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Dear Keren,

Consultation on the Pre-Construction Funding application for the North West Wales Project

This response is provided on behalf of National Grid Electricity Transmission (NGET) in our role as Transmission Owner in England and Wales. As the party delivering the project, we welcome the opportunity to respond to this consultation on the Pre-Construction Funding application for the North West Wales Project (NWWP).

NWWP is one of several projects we are bringing forward under the Large Onshore Transmission Investment (LOTI) re-opener mechanism. These LOTI projects are linked to enabling the delivery of the UK Government's targets of 50GW of offshore wind generation by 2030 and net zero by 2050, the meeting of which requires the timely development of a significant amount of onshore work to reinforce the GB electricity network.

We therefore very much welcome Ofgem's view that there is sufficient evidence that PCF is essential to ensure timely delivery of the project.

We have responded to the consultation questions in an annex to this response.

Please contact Sophie Knee-Higgins, Regulatory Development Manager, with any initial queries in relation to this letter. Email sophie.knee-higgins@nationalgrid.com and telephone 07890 044533.

Confidentiality

I confirm that this response and the annex included can be published on Ofgem's website.

Yours sincerely,

[By email]

Patrick Hynes
New Infrastructure Regulation Manager

ANNEX: RESPONSES TO CONSULTATION QUESTIONS

Question 1: Do you agree with our approach to assessing the PCF for the NWWP?

As noted in 2.14 of the consultation document, Ofgem carried out a detailed review of the information we provided as part of our submission.

Assessment of risk at this stage is inherently difficult. We do not agree that Ofgem's reduction in funding for some risk areas means the forecast is 'more realistic' (as stated in 2.17). There are too many unknown aspects to determine the true likelihood of some risks and their associated quantum. Some may not materialise whilst others may cost significantly more or less than our estimates.

As stated in 2.24, we accepted the challenge from Ofgem for some of our PM costs and revised these during the assessment process. However, we do not agree that there is a duplication of roles included in PM and overhead costs.

Question 2: Do you agree with our proposed cost allowances for the NWWP?

In view of our comments in response to question 1, the proposed allowance presents a significant challenge and we are already forecasting overspend.

Question 3: Do you agree with our proposed direction and modifications to Appendix 2 in accordance with Special Condition 3.15.7 of NGET's Electricity Transmission licence?

Yes.

Question 4: Do you have any comments on other elements of the PCF review?

No.