

Ofgem
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Dear RIIO Electricity Transmission team,

Accelerating onshore electricity transmission investment

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore, offshore wind and solar generation, and energy storage. With around six million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to respond to this consultation on accelerating onshore electricity transmission investment. We would also welcome the opportunity to participate in any future industry working groups that are due to take place this autumn. The key points we wish to highlight are set out below:

In scope strategic onshore electricity transmission projects

- Ofgem has not included in its assessment the 1.8GW HVDC Western Isles link between Arnish and Beaulieu, despite its inclusion as an essential project within the HND which sets out the network requirements to facilitate the connection of the 23 GW of in scope offshore wind projects. Ofgem, NGEN and SEN Transmission have acknowledged that this link has been omitted from the NOA Refresh in error. We believe that this essential link should be included on Ofgem's list of strategic onshore electricity transmission projects because the HND report shows that it is required to connect Scotwind project SW_N4 into the transmission network, in addition to the already contracted onshore generation projects which rely upon it.
- There is substantial renewable capacity ready to be deployed on and near the Isle of Lewis by 2030, which will contribute markedly towards the UK's Net Zero targets. This includes three large onshore wind farms (Stornoway, Muaitheabhal and Druim Leathann) and could now include the two offshore wind farms nearest to Lewis, SW_N4 (already identified in the HND) and SW_N3 (expected to be included in the updated HND).

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- Ofgem has identified both the HND and the NOA Refresh as its central source of information for identifying strategic onshore electricity transmission projects. We believe that its criteria to refine the list of projects in scope is appropriate.

Competition

- We agree that it is in the consumer interest to consider exempting projects from competition. The principle driver for accelerated delivery of strategic onshore electricity transmission projects is to meet the Government's 2030 ambitions. However, the required changes to primary legislation to enable the competitive tendering to third parties for certain electricity transmission infrastructure projects are anticipated to be in place by 2024 at the earliest. This could introduce delays to infrastructure delivery if projects are dependent on the outcome of competitive tendering.
- We note Ofgem's intention to publish an initial list of projects that clearly qualify for strategic needs case approval and competition exemption by the end of 2022. Therefore, we believe that Ofgem should be in a strong position to determine whether to exempt all 26 projects from consideration for competition as well as the missing 1.8GW Western Isles HVDC link between Arnish and Beaulieu.
- The majority of these electricity transmission projects will be subject to the additional network studies required by Ofgem that demonstrate that these projects are likely to deliver benefits that offset the cost to consumers of foregoing expected benefits that would be achieved through competition.
- By the end of 2022, we would hope that Ofgem would have received clear evidence from the TOs on the benefits of exempting relevant projects from competition, so it is in a position to demonstrate a clear positive benefit to consumers.

Streamlining regulatory processes

- Streamlining the regulatory approval process and reducing the time it currently takes under the LOTI framework is needed in order to accelerate delivery of strategic projects in order to meet the Government's 2030 ambitions.
- We welcome Ofgem's analysis which suggests that the potential consumer detriment is likely to be outweighed by the potential benefits in terms of reduced constraint costs. Therefore, based on this we would agree that it is in consumer interest to consider streamlining our regulatory processes.
- We welcome Ofgem's proposal to link the penalties and rewards for each project to the expected consumer detriment and benefits of delivering late or early. We agree that the TOs have significant influence on whether transmission projects are delivered on time and that they are not exposed to the financial consequences of delays. Therefore, rewards for early delivery and penalties for delay could help achieve timely delivery of vital infrastructure by better aligning the interests of the TOs and consumers.

Wider issues

- We would welcome clarification on how Ofgem assesses the wider ramification across network investment of the acceleration onshore electricity transmission investment projects to meet the Government's 2030 offshore ambitions.
- In particular, we are concerned that the current emphasis on the delivery of future offshore wind in the review of future transmission requirements may have the effect of prioritising connections for this technology ahead of those for onshore renewable generation projects (including solar, onshore wind and storage technologies).
- Many onshore generation projects are already subject to significant delays for grid connections. We believe that tackling this widespread pattern of delays on a national basis is an urgent priority for Ofgem. Continued and further delays will have adverse impacts on the financial viability of these projects, as well as delaying delivery of low carbon GB generation.
- The overriding question for generation developers is what steps are being taken by Ofgem to ensure that there is adequate network capacity to enable timely connections for all low carbon technologies, onshore and offshore? The next steps in accelerating onshore electricity transmission investment need to give a clear and compelling answer to this question.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact me or Natasha Ranatunga on 07875 112 981.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'AM Cox'.

Mark Cox
Head of Nuclear & Wholesale Policy and Regulation