

# Consultation

---

## Yorkshire GREEN: Consultation on Early Construction Funding

---

Publication date: 30 October 2023

Response deadline: 27 November 2023

Contact: James Dunshea

Team: Price Control Operations - Heavy scrutiny projects

Telephone: 020 7901 7000

Email: [RIIOElectricityTransmission@ofgem.gov.uk](mailto:RIIOElectricityTransmission@ofgem.gov.uk)

---

We are consulting on our minded-to position on the Early Construction Funding (ECF) submission requested by National Grid Electricity Transmission plc (NGET) for the Yorkshire GREEN electricity transmission project. We would like views from people with an interest in new transmission infrastructure, meeting the net zero challenge and competition in onshore transmission networks. We particularly welcome responses from consumer groups, stakeholders impacted by the project, stakeholders with an interest in the costs of electricity transmission infrastructure, and transmission owners. We would also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose, and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

© Crown copyright 2023

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU.

This publication is available at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Any enquiries regarding the use and re-use of this information resource should be sent to: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

## Contents

<b>Yorkshire GREEN: Consultation on Early Construction Funding .....</b>	<b>1</b>
<b>Executive summary .....</b>	<b>4</b>
Next steps .....	5
<b>1. Consultation .....</b>	<b>6</b>
What are we consulting on .....	6
Related publications .....	6
Consultation stages .....	7
How to respond .....	7
Your response, data and confidentiality .....	7
How to track the progress of the consultation .....	8
<b>2. Yorkshire GREEN Early Construction Funding assessment.....</b>	<b>10</b>
Overview of Yorkshire GREEN .....	10
ECF request .....	11
Our Minded-to position .....	12
<b>3. Next steps .....</b>	<b>14</b>
<b>Appendices .....</b>	<b>15</b>
<b>Appendix 1 - Privacy notice on consultations.....</b>	<b>16</b>

## Executive summary

Under National Grid Electricity Transmission plc (NGET) electricity transmission licence, Special Condition 3.41 (Accelerated Strategic Transmission Investment Re-opener and Price Control Deliverable term) [Part C – term: ASTIA<sub>t</sub> (Appendix 1)], we will provide Transmission Operators (TOs) with Early Construction Funding (ECF) that may not exceed 20% of the total forecast project cost to enable permitted early construction activities required to accelerate projects ahead of receiving planning permission. The permitted<sup>1</sup> early construction activities are:

- Strategic land purchases
- Early enabling works
- Early procurement commitments
- Other activities approved in advance by Ofgem

As part of the ECF re-opener mechanism, we will undertake a high-level assessment of the proposed early construction activities to determine whether costs are reasonable, within the stated threshold of 20% of total forecast project cost, and are in line with the purpose of the mechanism. We will not undertake a detailed cost assessment at this stage and we will not form a view on whether the proposed expenditure is efficient. We will undertake a full cost assessment, including early construction costs, at the ASTI Project Assessment (PA) stage.

On 23 June, in line with the ASTI Guidance and Submission Requirements Document<sup>2</sup>, NGET submitted the 8-week advance notice that it was going to make an ECF request in August 2023 regarding its Yorkshire GREEN electricity transmission project. NGET's formal submission was made on 22 August 2023.

Our minded-to position is to amend the allowances set out in Appendix 1 (ASTIA<sub>t</sub>) of Special Condition 3.41 (Accelerated strategic transmission investment Re-opener and Price Control Deliverable term) in NGET's electricity transmission licence to reflect NGET's ECF expenditure request. The amendment would be subject to a statutory consultation and any consequential modification of NGET's licence will be carried out in accordance with section 11A of the Electricity Act 1989.

---

<sup>1</sup> [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 4.13

<sup>2</sup> Ibid, paragraph 3.12

## **Next steps**

We welcome responses to our consultation on the specific questions we have included in Chapter 2. If you would like to respond to this document then please send your responses to: [RIIOElectricityTransmission@ofgem.gov.uk](mailto:RIIOElectricityTransmission@ofgem.gov.uk). The deadline for responses is 27 November 2023. We aim to publish our Yorkshire GREEN ECF decision in Winter 2023 with a statutory consultation and any consequential modification of NGET's licence in accordance with section 11A of the Electricity Act 1989 to occur at the ASTI PA stage in Spring/Summer 2024.

## **1. Consultation**

### **What are we consulting on**

- 1.1 This document sets out our minded-to position on NGET's ECF request for the Yorkshire GREEN project (Network Options Assessment (NOA) code: OPN2).
- 1.2 Chapter 2 summarises our view on the ECF request for the Yorkshire GREEN project at this stage and our minded-to decision. Our consultation question is:
  - Q1: Do you agree with our minded-to position to provide ECF for the Yorkshire GREEN project? Please include your reasoning.
- 1.3 Our assessment and minded-to position set out in this document are subject to our consideration of any consultation responses and we invite stakeholders to respond using the contact details set out on the front of this document.

### **Related publications**

- 1.4 Decision on accelerating onshore electricity transmission investment:  
[Ofgem.gov.uk/publications/decision-accelerating-onshore-electricity-transmission-investment](https://www.ofgem.gov.uk/publications/decision-accelerating-onshore-electricity-transmission-investment)
- 1.5 Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment:  
[Ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment](https://www.ofgem.gov.uk/publications/decision-modify-special-licence-conditions-electricity-transmission-licences-accelerated-strategic-transmission-investment)

## Consultation stages

Stage 1	Stage 2	Stage 3	Stage 4
Consultation open	Consultation closes (awaiting decision). Deadline for responses	Responses reviewed and published	Consultation decision/policy statement
30/10/2023	27/11/2023	Winter 2023	Winter 2023

## How to respond

- 1.6 We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document's front page.
- 1.7 We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 1.8 We will publish non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

## Your response, data and confidentiality

- 1.9 You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information such as under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.10 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.
- 1.11 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for

the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations contained within Appendix 1.

- 1.12 If you wish to respond confidentially, we will keep your response confidential, but we will publish the number (but not the names) of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

#### General feedback

- 1.13 We believe that consultation is at the heart of good policy development. We welcome any comments about how we have run this consultation. We would also like to get your answers to these questions:

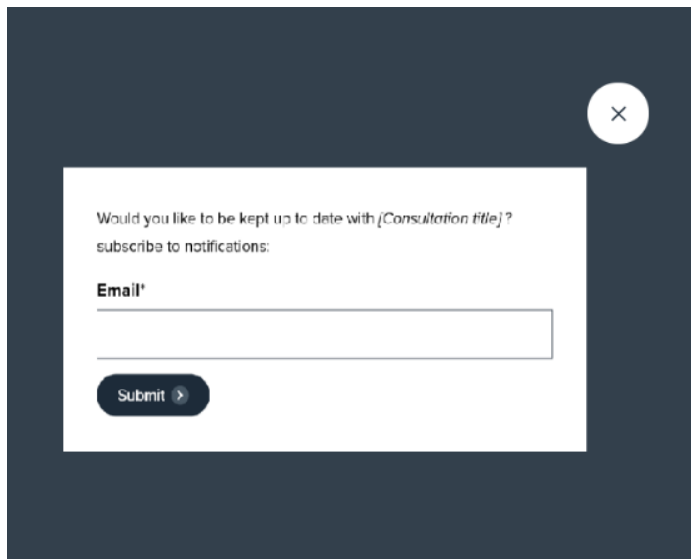
- 1) Do you have any comments about the overall process of this consultation?
- 2) Do you have any comments about its tone and content?
- 3) Was it easy to read and understand? Or could it have been written better?
- 4) Were its conclusions balanced?
- 5) Did it make reasoned recommendations for improvement?
- 6) Any further comments?

- 1.14 Please send any general feedback comments to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk)

### How to track the progress of the consultation

- 1.15 You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website, [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)

Notify me +



Would you like to be kept up to date with [Consultation title]?  
subscribe to notifications:

**Email\***

Submit ➔

1.16 Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

1.17 **Upcoming** > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

## 2. Yorkshire GREEN Early Construction Funding assessment

### Section summary

This chapter sets out NGET's ECF request and our minded-to position.

### Questions

Q1. Do you agree with our minded-to position to provide ECF for the Yorkshire GREEN project? Please include your reasoning.

### Overview of Yorkshire GREEN

- 2.1 Yorkshire GREEN is an electricity transmission project to construct a new c.7.5km 400kV double circuit overhead line teeing off from the existing Norton to Osbaldwick line, a new 400kV substation in Monk Fryston, a new 275kV substation in York North, and various upgrades to existing 275kV infrastructure. The project is triggered by the need to increase the capability of major boundaries within NGET's network in the North of England region (B7a and B8), to manage increasing power flows from North of England to the South.
- 2.2 The project progressed through Ofgem's Large Onshore Transmission Investment (LOTI) re-opener mechanism under Special Condition 3.13. In 2022 the Electricity System Operator's (ESO) Network Options Assessment (NOA) refresh, which now fully integrates the Holistic Network Design (HND)<sup>3</sup>, confirmed that delivering the Yorkshire GREEN project is essential to achieving the Government's net zero ambitions. The project will therefore no longer be considered under the LOTI framework and is instead being considered under the new ASTI framework<sup>4</sup>.

---

<sup>3</sup> [Electricity System Operator's \(ESO\) Network Option Assessment \(NOA\) refresh](#)

<sup>4</sup> [Decision on accelerating onshore electricity transmission investment](#) (Yorkshire GREEN NOA code: OPN2) and [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), ASTI licence modifications (Special conditions 3.40, 3.41, and 4.9)

## **ECF request**

2.3 NGET made an application for ECF under Part C of Special Condition 3.41 of their licence to enable the Yorkshire GREEN project to proceed with:

- Begin initial stage of substation and overhead line (OHL) main works contract;
- Carry out all critical detailed design and preparation under these contracts to discharge planning conditions;
- Undertaking pre-commencement activities in preparation to discharge the requirements of the Development Consent Order (DCO). DCOs are a mechanism that allows Nationally Significant Infrastructure Projects (NSIPs) to accelerate the planning process, automatically removing the need to obtain multiple separate consents. Activities required to discharge the DCO include surveys, investigations and necessary mitigation or monitoring;
- Detailed design of substation and OHL engineering disciplines to meet first site access and inaugural system outages;
- Procurement for long lead items. These are items such as super grid transformers (SGTs) or steelwork that requires longer to produce and ship. Procuring it earlier helps maintain the programme and mitigate against delay;
- Stakeholder engagement;
- Land acquisitions;
- Undertake third party enabling works and modifications to NGET sites;
- Type registration of OHL conductor and SGT units;
- Advanced ground investigation works to ascertain ground conditions, identify any difficult areas and manage and mitigate accordingly;
- NGET's project management overheads and other indirect costs to facilitate these items; and
- Contingency.

2.4 ECF is requested at this stage to ensure that there is no lag between the forecasted DCO decision, which is expected in March 2024, and commencing preliminary construction and procurement activity. This helps safeguard the

overall Earliest In-Service Date (EISD) for the project and reduces the risk of incurring constraint costs for the consumer.

- 2.5 In addition, undertaking strategic land purchase negotiations and agreements at this stage helps to reduce programme risk and ensure that all necessary land purchases are completed ahead of the commencement of construction activities.
- 2.6 NGET's submission set out the specific activities that they intend to carry out, the proposed year-by-year cost profile of the costs to be funded, and the justification for why it is in consumers interest for the costs to be incurred early.
- 2.7 As well as a detailed submission, NGET held a workshop in September presenting their ECF request and additional information on the activities they will undertake.

## **Our Minded-to position**

- 2.8 NGET's ECF application is within the maximum ASTI ECF allowance of 20% of the total forecast project cost as set by Special Condition 3.41.8.
- 2.9 We consider that the activities identified by NGET fall within the ECF permitted<sup>5</sup> activity areas and they are set out below:

Strategic land purchases and enabling works	Procurement commitments	Other agreed activities
Detailed design and preparation to discharge planning conditions	Initial stage of the substation and OHL main works contract	Stakeholder engagement
Surveys, site investigations and needed mitigation		
Detailed design of substation and OHL engineering disciplines to meet first site access and system outages	Procurement for long lead items	Contingency
Third party enabling works and modifications to NGET sites	Procurement of SGTs	
Type registration of OHL conductor and SGT units		
Advanced ground investigation works		
Associated project management and indirect costs		

---

<sup>5</sup> [Decision to modify the special licence conditions in the electricity transmission licences: Accelerated Strategic Transmission Investment](#), Accelerated Strategic Transmission Investment Guidance And Submission Requirements Document, paragraph 4.13

---

- 2.10 We note that land negotiations are lengthy and complex and agree with NGET's proposals to execute strategic land acquisition wherever possible as part of early construction activities. This helps reduce uncertainty, confirm project scope and de-risk the programme.
- 2.11 Each of the enabling work activities contributes to reducing overall schedule and cost risk on the project through design progression, identification and mitigation of ground and site condition risk, and works to ensure utility diversions are completed in advance of the project's main works. This ensures timely progression of the project, avoiding potential stop-start milestones such as the DCO decision point.
- 2.12 We also recognise that the supply chain for transmission infrastructure is highly constrained with increased procurement costs and significantly elongated lead times for critical assets. Funding activities that ensure contractor commitment and delivery of long-lead items helps to preserve the programme and de-risk the project.
- 2.13 We agree with NGET that there is a risk to the main works contract if ECF is not approved; the changing supply chain situation across Europe has resulted in Capacity Reservation Agreements (CRA) becoming increasingly common to secure contractor commitment and continued engagement on projects. ECF will enable the initial stage of substation and main works contract to proceed, safeguarding the programme and overall delivery of the project.
- 2.14 Our minded-to position is to approve NGET's full ECF request.

### **3. Next steps**

#### **Section summary**

This chapter sets out the next steps in our assessment under the ASTI framework.

- 3.1 Our consultation on the positions set out in this document will close on 27 November 2023.
- 3.2 We aim to publish our ECF decision in Winter 2023 with a statutory consultation and any consequential modification of NGET's licence in accordance with section 11A of the Electricity Act 1989 to occur at the ASTI PA stage in Spring/Summer 2024.

## Appendices

Appendix	Name of appendix	Page no.
1	Privacy notice on consultations	16-17

---

## **Appendix 1 - Privacy notice on consultations**

### **Personal data**

The Gas and Electricity Markets Authority is the controller ("Ofgem" for ease of reference). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally). It does not refer to the content of your response to the consultation.

### **1. The identity of the controller and contact details of our Data Protection Officer**

The Gas and Electricity Markets Authority is the controller ("Ofgem" for ease of reference). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

### **2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

### **3. Our legal basis for processing your personal data**

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest, i.e. a consultation.

### **4. With whom we will be sharing your personal data**

N/A.

### **5. For how long we will keep your personal data or the criteria used to determine the retention period.**

Your personal data will be held for six months after the project is closed.

### **6. Your rights**

The data we are collecting is your personal data and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data,
- access your personal data,
- have your personal data corrected if it is inaccurate or incomplete,
- ask us to delete your personal data when we no longer need it,
- ask us to restrict how we process your personal data,
- get your personal data from us and re-use it across other services,
- object to certain ways we use your personal data,
- be safeguarded against risks where decisions based on your personal data are taken entirely automatically,
- tell us if we can share your personal information with 3rd parties,
- tell us your preferred frequency, content and format of our communications with you,
- lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your personal data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> or telephone 0303 123 1113.

**7. Your personal data will not be sent overseas.**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure government IT system.**

**10. More information**

For more information on how Ofgem processes your data, click on "[Ofgem privacy promise](#)".