

Buchan Offshore Wind Submission to the Consultation on Accelerating Onshore Electricity Transmission Investment

Introduction

Floating Energy Alliance is the developer of the Buchan Offshore Wind Farm, a proposed c.1GW floating wind farm off the northeast coast of Scotland, having secured the rights to develop the NE8 area in the Scottish Government's Sectoral Marine Plan for Offshore Wind through the ScotWind leasing round.

The partners are BayWa r.e., a global renewable energy business with UK offices in Glasgow and Edinburgh; Elicio, an experienced Belgian offshore wind developer, owner and operator; and BW Ideol, a proven floating technology leader and international floating wind project co-developer.

The alliance brings together three companies with highly significant, relevant and complementary expertise, which has the potential to accelerate the development of floating wind and bring significant levels of employment to Scotland through its commitment to local manufacturing of the wind turbines' concrete foundations.

We have actively engaged with the ESO on the HND process but were disappointed with the decision to only take forward only around 11GW of capacity in Tranche 1 and with the lack of clarity over where this leaves projects in Tranche 2 until publication of HND 2 in Q1 2023.

However, we support any reforms which can accelerate the delivery of the network infrastructure required to ensure timely delivery of the HND Tranche 1 projects and the UK and Scottish Governments' ambitions for offshore wind.

We have set out our response to the consultation questions relevant to our areas of expertise and perspective below, and would, of course, be happy to discuss any of the points we raise in more detail with the Networks Team.

Consultation Questions

Q1: Do you agree with our criteria for identifying projects in scope for the application of the proposed accelerated delivery framework?

Yes, but we believe that a similar exercise should be undertaken to ensure the timely delivery of the network upgrades required to support the connection of the ScotWind projects which are currently in HND Tranche 2.

Q2: Are the 26 projects identified the correct ones to initially focus on?

Yes, though designing the network around the HND Tranche 1 projects risks a sub-optimal outcome by excluding potential synergies with the upgrades required to support HND Tranche 2. We would, therefore, urge Ofgem to consider the benefits

of building in capacity to facilitate Tranche 2 when considering proposals from the TOs for the projects covered in the present consultation.

Q3: Do you agree that it is in the consumer interest to consider exempting projects from competition?

Yes, as per the figures presented in the consultation.

Q4: Which of our options for exempting projects from competition do you favour?

If Option 2 is adopted, then we would urge Ofgem to exempt these projects from competition if/when it were to become apparent that a competitive process could threaten the timeline for delivery of these upgrades and result in the associated dis-benefits set out later in the consultation.

Q5: Do you agree that without upfront certainty that they will be delivering enough of the investment needed for 2030, TOs will face significant difficulties mobilising the supply chain to deliver the works on time?

While we are not close enough to answer this definitively, clearly there is a significant lead in time required to mobilise the supply chain to deliver projects of the scale being discussed in the present consultation.

Q6: Do you agree that it is in consumer interest to consider streamlining our regulatory processes?

Yes, for the reasons set out.

Q7: Which of our options for streamlining our regulatory processes do you favour?

We do not have a view on this level of detail, other than to make the point that whichever process is chosen, this must be aligned with delivery by 2030.

Q8: Do you agree with the costs and benefits methodology we have established?

Yes, though we believe that this is overly narrow and will underestimate the benefits of 2030 delivery by not including some assessment of the savings to consumers of the displacement of more expensive gas-fired or ROC-supported generation by the projects included in HND Tranche 1. Indeed, we believe that this should be a key part of the standard network upgrade-related CBA process from now on, given the respective costs of offshore wind and gas-fired power.

Q9: Do you agree with the conclusions of our cost and benefits analysis?

Yes, though this should be updated on a regular basis in order to ensure that the costs and benefits of decisions on competition for individual projects reflect the latest information available to the TOs and Ofgem.

Q10: What are your views on introducing a package of regulatory measures which Ofgem may apply to protect consumers?

We understand the need to balance the benefits of timely/faster delivery quantified in the CBA with regulatory measures to protect consumers against any potential negative outcomes. However, it is important that these strike the right balance of risk across developers, the TOs, supply chain and consumers.

Q11: What are your views on the design of each of regulatory measure? (Please clearly reference which measure(s) your comments relate to e.g. Accelerated delivery Output Delivery Incentive, Ex post efficiency review, etc)

No response

Q12: Do you think our proposals raise any financeability concerns or create excessive financial risk for the network companies? If so, how could they be addressed?

No response

Q13: Is any further guidance, or additional specific information, needed as part of the TOs' project delivery plans?

No response

Q14: Are there any additional timetable issues that need to be considered?

Yes, as per the answer to Question 1, we believe that a similar process should be carried out to support the delivery of HND Tranche 2.