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Dear Sir/ Madam

Accelerating Onshore Electricity Transmission Investment

Northland Power are pleased to be given the opportunity to respond to the Ofgem consultation Accelerating Onshore Electricity Transmission Investment.

Northland Power is a power producer dedicated to developing, building, owning and operating clean and green global power infrastructure assets in Asia, Europe, Latin America, North America and other selected global jurisdictions. Our facilities produce electricity from clean-burning natural gas and renewable resources such as wind, solar and efficient natural gas. We have a long track record of 35 years in business.

Established in 1987, we are one of Canada's first independent power producers that has achieved a remarkable growth trajectory. Headquartered in Toronto, Canada, with global offices in eight countries, Northland owns or has an economic interest in 3 GW (net 2.6 GW) of operating generating capacity and a significant inventory of early to mid-stage development opportunities encompassing approximately 4 to 5 GW of potential capacity. In addition to early offshore wind development projects, we have over 1GW of operational offshore wind assets and in excess of 2.5GW in construction and advanced development.

In January 2022 Northland Power were successful in securing the rights to develop areas N2 and N4 in the ScotWind leasing round. The selected sites offer a mixture of water depths, allowing for both fixed (N4) and floating (N2) foundation technologies. Both sites benefit from some of the best wind resources in Europe, providing above average net capacity factors. Whilst the award across the two sites was for 2,340MW (N2 1500MW, N4 840MW) there is potential, subject to further site optimisation, for these capacities to increase. Site N4 was in scope for HND2022 and N2 will be in scope for the follow-up HND process reporting in Q1 2023.

It is Northland Power's intention to deliver our fixed bottom project (N4) by 2030 and, as such, it shall contribute to meeting government 2030 targets. In discussions with both the ESO and the TO (SSEN) they have confirmed their intention and ability to deliver a 2030 connection date for N4. We await the outcome of the follow-up HND process, but anticipate delivering N2 by 2033.

Northland Power are supportive of Ofgem's proposals to accelerate onshore transmission works that are critical to delivery of offshore wind to facilitate delivery of government 2030 targets. We have provided a response to a number of questions in an appendix to this covering letter, **but the main focus of our response is to request the inclusion of the now proposed 1800MW HVDC link between Arnish and Beauly in the list of 26 projects identified for more detailed review.**

The 1800MW link between Arnish and Beauly is required to facilitate the connection of N4 and onshore wind projects (with CfDs) on the Western Isles. Dependant on final sizing of the link it may also provide opportunity for connection, or partial connection, of other offshore wind projects in the vicinity (N2, N3). The 1800MW link was identified in HND 2022 as being required to assist in meeting 2030 targets.

We note that Ofgem's list of 26 projects was distilled from the NOA Refresh, however, it is not clear to Northland why the Arnish – Beauly link is not on the long list of projects in the NOA. It's possible that the work SSEN were undertaking in H1 2022 on a final-needs-case for the original 600MW link between Arnish-Beauly, with a much earlier delivery date of 2027, resulted in the uprated 1800MW link not being identified in time to be properly considered.

We are pleased to see that Ofgem makes specific reference in the consultation document to the Arnish-Beauly link and acknowledge that SSEN brought this to your attention subsequent to the analysis undertaken for this consultation. **Northland Power believe that the Arnish-Beauly link meets the criteria to be considered for acceleration and should be included in the more detailed project specific analysis Ofgem will undertake with ESO and TOs prior to finalising the project list at the end of 2022.**

Northland Power would be happy to provide and further information Ofgem, ESO or the TO might require in relation to our N4 and N2 projects to facilitate further analysis. We would also be happy to have a meeting to discuss this issue further.

Yours sincerely

Tanya Davies

Tanya Davies
Project Director – Northland Power UK.

Appendix

Northland Power's Response to Consultation Questions : Accelerating Onshore Electricity Transmission Investment

Question 1: Do you agree with our criteria for identifying projects in scope for the application of the proposed accelerated delivery framework?
We understand the benefits in focusing on the most significant projects (>£100m) and agree that accelerating these are likely to deliver the most benefit. However, we wonder if there is a risk that some less significant projects, that don't get accelerated, might have the potential to reduce or remove the benefit delivered by the most significant projects, e.g. if they introduced a transmission system constraint that resulted in the need to constrain flows on the most significant project assets. If this is a risk, which would need confirming by ESO/TOs, then Ofgem may want to consider being flexible with the criteria for being considered for acceleration, e.g. removing the >£100m criteria in specific instances.

Question 2: Are the 26 projects identified the correct ones to initially focus on?
See answer to Question 1.
Please also see our covering letter in relation the Arnish – Beauly 1800MW HVDC link, which we believe meets the criteria for inclusion.

Question 3: Do you agree that it is in the consumer interest to consider exempting projects from competition?
On review of the cost benefit analysis we would agree it is in the consumers interest to exempt projects from competition, the analysis shows a net benefit to consumers in all scenarios/ranges considered by Ofgem. Perhaps more importantly, the net benefit exist prior to considering the value in contributing to 2030 & Net Zero targets, the improved security of supply and resilience for the UK in increasing indigenous power supply and the lower cost of energy that increasing the UK's offshore wind capacity earlier will deliver.

Question 4: Which of our options for exempting projects from competition do you favour?
We don't have a strong opinion on this matter, but would tend to Option 1 if there is seen to be risk of delay in respect to any project. We note from clause 4.15 that even if Ofgem progress with Option 2 that it does not preclude the remaining 6 projects from being exempted when a more detailed review (as detailed in 4.15) is complete.

Question 5: 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?
Our own experience in delivering offshore wind and associated grid infrastructure confirms that the supply chain is tight. Without appropriate early signals and commitments to the supply chain it shall remain a suppliers market to the detriment of delivering timely and cost efficient infrastructure. We agree that upfront certainty is important to enable suppliers to commit to investments that help elevate growing market constraints, this being particularly pronounced in the case of HVDC technology – but still an issue for HVAC technology.

Question 6: Do you agree that it is in consumer interest to consider streamlining our regulatory processes?
Yes.

Question 7: Which of our options for streamlining our regulatory processes do you favour?
We believe the TOs are better placed to respond on this question, i.e. they are better placed to determine how the different approaches impact the level of project acceleration that is possible.

Question 8: Do you agree with the costs and benefits methodology we have established?
We believe that the cost and benefits methodology is likely to present the minimum, likely under-estimated, benefit to the consumer. It appears that the only upside consider for the consumer is reduction in constraint costs and, even with this narrow interpretation of benefit, a net benefit is shown in all scenarios/ranges considered by Ofgem. We believe that there is likely to be considerable additional benefit for the consumer when considering the value in contributing to 2030 & Net Zero targets, the improved security of supply and resilience for the UK in increasing indigenous power supply and the lower cost of energy that increasing the UK's offshore wind capacity earlier will deliver.

Question 9: Do you agree with the conclusions of our cost and benefits analysis?
Yes, but as per our answer to Question 8 we believe the benefit to the consumer is underestimated.

Question 10: What are you views on introducing a package of regulatory measures which Ofgem may apply to protect consumers?
We agree that a proportionate set of measures to protect customers is appropriate. We are broadly supportive of the measures outlined in the consultation, however, we believe that the TOs are better placed to provide detailed comments. We believe a strong incentive for early delivery is appropriate where there is a significant benefit to the consumer.

Question 11: What are you 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)
We believe that the TOs are better placed to provide detailed comments.

Question 12: Do our you think our proposals raise any finaceability concerns or create excessive financial risk for the network companies? If so, how could they be addressed?
We believe that the TOs are better placed to provide detailed comments.