

## OFGEM NON-RADIAL DELIVERY MODEL CONSULTATION – Magnora Offshore Wind

July 2022

Responses in red

### Summary:

Magnora Offshore Wind has some comments on the specific questions asked in this consultation but is generally supportive of the minded-to delivery model for non-radial connections. Our main concerns are:

- A central coordinating body (such as NG-ESO, Ofgem or the TO) is required to manage the collaboration and different priorities between developers responsible for a shared connection
- More clarity is required on how the risk will be managed if a developer in a shared connection is unable to commit to the detailed design & construction phases. Our view is that this risk should be taken by Ofgem or the Transmission Operator.

**Question 1:** Do you agree with the findings of the draft impact assessment published alongside this document?

In general, yes. However, we are of the opinion that the developer collaboration model to design & build shared infrastructure has not been tested when it comes to offshore wind projects. We also don't think there are particularly strong commercial incentives for developers in ScotWind to collaborate if option fees have already been paid (as opposed to UK Round 4 projects where annual option fees need to be paid which need to be minimised).

**Question 2:** Where you disagree with the draft impact assessment, does this raise any issues with our minded-to decisions?

We are of the opinion that shared transmission assets will require a coordinating body to manage the different priorities & timelines of all the developers who are expected to use the assets during the design & construction phases.

### **Chapter 4 – Pathway to 2030 – Gateway assessment process**

**Question 3:** Do you agree with the proposed introduction of a new Tender Entry Condition in the Tender Regulations requiring the confirmation of the offshore transmission system as 'economic, efficient and coordinated'?

Yes, as long as individual developer constraints can be taken into account and a way can be found for developers to collaborate without prioritising their own commercial interests. We strongly recommend using either NG-ESO or the Crown Estate as a central coordinating body

**Question 4:** Do you agree with the introduction of the proposed gateway stage assessment process?

Yes in general. Our main question would be how to ensure that the needs of different current & future developers are met.

**Question 5:** Do you think the information sought as part of the gateway assessment process is appropriate and proportionate? Is anything missing?

A question on the collaboration model for neighbouring developers. Also, this process doesn't take into account future offshore windfarms not in the scope of the HND that

could also need to use the shared export link. How will these future windfarms and leasing rounds (e.g. ScotWind 2) be taken into account?

**Question 6:** Do you have any views on the timing of the gateway assessment process?

12 months before planning consultation seems OK

**Question 7:** Is there any other information which you believe should be included in the confirmation to developers?

How will future offshore wind farms not in the scope of the HND be taken into account in the shared links?

### **Chapter 5 – Very Late Competition Model Tender policy**

**Question 8:** Do you think changes are required to the current process to facilitate a very late competition model for non-radial assets?

Yes. A central coordinating body needs to be appointed who will oversee competing developer interests in terms of timelines, technology etc. For example, how will the issue of different developers needing a common export connection at different times be resolved? Also, how will the additional costs for constructing a larger shared connection be split between competing developers who have different FID dates?

### **Chapter 6 - Policy considerations for implementing non-radial offshore transmission**

**Question 9:** Do you think changes are required to the current package of OFTO obligations and incentives due to the introduction of non-radial offshore transmission assets?

Collaboration between developers/offshore generators is not straightforward during the detail design & construction phases as a certain amount of anticipatory investment may be required for ScotWind, Celtic Sea and future offshore wind projects. It will not be possible for developers to make this anticipatory investment unless some sort of Government guarantee is given to ensure that the investment can be refunded if some developers are unable to use the transmission assets or are delayed in their FID date. It's also unclear what happens to the TNUoS charges for individual developers if one of the developers in a shared connection is unable to reach FID.

Crown Estate must act as a coordinator with NG-ESO, TOs and developers to build non-radial connection. They could schedule & space out timing of connections for each project through individual developer consultations.

Phased construction for export capacity + different developer timings will need to be considered and factored in. This will take local supply chain constraints into account as well. This will avoid pressure on yards, fabricators, cable manufacturers, WTG OEMs, substation providers etc to produce at the same time.

**Question 10:** Do you think changes are required to other aspects of the OFTO regime, eg asset life or duration of the revenue stream?

A different and innovative approach may be required if a phased approach is taken to a shared transmission link, i.e. if different phases of the link have different operational dates due to the individual developer requirements. Again, we think there will be value in having a single coordinating body such as OFGEM or NG-ESO that is able to mandate the asset life.