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Consultation on accelerating onshore electricity transmission investment

About RenewableUK

RenewableUK's members are building our future energy system, powered by clean electricity. We bring them together to deliver that future faster; a future which is better for industry, billpayers, and the environment. We support over 400 member companies to ensure increasing amounts of renewable electricity are deployed across the UK and to access export markets all over the world. Our members are business leaders, technology innovators, and expert thinkers from right across industry.

RenewableUK and our members have been deeply engaged with the Offshore Transmission Network Review (OTNR) process, and we have submitted responses to both the Ofgem (Early Opportunities, Pathways to 2030 and Multi-Purpose Interconnectors) and BEIS (Enduring Regime) consultations. We are in favour of both a strategic plan and holistic network design (HND). An over-arching HND will facilitate a move away from individual offshore transmission connections of offshore projects to a model where transmission infrastructure is more shared (where optimal) and where the use of cable corridors and substation locations can be coordinated to reduce environmental and societal impacts.

RenewableUK welcomes the opportunity to comment on the Ofgem's consultation on accelerating onshore electricity transmission investment. Investment in both onshore and offshore grid is a key enabler for delivering both UK Government and Scottish Government 2030 offshore wind targets. It is therefore critical that the progress of this works is accelerated in order to meet the objectives identified in the HND. The HND identified overall net consumer savings of approximately £5.5bn (£13.1bn savings in constraint costs, minus £7.6bn in extra CAPEX).

We are strongly supportive of the outlined case for acceleration:

- We welcome Ofgem's intent to provide early construction funding certainty. Uncertainty in the supply chain is a fundamental risk to the delivery of transmission infrastructure at the scale and timescales required. To meet the demand for resources and manufacturing that the unprecedented level of investment in transmission infrastructure presents, requires the supply chain to extend their capacity by developing new markets to opening new factories and establishing new mines. The supply chain will need to be supported to allow delivery of the HND. Early construction funding certainty will support TOs earnest engagement at an early stage with supply chain agreements, which will strengthen delivery certainty and overall consumer value.
- We support streamlining the approval process under the current regulatory framework and the certainty that these measures can provide TOs so they can meet the objectives set in the HND. Currently, the process involves an iterative approach to funding proposals and approval as the life cycle of the project develops. Removing multiple iterations need not result in a detrimental consumer outcome if sufficient accountability and scrutiny is maintained at the right point in the process. Typically, this would be following planning consent approval.
- We welcome Ofgem's approach to exempt a short list of projects from onshore competition as identified in the consultation. To achieve 2030 targets, the time taken to develop and construct strategic infrastructure must be reduced (consenting, approval etc.). A comprehensive and consistent regulatory framework needs to be applied to all transmission strategic investment. We would welcome reassurances from Ofgem and TOs that ring fencing the 10 projects currently identified with an earliest in-service date (ESID) beyond 2030 for acceleration would not risk delivery of other projects currently with an ESID ahead of 2030.
- Projects that fall below the threshold of £100m must also be effectively funded and their delivery supported. Going forward, Ofgem should confirm that the current regulatory framework for these smaller projects is robust and does not cause any delays.

The renewables industry will play a key role in the delivery of net zero, and in particular this means higher volumes of low-carbon generation capacity in Scotland. We therefore strongly support efforts to improve strategic network infrastructure development. However, timely delivery of strategically significant transmission infrastructure is not one of the metrics that TOs are incentivised under RII0-2; we see a strong need to be able to hold TOs to account when things go wrong. It is critical that project delivery plans are robust enough so that they can provide greater reassurance to industry that project specific targets are part of TOs obligations. TOs have significant influence on delivery timing, but do not face financial consequences arising from delays, specifically increased constraint costs which are ultimately borne by the consumer. A consistent approach to all strategic projects should be introduced that removes unnecessary regulatory barriers for all transmission infrastructure.

- We welcome a well-calibrated incentive mechanism with penalties and rewards linked to the expected consumer detriment and benefits of delivering late or early (featuring



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constraints cost impact). A consistent approach for all projects linked to their complexity and the TO performance is required in determining any penalty or reward value. We are looking forward to engaging further with Ofgem on the design of this incentive.

RenewableUK and our members would like to reiterate our support to Ofgem's approach to accelerating onshore electricity transmission investment. We would welcome the opportunity to discuss further with Ofgem or other interested stakeholders any of the comments raised in this letter. If this is of interest, please do not hesitate to get in touch.

Yours Sincerely

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