

FAO: Jonathan Brearley

By email: [FWP@Ofgem.gov.uk](mailto:FWP@Ofgem.gov.uk)

03 February 2023

Dear Jonathan,

### **Ofgem Forward Work Programme – 2023/24**

Transmission Investment (TI), as one of the UK's leading independent transmission companies, manages one of the largest offshore electricity transmission portfolios. TI also is developing two GB interconnector projects. We have successfully participated in the NG ESO Pathfinder programme, securing contracts to provide stability services at four sites in the two recent stability tenders.

We are a strong advocate of introducing competition into the delivery of transmission. We continue to support the development of the required arrangements, inter alia, through industry groups, responding to consultations and providing evidence to Parliament.

We welcome the opportunity to offer our views on the priorities in your Forward Work Programme. Our response centres on two areas, Ofgem's commitment to provide sufficient resources to support the continued development of effective transmission competitions to deliver net-zero at lowest cost, and the reference to changes in the interconnector arrangements associated with Wholesale market reforms.

### **Future network regulatory framework – providing leadership for Competition in transmission**

We welcome the inclusion of the commitment to working with the ESO “to finalise an ‘early competition model’ for the electricity transmission network, in order to drive down the cost of meeting net zero targets, and to increase network capacity and enable new innovative solutions on the network.”

There is substantial work to do and Ofgem have a key leadership role to define a blueprint for Competitively Appointed Transmission Owners to secure the expected benefits. This would help to guide the development of the detailed underpinnings for the competition policy, for example, ensuring the changes to the industry codes are fit-for-purpose to deliver the policy goals. Currently the changes are progressing through the normal self-governance code route, where the voice of the new entrant is largely unrepresented (as they are not currently a party to the various Codes) and changes are assessed against the specific code objectives (not the wider policy objectives). We would like to see Ofgem committing the resources early in this process, so that the changes deliver the expected benefits from competition.

The FWP contains no mention of the need to develop a Late OFTO build model, which was an outcome of the most recent Minded-to Decision (published 15 December 2022) regarding the delivery models following the HND process. As a market leader in OFTOs we would be keen to see the Late OFTO tender model developed in readiness for use when coordinated offshore projects emerge. This work could also be applied to onshore Late competition,

allowing projects to move forward without the risk of delay due to the need to develop the framework – a consistent reason for ruling out onshore competition that has meant consumers missing out on hundreds of millions of pounds of benefits from lower cost infrastructure.

### **Wholesale market reforms – “future interconnector arrangements”**

The previous Ofgem Interconnector Policy review concluded only recently, in December 2022, which set expectations for the future direction for interconnectors. As a developer of two GB interconnector projects we are concerned that Ofgem has singled out “future interconnector arrangements” under the banner of wholesale market reforms, as it is unclear how this may impact the investment case for projects. We would urge Ofgem to begin early engagement with developers on the scope of the reform, to reduce uncertainty and avoid a hiatus which could be created.

We hope the contents of the letter are helpful and we would be pleased discuss any points raised.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Mark', with a long horizontal flourish extending to the right.

**Mark Fitch**  
Corporate Development and Regulation Manager