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ESO Response to Argyll and Kintyre project - Final Needs Case consultation

Dear James,

Thank you for the opportunity to respond to your Argyll and Kintyre project - Final Needs Case consultation.

Who we are

As the Electricity System Operator (ESO) for Great Britain, we are at the heart of the energy system, balancing electricity supply and demand second by second.

Our mission, as the UK moves towards its 2050 net zero target, is to drive the transformation to a fully decarbonised electricity system by 2035, one which is reliable, affordable, and fair for all. We play a central role in driving Great Britain's path to net zero and use our unique perspective and independent position to facilitate network and market-based solutions to the challenges posed by the trilemma.

Our transformation to a Future System Operator (FSO) is set to build on the ESO's position at the heart of the energy industry, acting as an enabler for greater industry collaboration and alignment. This will unlock value for current and future consumers through more effective strategic planning, management, and coordination across the whole energy system.

Our key points

The Argyll and Kintyre project involves the new 275 kV infrastructure between the Dalmally and Inveraray areas and forms part of a wider project to upgrade the SSENT network down to Crossaig (on the Kintyre peninsula). We responded to Ofgem's initial needs case consultation in October 2022 to support the proposals having performed economic analysis. While scheme costs have risen as have the levels of contracted generation in the local network, our economic analysis continues to support this investment. More details to your questions can be found in Appendix 1.

We look forward to engaging with you further. Should you require further information on any of the points raised in our response please contact Griffin John, Technical Economic Assessment manager, at griffin.john@nationalgrideso.com.

Our response is not confidential.

Yours sincerely

Dr Paul Wakeley

Head of Strategic Network Development

Appendix 1 – Consultation Question Responses

Q1. Do you agree with the need for investment on the transmission network?

Yes, we agree with the need for investment in the transmission network. This is driven by the increasing volumes of renewables generation in the Argyll and Kintyre area both up to and since the initial needs case as you note in the consultation's table 1 (page 15).

Q2. Do you agree with our conclusions on the technical options considered?

We agree with Ofgem's conclusions on the technical options considered and preference for options 05 and 06.

Q3. Do you agree with our conclusions on the CBA?

Yes, we support the recommendation for option 05 following the ESO's further analysis for the final needs case with the increased cost and generation connections.

Q4: Do you agree with our minded-to proposal to retain the Argyll project within the LOTI arrangements under RII0-2?

We agree with Ofgem's minded-to proposal to retain the Argyll project within the LOTI arrangements due to the delays that the tendering process would cause.

Q5: Do you agree with our proposed approach to large project delivery (LPD) for the Argyll project?

We support a framework that incentivises timely and efficient delivery of the project, which ultimately brings benefit for the end consumer.