

By Email:  
Offshore.coordination@ofgem.gov.uk

Date  
15<sup>th</sup> July 2022

Contact / Extension  
Eric Leavy  
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Dear Offshore Coordination team,

### Minded-to Decision and further consultation on Pathway to 2030

SP Energy Networks (SPEN) represents the transmission licensee of SP Transmission plc (SPT), as well as the distribution licensees of SP Distribution plc and SP Manweb plc. SP Transmission owns, develops and maintains the onshore electricity transmission network in the south of Scotland. SPEN also own and operate the electricity distribution networks in the south of Scotland (SP Distribution) which serves two million customers, and Merseyside and North Wales (SP Manweb) which serves one and a half million customers. This response is on behalf of SPT.

We welcome the opportunity to provide comment on this minded-to decision and further consultation on Pathway to 2030.

As we highlighted in our previous consultation response, on changes intended to bring about greater coordination in the development of offshore energy networks submitted on 8<sup>th</sup> September 2021<sup>1</sup>, we are strongly of the view that new delivery models for transmission infrastructure offshore cannot be introduced within the Pathways to 2030 workstream, given the tight timescales to delivery of the UK and Scottish Governments' 2030 offshore wind targets. We are therefore of the view that Ofgem's decision to apply the existing model (Model 6 – very late competition generator build) is sensible, as the developers have a strong track record in developing and delivering transmission infrastructure offshore, as well as, familiarity with the process and roles and responsibilities of parties involved. The existing developer-led model also has the advantage of Transmission Operators (TOs) knowing at the earliest opportunity, who the offshore developers are that they should

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<sup>1</sup> <https://www.ofgem.gov.uk/publications/consultation-changes-intended-bring-about-greater-coordination-development-offshore-energy-networks>

be engaging with, as they undertake the detailed network design of the onshore requirements necessary to facilitate the necessary offshore connection(s).

There are a number of barriers to be overcome if the offshore wind target is to be reached by 2030, therefore strategic changes need to be made.

At Ofgem and BEIS' request, the TOs have reached a view of the network requirements to accelerate the strategic transmission infrastructure projects required to reach the targets by 2030. We have identified key challenges to be addressed in order to reach the ambitions of 50GW offshore wind by 2030, as the delivery of onshore infrastructure is also necessary to facilitate the delivery of the required offshore infrastructure:

- (i) **regulatory approval mechanisms:** changes to the existing regulatory mechanisms to accelerate Ofgem decision-making for project funding, including the provision of a funding framework that provides early construction spend ahead of planning consents and more flexibility for alternative delivery arrangements;
- (ii) **supply chain engagement and development:** early confirmation to the supply chain regarding the project pipeline for TOs; funding for early supply chain investments is essential for timely delivery of the target by 2030; and
- (iii) **planning and consenting processes:** accelerate planning decision-making to set timelines; and ensure government bodies and statutory consultees have the required resources and expertise to support their processes at pace.

It is crucial that more clarity is provided and that an early decision is taken on the purpose of Multi-Purpose Interconnectors (MPIs) and their categorisation, as either onshore or offshore transmission infrastructure, as this directly affects the regulatory treatment of the infrastructure. We are also seeking clarity regarding the treatment of the West Coast Multi-Terminal HVDC Link, it is essential that this assessment is conducted by Ofgem at the earliest opportunity in order to establish the appropriate categorisation of this infrastructure as to whether it is classed as onshore transmission infrastructure or offshore transmission infrastructure in order for the detailed network design work to commence by the relevant party.

Whilst the initial requirement of the ScotWind offshore wind target was addressed in the Pathway to 2030 Holistic Network Design (HND)<sup>2</sup> published on 7<sup>th</sup> of July 2022, there is an outstanding 15GW of ScotWind projects and ScotWind clearing projects, that the second iteration of the HND will address. We are of the strong view that this work should be progressed immediately, in order to prevent any further delays in the attempt to meet the challenging timelines. We therefore welcome the ESO's commitment to have all connection agreements updated by Q1 2023. However further clarity is required regarding in scope developments, methodology and interaction with NOA8/ tCSNP, all of which may have a bearing on programme. It will also be important that lessons are learned from the existing HND, if this follow up exercise is to be successful and delivered in a timely manner. The HND follow up exercise should ensure consistency with Energy Security Strategy<sup>3</sup> as well as addressing both onshore and offshore transmission infrastructure elements.

We have been supportive and made positive suggestions to assist the ESO, where we were invited to do so, and we would welcome the continuation of engagement with the ESO in order to ensure that the Government Net Zero targets are met. It is crucial that engagement is conducted at the earliest possible point with all relevant parties, in particular as we move towards the implementation stage. In order to ensure efficient and meaningful engagement, detailed analysis should also be shared with the relevant parties at the earliest opportunity, in order to allow sufficient timescales for provision of feedback and recommendations.

Lastly, to avoid any confusion regarding terminology, we would suggest Ofgem's reference to "non-radial" solution, throughout the consultation, should to be changed to "coordinated". This would ensure consistency with terminology used by the ESO within the HND workstream.

Answers to the questions issued in the minded-to decision and further consultation on Pathway to 2030 can be found in Appendix 1.

Yours faithfully,



**Eiric Leavy**  
Head of  
Transmission  
Network

<sup>2</sup> HND publication: <https://www.nationalgrideso.com/future-energy/the-pathway-2030-holistic-network-design>

<sup>3</sup> Energy Security Strategy publication: <https://www.gov.uk/government/publications/british-energy-security-strategy>

## Appendix 1 - Minded-to Decision and further consultation on Pathway to 2030 Questions

### Chapter 3 - Minded-to decision on non-radial assets in scope of Pathway to 2030

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

We agree that in order to capture the current ScotWind and Crown Estate Leasing Round projects, the development of new delivery models would not allow for the timely completion of the projects to meet the 2030 target, hence the decision to apply Model 6 seems reasonable.

We agree with the intention to apply any lessons learned from the Pathway to 2030 workstream to the development of the Enduring Regime. As this work progresses, we would appreciate engagement with the TOs at the earliest opportunity, followed by developer engagement.

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

It would be beneficial to understand the methodology applied in defining the cost increases and savings, for particular model scenarios, in more detail.

Section 5.9 states that the expectation is that the difference in overall costs involved within the coordinated design will not be material, however we think more analysis should be carried out as, due to the complexity of the coordinated solutions, there may be significant cost implications. This further analysis is particularly crucial for the development of the Enduring Regime.

Lastly, to avoid any confusion regarding terminology, we would suggest the reference to “non-radial” solution throughout this consultation should to be changed to “coordinated”. This would ensure consistency with terminology used by ESO within the HND workstream.

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

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, we agree that the requirement to confirm the offshore transmission system as ‘economic, efficient and coordinated’ is a welcome change. This should further protect the interests of current and future consumer.

The inclusion of this condition within The Electricity (Competitive Tenders for Offshore Transmission Licences) Regulations 2015 (the Tender Regulations) will

ensure that the offshore transmission system is 'economic, efficient, and coordinated' is part of the transparent obligations. Importantly this also aligns with the obligations included within Transmission and Distribution licences.

4. Do you agree with the introduction of the proposed gateway stage assessment process?

We consider that developers are better placed to respond to this question.

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

We consider that developers are better placed to respond to this question.

6. Do you have any views on the timing of the gateway assessment process?

We consider that developers are better placed to respond to this question.

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

We consider that developers are better placed to respond to this question.

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

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

A fair and transparent tender process must be ensured, with current and future consumer interests in mind.

We consider that developers are better placed to respond to this question in more detail.

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

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?

Ofgem should ensure that obligations and incentives represent the interests of current and future consumers in the most 'economic, efficient and coordinated' way.

We consider that developers are better placed to respond to this question in more detail.

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

We consider that developers are better placed to respond to this question.