within regulatory frameworks at the earliest opportunity.

- **Transitional CSNP:** Our position from the start of the ETNPR has been that targeted and specific improvements to the current planning process could achieve Ofgem's objectives without the need for implementing a CSNP. With this in mind, we have welcomed the recent HND and updated NOA, which has been identified as the 'Transitional CSNP 2022' and view this as a positive step towards a more holistic view to the network planning process. We would welcome Ofgem's views on how the CSNP will address the perceived issues with the network planning process beyond what has already been achieved through the Transitional CSNP 2022.
- **Wider energy system reform:** There are a number of ongoing institutional reforms within the energy industry that will interlink with the proposals set out in this consultation. Ultimately reform in one area of industry will have a bearing on other parts, and reforms must be considered holistically to ensure there are no unintended consequences. We would welcome further thinking on how key workstreams such as offshore enduring regime, the next electricity transmission price control, and Review of Electricity Market Arrangements, will ultimately work together.
- **Impact assessment:** In responding to the questions on the impact assessment and Theory of Change (Q2-5), it is difficult to fully assess the impact assessment without further information on what the process for developing CSNP will look like and who will be undertaking individual roles and responsibilities. We have provided a view where possible on the potential impacts identified but would welcome an updated assessment once further detail on the process for delivering the CSNP has been clarified and the impacts can be better identified.
- **Accountability:** The electricity transmission network is critical national infrastructure with profound consequences when something goes wrong. The public place significant trust in the stewardship of the providers of essential services and want to know who is responsible. A programme-led approach must therefore be used for reforming network planning to ensure there is a clear framework for roles and responsibilities, with all necessary legislation, licencing changes, and code modifications in place before implementation goes live. We would welcome further guidance from Ofgem on how it intends to ensure accountability for network development throughout the transitional period and into the CSNP go-live.

We recognise that further consultation is planned on a number of the areas highlighted in this response; we look forward to continued engagement in due course. Should you wish to discuss any aspect of this response in the meantime please do not hesitate to get in touch.

Yours sincerely,

Cara Dalziel  
Senior Regulation Analyst

## Appendix 1

### 1. Do you have any concerns with our minded-to decision?

We support, in principle, Ofgem's minded-to decision to implement a CSNP. However, a central plan will only have merit if it is enshrined in the investment decision-making process and regulatory funding mechanisms by Ofgem and Government.

We note that the consultation document does not provide further detail on the process for delivering a CSNP and that these areas will be consulted on later this year. Clarity on the process, including definitions of strategic and non-strategic investments, as well as the roles and responsibilities of the parties involved in network planning, is vital to fully understanding the outcomes and impacts of the proposal.

Our position from the beginning of the ETNPR has been that targeted and specific improvements to the current planning process could improve the level of certainty and achieve Ofgem's objectives without the need for implementing a CSNP. With this in mind, we have welcomed the recent HND and updated NOA, which has been identified as the 'Transitional CSNP 2022.' This is in our view a positive step towards a holistic view to the network planning process.

Acknowledging the reasons provided within the consultation document to justify reforming the existing planning process, we would welcome clearer articulation of how the CSNP will address these issues beyond what the Transitional CSNP 2022 has already achieved. This will inform the next stage of consultation and ensure that remedies proposed are both proportionate and centred on delivering additional benefits for consumers.

In considering some of the specific challenges with the existing planning process highlighted within the consultation, we would note:

- The consultation states that the network planning process could provide signals on where generation or demand could connect to the network. Wider reform of locational signals is currently ongoing<sup>1</sup> and therefore must be considered alongside any reform to planning processes. It is noted that decision-makers could be given advice by the FSO on where best to site new generation or demand for users that are unable to choose where to locate (e.g., offshore wind, nuclear). It is important to note that there are multiple factors in determining where to locate generation, beyond network capacity. For example, for many renewable generation projects the main considerations to inform siting decisions are the location of best renewable resources (e.g., wind speed), availability of land, and favourable planning regimes.
- The consultation notes that the CSNP should lead to transparency in all stages of the network planning process, and states that *'the stages of planning undertaken by TOs (prior to non-statutory consultations on consenting) are likely to be even less obvious to stakeholders.'* We do not entirely agree with this statement. TOs own the wider stakeholder relationships and have spent decades building trust with these stakeholders. Within the investment process we aim to ensure significant transparency with stakeholders, landowners, and communities through timely engagement. We

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<sup>1</sup> [Review of electricity market arrangements](#)

would welcome the opportunity to further demonstrate to Ofgem the central role that stakeholder engagement plays within our network planning processes. We are unclear how the FSO will be able to achieve greater levels of transparency within a new network planning process.

- It is important that the scope of the CSNP also includes considerations of deliverability of network solutions, alongside the planning process. Network planning cannot be undertaken in isolation from design, development, and delivery considerations. “Non-system” considerations, such as the challenging locations and topography, sensitive environments, transmission specific environmental impact assessment, and logistics of transporting assets through these areas need to be considered when scoping solutions. It is the TOs with ‘boots on the ground’ experience within their licence areas who are best placed to assess these non-system considerations. We ask that Ofgem commit to maintaining the TOs role in network planning, therefore ensuring that this crucial local knowledge is not removed from the national planning process.

The scale of work required to effectively deliver a CSNP means that this task cannot sit with one party alone. We believe that the FSO taking on the role of central network planner will add most value by coordinating across vectors and delegating specialised skills to the appropriate stakeholder. The consultation does state that there may be elements where the FSO provides a coordinating role, for example where TOs and third parties generate options for non-strategic investments. It is crucial that TOs retain responsibility for all regional load works and customer connections. These are roles which rely on a solid knowledge of the local system, such as operability issues and asset condition works. TOs must also continue to play a significant role alongside the FSO beyond non-strategic investments.

TOs provide crucial value to network development and management, as we collect practical, real-world knowledge. This information comes from years of managing the network, understanding the geography and topology of the asset locations, and brings significant value when designing, developing, and constructing the network. This knowledge helps to ensure TOs deliver well-considered and value-engineered solutions for consumers that are effective and economical. Close coordination between a future FSO, with TOs continuing to play a key role in optioneering will enable a new CSNP framework to retain the high-performance behaviour, benefits, and outcomes evident under the current framework. Clear roles, responsibilities and accountabilities are needed to reduce duplication or parallel functions between the future FSO and TOs, which will otherwise be expensive and inefficient.

The value of TOs continuing to play a key role in network planning has been demonstrated through the recent work on the Transitional CSNP 2022. The ESO and TOs have worked collaboratively throughout this process, with TOs providing significant support to the ESO in the optioneering process. The close working throughout the Transitional CSNP 2022 has led to the recently published Accelerating Onshore Electricity Transmission Investment consultation, which seeks to support the accelerated delivery of strategic network upgrades needed to meet 2030 renewable electricity targets, showing the value in all parties working closely together.

Lastly, it is important to highlight that there are several ongoing reforms within the energy industry which interlink with the ETNPR. Ultimately reform in one area of the industry will have a bearing in other parts, and therefore it is crucial that ongoing reforms are considered holistically. Of note, we would welcome further thinking of how the outputs of the ETNPR, enduring regime for offshore network, and future price controls for the onshore network will work together. This is particularly relevant to the TOs, for whom

investment signals for projects that ultimately are regulated through the price control are informed by the outputs of network planning. The CSNP must therefore be developed with consideration of future regulatory frameworks of which its outputs will inform.

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

Acknowledging the limitations at this stage of quantifying the scale of load related investments, we are unclear about the benefit that the estimated impact provides. We consider that there is a significant volume of projects missing from this assessment that should be considered in any future iterations of the analysis. In particular, we would note our concern over the exclusion of:

- Medium Sized Investment Projects (MSIPs)
- Large Onshore Transmission Investment (LOTI) projects not within scope of the NOA
- Interconnectors and Multi-Purpose Interconnectors (MPIs)

## 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 would welcome further clarity on how the qualitative impacts have been arrived at.

While we recognise the impacts identified for TOs, it is difficult to provide a view on the 'low additional cost relative to BAU' range identified without further information on what the process and roles will be within the CSNP. Without further clarity on this, it is difficult to understand the extent of increased joint working and potential costs associated with this. The risk of loss of expertise and competition between TOs and FSO for staff (such as system planning engineers) would have a significant impact on TO businesses, as would the suggestion that TOs scale back planning activities. These impacts should not be considered lightly.

As above, we would question the statements made within the consultation that the costs associated with ensuring the FSO has the resources and capability to carry out its role as the central planner will be '*small in comparison with the potential benefits and so the benefits of creating a robust network planning process will outweigh any cost from increased resource requirements.*' We cannot agree or disagree with this statement without understanding the specific roles and responsibilities the FSO will undertake or what the robust network planning process will look like, and therefore the scale of capacity and capability building required to carry out that role effectively. Within TO businesses, system planning engineers are integrated with other teams such as development, environmental, and stakeholder engagement teams. This integration means that there are processes in place for cross-team coordination to check the viability of options early on in the optioneering process. It is not clear from the consultation whether the FSO would also look to replicate these functions as well, or whether scoping of options will be purely desktop based. If it is the former, this will require even more time and investment to ensure the FSO has sufficient resources and capability to perform these roles.

Recruiting for these highly technical roles is a challenge which cannot be taken lightly, particularly given the already strained labour market. Importantly, many of these responsibilities already sit with the TO, following decades of building skills, processes, and trust with stakeholders. Replicating roles which must exist within TOs to ensure continue operation could create duplication and put further pressure on

resource constraints which is not efficient or in the best interest of consumers. We would suggest that the FSO role is defined as drawing from the local knowledge and experience of TOs. This could avoid duplication of roles and result in a more efficient outcome for consumers.

The electricity transmission network is critical national infrastructure, with profound consequences when something goes wrong. The public place significant trust in the stewardship of the providers of essential services and want to know who is responsible. A programme-led approach must therefore be used for any institutional reforms to ensure there is a clear framework for roles and responsibilities, with all necessary legislation, licencing changes, and code modifications in place before implementation goes live. With this in mind, the risk of the FSO not being established on time to carry out its role as central planner by 2024/25 is a significant risk which should be acknowledged within the impact assessment.

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

We believe that TOs should be included within the key bodies responsible for the inputs of the CSNP. As we have highlighted in Q1, TOs should continue to play a key role within network planning working closely alongside the FSO.

The supply chain should also be considered within future iterations of the Theory of Change model. The supply chain is experiencing unprecedented global demand, as nations around the world establish their own targets to increase renewable capacity. As TOs, we are already seeing the impacts of needing to compete on a global stage, with rising costs and the unprecedented requirement for deposits up front at the start of contracts simply to secure manufacturing slots. The supply chain needs to be convinced to invest in GB rather than elsewhere and to invest at scale in a pipeline of works. CSNP could play a key role in this by providing a long-term investment signal and regulatory certainty. This would be key to ensuring that the supply chain can buy-in and upskill in response to a certain and healthy pipeline of projects.

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

No comment.