

By email: RIIOElectricityTransmission@ofgem.gov.uk

20 October 2022

Dear James,

Response to the consultation on Argyle Kintyre Initial Needs Case

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 HVDC interconnector between France and Britain via Alderney ("the FAB interconnector project") and is also developing alone a HVDC interconnector between Scotland and Northern Ireland ("the LirlC interconnector").

We are again facing significant uncertainty as to when the Energy Bill will complete its passage through Parliament to enable the CATO regime to start ¹, which is noted in this consultation, "*The government has recently introduced a Bill to enable competitive tendering but it is currently uncertain when it will be passed into law.*"

The persistent failure of the Authority to progress the SPV model, in the face of continuing uncertainty and delay to legislation, while there is clear evidence that consumers will be paying too much for infrastructure, appears inconsistent with its statutory duty under section 3A of the Electricity Act: "to protect the interests of consumers... promoting effective competition".

The SPV model was consulted on in 2017 as a mitigation against the delay to primary legislation and, had it been in place, consumers would be reaping the resultant benefits. The lack of action by Ofgem and the Authority to prioritise this policy has seen consumers lose out. For example, if the SPV model was applied to the Eastern HVDC projects consumers could have enjoyed over £600 million of benefits (based on Ofgem's Impact Assessment estimated savings of up to 18.7%).

We continue to strongly support your approach in seeking to maintain the option of competition for as long as possible in the development of projects, and hope that the Government can move quickly to bring the Energy Bill forward to Royal Assent.

Consumers do not need to miss out on hundreds of millions of pounds of benefit while we await legislation for the CATO regime. The Authority can act now to help with the cost-of-living crisis and to fulfil its statutory duty to protect consumers by accelerating the implementation of the SPV model.

Yours faithfully,



Mark Fitch
Corporate Development and Regulation Manager

¹ <https://www.ft.com/content/5abde541-3f5d-463e-8b10-683016d10a3b>