

# **Consultation on the Early-Stage Assessment for Anticipatory Investment**

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We are consulting on the Early-Stage Assessment and other implementing changes for how we apply our anticipatory investment policy.

We would like views from people with an interest in offshore transmission, transmission and offshore generation. We welcome responses from all stakeholders, particularly developers who are embarking on coordinated offshore projects now or in the future. 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 <u>ofgem.gov.uk/consultations</u>. If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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# 1. Introduction

## Section summary

This section provides the background to the Offshore Transmission Network Review, the Early Opportunities workstream and, in particular, the Early-Stage Assessment, which is the subject of this consultation.

# Background

- 1.1. The Offshore Transmission Network Review (**OTNR**) was launched in July 2020 with the objective to ensure that transmission connections for offshore wind generation are delivered in the most appropriate way, considering the increased ambition for offshore wind to achieve net zero. It aims to find the appropriate balance between environmental, social, and economic costs.
- 1.2. The Ten Point Plan for a Green Industrial Revolution published in November 2020 set out an ambitious target of 40GW of offshore wind by 2030.<sup>1</sup> In April 2022, the government published a new British Energy Security Strategy<sup>2</sup> which built on the previous offshore wind target and announced the government's ambition to deliver 50GW of offshore wind by 2030.
- 1.3. This consultation relates to the application of AI as it pertains to 'generator build' offshore transmission assets. The application of AI policy to Multi-Purpose Interconnectors forms part of an upcoming consultation on Non-Standard Interconnectors, due for publication shortly. Further work is also ongoing on the development of the Offshore Transmission Owner (OFTO) build model and consideration of AI to OFTO build will form part of that policy development work.

# **Anticipatory Investment**

1.4 We use the term 'Anticipatory Investment' to refer to investment in offshore transmission infrastructure to support the later connection of a specific offshore development or developments. This is investment which goes beyond the needs of the immediate offshore development or developments.

<sup>&</sup>lt;sup>1</sup> The Ten Point Plan for a Green Industrial Revolution

<sup>&</sup>lt;sup>2</sup> British Energy Security Strategy - GOV.UK (www.gov.uk)

- 1.5 We refer to the developers making the investment in the shared asset as the 'initial user'. We refer to the developer or developers that will use the shared asset in the future as the potential later user until such time as they connect, and the later user once connected.
- 1.6 In our April 2022 consultation on our minded-to decision on Anticipatory Investment and the implementation of policy changes<sup>3</sup>, we identified that, under current regulatory arrangements, the management of the risk associated with Anticipatory Investment is likely the biggest barrier to greater coordination of projects. We addressed this in our decision in October 2022<sup>4</sup>, where we upheld our minded-to position on the allocation of Anticipatory Investment risk between the consumer and later user(s) of shared transmission infrastructure. This policy is designed to enable developers to make Anticipatory Investment to deliver coordination while at the same time managing and mitigating the risk of that Anticipatory Investment to consumers.
- 1.7 Undertaken by the Electricity System Operator (ESO), the Holistic Network Design (HND) established that there will be a number of non-radial offshore transmission assets required which will be used for wider network benefit. These assets will not only be used for the transmission of power from offshore generation to shore, but also for facilitating the dispatch of power from north to south. In cases such as these, a transmission owner would be the later user (as opposed to a second wind farm). By enabling the initial user to make Anticipatory Investment to complete these assets independently, we can better facilitate timely delivery. This is especially useful given the different users operate under different licensing regimes.
- 1.8 In March 2023, we published a decision in relation to the Pathway to 2030 (PT2030) workstream of the OTNR extending the application of our Anticipatory Investment policy to assets within the scope of that workstream.

 <sup>&</sup>lt;sup>3</sup> Offshore Coordination - Early Opportunities: Consultation on our Minded-to Decision on Anticipatory Investment and Implementation of Policy Changes | Ofgem
 <sup>4</sup> Decision on Anticipatory Investment and Implementation of Policy Changes | Ofgem

1.9 For PT2030, our Anticipatory Investment policy will provide PT2030 developers with a route to the recovery of Anticipatory Investment associated capital expenditure (**capex**), in the same manner as that envisaged in the Early Opportunities workstream, that is via the transfer sum paid to the developer by the OFTO following the cost assessment process. By OFTO we refer to the OFTO appointed through a competitive tender process to own and operate the shared assets constructed by the initial user.

## **Anticipatory Investment and the Early-Stage Assessment**

- 1.10 The Early-Stage Assessment **(ESA)** seeks to provide developers with confidence that any Anticipatory Investment spent on coordinated infrastructure meets the following criteria:
  - 1.10.1 Will be a sensible and necessary cost;
  - 1.10.2 Will be treated as an allowable cost in any future cost assessment process;
  - 1.10.3 Will meet the needs set out in the HND for developers in the PT2030 workstream
- 1.11 We will do this by leveraging flexibility within the existing regulatory framework(s) or by making near-term changes where needed.
- 1.12 In our July 2021 consultation<sup>5</sup>, we raised questions on the concepts to be included in the Early Opportunities workstream and on our general approach to facilitating greater coordination. These questions sat alongside the proposal that Anticipatory Investment risk should be shared between consumers and developers. We asked for views on whether this level of risk would be appropriate for consumers to bear, and we received feedback that changes to the policy and processes related to coordinated infrastructure (and specifically Anticipatory Investment spend) should be subject to an

<sup>&</sup>lt;sup>5</sup> <u>Consultation on changes intended to bring about greater coordination in the</u> <u>development of offshore energy networks | Ofgem</u>

- **Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment iterative assessment process. Feedback suggested an appraisal at a sufficiently early stage to inform subsequent decisions by developers relating to design, planning and procurement would be beneficial.
  - 1.13 In our April 2022 consultation<sup>6</sup> on our minded to decision on Anticipatory Investment and the implementation of policy changes, we recognised the need for developers to have early-stage feedback on any Anticipatory Investment proposals and therefore committed to introduce an ESA process to determine the eligibility of any proposed Anticipatory Investment. We set out our early views on the process and sought feedback on our approach.
  - 1.14 In our October 2022 decision on Anticipatory Investment and the implementation of policy changes<sup>7</sup>, we upheld our decision to introduce an ESA, with the majority of respondents agreeing with the approach that we had set out in our April 2022 consultation. In December 2022, we conducted a series of stakeholder engagement sessions to further consult on the ESA. Stakeholders requested clarity and guidelines on what should be submitted as part of this process and the framework for assessing submissions. This consultation sets out the Authority's position on various aspects of the assessment framework and submission guidelines.
  - 1.15 A draft ESA guidance document has been published alongside this consultation as a supplementary document. This consultation seeks views on the guidance document and provides reasoning on our approach to the ESA process. We will take feedback on board to inform the final guidance document.

# **Our Proposals**

1.16 We recognise the need for developers to have early-stage feedback on any Anticipatory Investment proposals and understand the need to provide some comfort that these costs will be acceptable in principle. Our proposal is that costs relating to coordinated solutions, which are beneficial for consumers will, in principle, be treated as an allowable cost in any future cost assessment process.

<sup>&</sup>lt;sup>6</sup> Offshore Coordination - Early Opportunities: Consultation on our Minded-to Decision on Anticipatory Investment and Implementation of Policy Changes | Ofgem
<sup>7</sup> Decision on Anticipatory Investment and Implementation of Policy Changes | Ofgem

<sup>&</sup>lt;sup>7</sup> Decision on Anticipatory Investment and Implementation of Policy Changes | Ofgem

1.17 We propose that developers who submit ESA applications should include relevant detail on their coordinated solution as well as, where necessary, a Cost Benefit Analysis (CBA), illustrating the benefit to consumers.

#### What are we consulting on?

#### Section 1: Our Approach to the Early-Stage Assessment

1.18 We are consulting on our approach to the ESA, the interchangeability of the initial user and later user and the flexibility of submission timings.

#### Section 2: Output, Cost Allowances and Material change

1.19 We are consulting on our views on the proposed ESA output, our approach to cost allowances for cost categories captured under Anticipatory Investment and the proposed protocol for material change.

#### Questions

#### Our Approach to the Early-Stage Assessment

**Question 1:** Do you agree that the later user should assume responsibility for the construction of the coordinated solution should the initial user become delayed?

**Question 2:** Do you have any views on the Draft Early-Stage Assessment Guidance Document?

#### Output, Cost Allowances and Material change

**Question 3:** Do you have any views on what should constitute material change for projects?

**Question 4:** Do you agree with Ofgem's proposed approach to projects which experience material change?

**Question 5:** Do you agree with Ofgem's proposed approach to cost disallowances in Anticipatory Investment?

#### **Context and Related Publications**

1.20 We are consulting on our vies on the proposed ESA output, our approach to cost allowances for cost categories captured under Anticipatory Investment

**Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment and the proposed protocol for material change.

- 1.21 In July 2013, we published a <u>policy statement</u> on our previous approach to Anticipatory Investment.
- 1.22 In August 2020, the then Department for Business, Energy & Industrial Strategy (BEIS))<sup>8</sup> and Ofgem issued a joint Open Letter in which we called for stakeholder views to support the OTNR. In December 2020, we published a joint response to the Open Letter engagement.
- 1.23 In December 2020, the ESO published the <u>final report and supporting</u> <u>annexes</u> as part of Phase 1 of its Offshore Coordination Project. In Phase 1, the ESO assessed the costs and benefits of a coordinated offshore network, the technical considerations to achieve that, and how the offshore connections regime could change to support that.
- 1.24 In January 2022, we provided a summary of responses and an <u>update</u> <u>following our consultation on changes intended to bring about greater</u> <u>coordination in the development of offshore energy networks.</u>
- 1.25 In October 2022, we published our <u>decision</u> on asset classification.
- 1.26 In December 2022, we published our <u>Revised Minded-to Decision and</u> <u>further consultation on delivery models in Pathway to 2030</u>. This publication expanded the Anticipatory Investment policy to the PT2030 workstream.
- 1.27 In March 2023, we published our <u>Decision</u> on the delivery model(s) for nonradial offshore transmission assets under the PT2030 workstream.

<sup>&</sup>lt;sup>8</sup> On 7 February 2023, the Department for Energy Security and Net Zero was established which took over energy policy responsibilities from the former BEIS.

# **Consultation Stages**

1.26. We will continue to engage with stakeholders during and after the consultation period. Following this consultation, we will assess responses before publishing our final guidance document later this year.

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
25/05/2023	26/06/2023	Q3 2023	Q3 2023

## Figure 1: Consultation stages

## How to respond

- 1.27. 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.
- 1.28. We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 1.29. We will publish non-confidential responses on our website at <a href="http://www.ofgem.gov.uk/consultations">www.ofgem.gov.uk/consultations</a>.

# Your response, data, and confidentiality

- 1.30. You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information, for example, 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.
- 1.31. 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

**Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment 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 contact 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.

- 1.32. 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. The Authority 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, see Appendix 4.
- 1.33. If you wish to respond confidentially, we will keep your response itself 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**

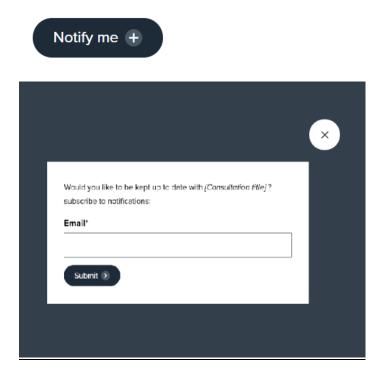
We believe that consultation is at the heart of good policy development. We welcome any comments about how we have run this consultation. We would also like to get your answers to these questions:

- 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 better written?
- 4. Were its conclusions balanced?
- 5. Did it make reasoned recommendations for improvement?
- 6. Any further comments?

Please send any general feedback comments to <a href="mailto:stakeholders@ofgem.gov.uk">stakeholders@ofgem.gov.uk</a>

#### How to track the progress of the consultation

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. <u>Ofgem.gov.uk/consultations</u>



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:

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

# 2. Our Approach to the Early-Stage Assessment

#### Section summary

This section provides an overview of our approach to the ESA and intends to understand the extent to which stakeholders agree with our approach, the interchangeability and responsibilities of the initial user and later user and lastly, the flexibility of submission timings.

#### Questions

- Q1. Do you agree that the later user should assume responsibility for the construction of the coordinated solution should the initial user become delayed?
- Q2. Do you have any views on the Draft Early-Stage Assessment Guidance Document?

# **Timing of Submissions**

- 2.1. In any coordinated solution, the 'initial user' is further advanced in their timeline and more likely to reach the build stage of their development before the 'later user'. For this reason, we believe the initial user should take responsibility for submitting the ESA application. Although we expect the initial user to lead the submission, the potential later user would need to be an active participant in the submission process.
- 2.2. Our objective is to encourage coordination at an early stage and to maximise the number of projects which can come forward with coordinated proposals requiring Anticipatory Investment. If we were to require projects to be at a certain stage of the planning process before an application is made, we believe that we might limit the number of potential applicants and risk frustrating the aims of the OTNR. Therefore, we are of the view that developers should decide on the timing of submissions. We are expecting these to generally be at an early stage of project development.
- 2.3. Prior to submission we propose that the later user should be an active participant in any application made to the Authority. Any confirmation provided by the later user should include their agreement with the Anticipatory Investment proposed, alongside an acknowledgement of responsibility should the initial user become delayed or fail to connect. Where these occur, we expect the later user to assume

**Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment the role of the developer and to complete the work in accordance with the submitted ESA as agreed with the Authority.

# **Application Submission**

2.4. We propose that the ESA will be split into two main parts, namely the **Eligibility Assessment** and **Technical Assessment**. We expect that the submission of the Eligibility Assessment and Technical Assessment will be made simultaneously. We expect developers to take into account the time required for the Authority to assess submissions prior to making their application.

## **Eligibility Assessment**

- 2.5. Developers who are applying for the ESA are encouraged to do so at an early stage to provide greater certainty that any Anticipatory Investment is justified and that costs would, in principle, be considered as part of any future cost assessment.
- 2.6. To do this, developers who wish to apply for the ESA must ensure that they are in a position to deliver a coordinated solution and the Eligibility Assessment will require evidence of a valid and enforceable lease and connection agreement for the offshore wind projects involved in the shared offshore transmission assets incorporating Anticipatory Investment.
- 2.7. We are not seeking to add any specific requirements regarding the stage at which each developer is in the planning and permitting process for the project(s) in consideration. Our objective is to encourage coordination at an early stage and to maximise the number of projects which can come forward within the workstreams with coordinated proposals requiring Anticipatory Investment.
- 2.8. Since our previous consultation on the Eligibility Assessment in April 2022, we have amended the eligibility criteria to include a joint letter from the initial user and the later user in which the later user acknowledges and accepts the initial user's intent to submit an ESA application, at a specific point in time, on their behalf. The joint letter should also include an undertaking by the later user to complete the construction in the event of a delay to the initial user.

## **Technical Assessment**

2.9. Following the April 2022 consultation, we carried out engagement sessions with stakeholders on the content of this assessment stage. The feedback given to us by

**Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment stakeholders has been used to shape the development of our Technical Assessment.

- 2.10. The Technical Assessment will require developers to provide a detailed description of the relevant projects that will be involved in the shared offshore transmission assets incorporating Anticipatory Investment. This is essential for us to understand the context of the submission and assess the prospective Anticipatory Investment being proposed.
- 2.11. To assess the proposed coordinated solution, we expect a breakdown of the anticipated costs of developing and constructing the shared transmission assets to be submitted to the Authority. Noting that the project will be at an early stage of development, we would nonetheless request that the breakdown of costs provided is as comprehensive as possible and to demonstrate that the costs provided are appropriate.
- 2.12. If projects deviate from the coordination proposed by the HND or Holistic Network Design Follow Up Exercise (**HNDFUE**), we expect to see a detailed CBA for the suggested coordinated solution. For the purposes of the ESA, a CBA should be considered as a breakdown of the benefits resulting from the realisation of the coordinated solution. This breakdown should include both monetary and qualitative benefits for each of the relevant stakeholders.
- 2.13. We have included this requirement so that applicants can demonstrate that a proposal is beneficial to consumers and other relevant stakeholders. For PT2030 projects, any coordinated solution which is included in the HND or HNDFUE has already been assessed in this regard. We do not think there should be a requirement for a CBA by developer(s) submitting proposals which are consistent with the coordination included in the HND or the HNDFUE.

# **Review Period**

- 2.14. We propose that upon receipt of an application, a four-month review period will commence to assess applications.
- 2.15. For the Eligibility Assessment, we aim to assess and provide a response within twenty-eight calendar days. Once we have confirmed whether a proposal satisfies the conditions of the Eligibility Assessment, we would then progress onto the

**Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment Technical Assessment. The Technical Assessment would be concluded within approximately three months.

- 2.16. If a submission does not contain all relevant information, we will request such additional information as necessary for the purposes of our review. This may extend the review period. We would only be able to reach an application outcome once we have sufficient information.
- 2.17. Where we request further information, we would indicate a date by which that information is to be provided. In the instance where the applicant(s) fails to submit the information by the required date, we reserve the right to not consider the information provided.
- 2.18. To avoid any delay or extension to the expected review period, we aim to adopt a policy of open engagement so that applicants have a mechanism through which they can raise and resolve issues. Open engagement will also enable applicants to feel supported throughout the application process.

# 3. Output, Cost Allowances and Material Change

#### Section summary

This section provides an overview of our minded-to position on specific areas of the ESA. We seek to understand the extent to which stakeholders agree or have any views on our proposed ESA output, our approach to reviewing costs for Anticipatory Investment and the proposed protocol for material change.

#### Questions

- Q3. Do you have any views on what should constitute material change for projects?
- Q4. Do you agree with Ofgem's proposed approach to projects which experience material change?
- Q5. Do you agree with Ofgem's proposed approach to cost disallowances in Anticipatory Investment?

## Output

- 3.1. In our October 2022 decision<sup>9</sup>, we suggested that, following the assessment process we would publish a decision detailing the outcome of our assessment and the basis for it.
- 3.2. Feedback from stakeholders in November 2022 indicated that a private letter was the most preferable output for the ESA process, with most stakeholders agreeing that it provided the most confidence for developers.
- 3.3. We are minded-to maintain our position and publish a decision on the outcome of the assessment. We understand the need to keep certain information confidential and will ensure redactions are made where necessary. However, we also recognise the need for transparency in the outcome of such applications where consumers may become liable for the cost.
- 3.4. Submissions will vary in complexity, scale, and cost, we consider there may be certain circumstances in which we need to consult on the outcome of our assessment. We may choose to consult where coordinated solutions are not

<sup>&</sup>lt;sup>9</sup> Decision on Anticipatory Investment and Implementation of Policy Changes | Ofgem

**Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment captured in the HND and show marginal consumer benefits or represent a high risk to consumers. An additional six to eight weeks will be added to the ESA process should we decide to consult.

3.5. The decision letter will confirm whether or not the costs of Anticipatory Investment should, in principle, be recoverable via the final transfer value following the cost assessment process. Developers will be required to demonstrate during the cost assessment process that their expenditure is appropriate and efficient.

## **Cost Allowances**

- 3.6. During our December 2022 stakeholder engagement, stakeholders raised concerns regarding the possibility of costs, associated with the coordinated solution, being disallowed at the cost assessment stage. Stakeholders noted how this may disincentivise coordination between developers as the initial user may not recover the full cost of the asset built on behalf the potential later user(s).
- 3.7. Whilst we consider the cost review in the ESA to be appropriate in providing some certainty to developers that their investment will be recoverable during the cost assessment, we note the concerns shared by developers and aim to remove any potential disincentives to coordinate. Therefore, it our intention to allow costs, reviewed under the ESA, to be ringfenced at the cost assessment stage with a 5% allowance for any unforeseen increases and a 10% underspend. If costs increase over this 5% threshold from the amount agreed in principle at the ESA stage, then all costs for the Anticipatory Investment will be subject to the normal cost assessment process.<sup>10</sup> This would apply to the 10% underspend also.
- 3.8. If the 5% overspend or 10% underspend threshold is exceeded, it is our intention to carry out an ex-post review in line with our existing processes of the ringfenced Anticipatory Investment costs. The Anticipatory Investment costs will be subject to our standard forensic process of verifying that they were actually incurred on the agreed Anticipatory Investment and the actual amounts incurred. This involves verification of invoices submitted by contractors through to the actual payments being made by the developer. This verification process will also cover other costs

<sup>&</sup>lt;sup>10</sup> Offshore Transmission: Guidance for Cost Assessment (2022) | Ofgem

**Consultation -** Consultation on the Early-Stage Assessment for Anticipatory Investment submitted by the developer. Any costs not evidenced as being incurred in carrying out the Anticipatory Investment work will not be included in any future valuation.

## **Material Change**

- 3.9. The ESA is designed to provide developers with greater certainty at an early stage in their development. As such, we anticipate projects will inevitably change as they mature, and circumstances change both for the developer(s) and in the industry.
- 3.10. The threshold of materiality for any change will be considered against the potential impact on the needs case and consumer benefits on a project-by-project basis and the determination for one project should not be considered the threshold of materiality for future projects.
- 3.11. Should the developer(s) materially amend or update the scope and/or ownership of the coordination activities prior to the cost assessment process, the project will be considered differently to what was initially assessed. The developer responsible for the coordinated solution will be required to submit those revisions to us for review. Provided that the changes do not have a material adverse impact on the terms of the assessment already undertaken we will issue a revised letter.
- 3.12. Where the changes have materially impacted the CBA of the coordinated solution, we will re-assess the submission to ensure the proposal is still beneficial to consumers and other relevant stakeholders.
- 3.13. Should developers choose not to inform us of a change to the initial proposal, the additional cost will not be considered as part of the Anticipatory Investment. This means any additional costs associated to any coordinated solution which have not been reviewed under any iteration of the ESA will be subject to the normal cost assessment process.

# Appendices

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# Appendix 1 – Glossary

#### A

#### Applicant

By "applicant" or "applicant(s)," we refer to the person(s) making a formal application for the Early-Stage Assessment. The terms "applicant," "applicant(s)" and "developer" are used interchangeably in this document.

#### **Anticipatory Investment**

Investment that goes beyond the needs of immediate generation, reflecting the needs created by a likely future generation project or projects.

#### Authority

The Gas and Electricity Markets Authority established by Section 1(1) of the Utilities Act 2000. The Authority governs Ofgem. "Ofgem," "the Authority" and "we" are used interchangeably in this document.

С

## СВА

Cost Benefit Analysis

#### D

## Developer

In respect of a generator build offshore transmission project Section 6(2)(a) defines such a person as 'the person who made the connection request for the purposes of which the tender exercise has been, is being or is to be, held'. In practice, such person is also the entity responsible for the construction of the Generation Assets and, under Generator Build, the Transmission Assets. Under Generator Build, this is the person who requests that Ofgem commence the Tender Process in respect of a proposed project. The developer in this case will be responsible for the construction of the generation assets as well as the transmission assets. The developer will make submit the ESA application and the terms "developer" and "applicant" are used interchangeably in this document"

Е

# ESA

Early-Stage Assessment

# ESO

Electricity System Operator

# Н

HND Holistic Network Design

# HNDFUE

Holistic Network Follow-Up Exercise

# Ι

# Initial User

We refer to the developer making the investment in the shared asset as the initial user.

## L

# Later User

We refer to the developer or developers that will use the shared asset in the future as the later user once connected.

# 0

# Ofgem

Office of Gas and Electricity Markets. Ofgem, "the Authority" and "we" are used interchangeably in this document.

# OFTO

Offshore Transmission Owner

# OTNR

Offshore Transmission Network Review

Ρ

# PT2030

Pathway to 2030

# **Potential Later User**

We refer to the developer or developers that will use the shared asset in the future as the potential later user until such time as they connect.