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25 August 2023  
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Dear Konark,

**Centralised Strategic Network Plan: Consultation on framework for identifying and assessing transmission investment options**

We welcome and are **supportive** of the delivery of a robust and deliverable Central Strategic Network Plan (CSNP) and welcome the opportunity to respond to Ofgem's consultation. The energy system and notably the Transmission system is undergoing significant transformation. The government recently commissioned the Electricity Networks Commissioner (ENC) to outline recommendations<sup>1</sup> to accelerate transmission network deployment. We welcome these recommendations and see the CSNP as a fundamental part of the interconnected suite of recommendations to accelerate transmission investment and net zero.

As Transmission Owner (TO) for Central and South Scotland we work closely on a day-to-day basis with the current Electricity System Operator (ESO). This includes on issues related to system operation, coordination on facilitating transmission connections, the Holistic Network Design (HND) and Holistic Network Design Follow up Exercises (HND FUE). The HND and HND FUE in particular represent a step-change in network planning and investment, an effort heralded by the ENC, made possible through the **collaboration** of TOs and the ESO. We're supportive of the FSO building capabilities to strategically coordinate the next stage of the HND, the CSNP. A deliverable and robust CSNP, which aims to eventually cover other energy vectors, is dependent on **collaboration** with stakeholders utilising **the expertise of existing parties** including TOs. We do not believe this policy intent is reflected in the current CSNP proposal and have outlined specific asks to Ofgem to provide clarity or amendments on scope, roles and responsibilities, and governance before progressing the policy development.

Roles, responsibilities, and governance – retaining and expanding not replacing and replicating

The CSNP should utilise the ESO/FSO's **cross-vector and national strategic** analysis, alongside its role as independent evaluator and advisor, in full **collaboration with the TOs** who have developed significant experience, skills, local network knowledge and stakeholder relationships both prior to and under the RIIO regulatory framework in the interest of consumers. This builds on the approach from

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<sup>1</sup> [ENC recommendations \(July 2023\)](#)

the HND which stakeholders and the OTNR support<sup>2</sup>. It is not efficient nor deliverable for one party to have sole responsibility for strategic network planning, given the breadth of skills and combination of local and national level knowledge and experience that must feed into optimal network planning outcomes.

To date, we have observed a somewhat **piecemeal approach** (with limited transparency) to the **policy development around the FSO's planned roles and responsibilities**. For instance, Ofgem are considering additional FSO responsibilities (to be set out in FSO licence conditions), beyond those included in the Energy Bill and the Strategic Policy Statement<sup>3</sup>, which would impact and potentially replace existing obligations held by network companies. We outline the impact on TOs in this response, but we're also mindful of the proposed 'Regional System planner Role' which could impact DNOs in their role as DSO. Most notably in this consultation Ofgem have proposed roles for the FSO that go **beyond the draft wording in the Energy Bill** which specifically states the FSO's role as **strategic planning and coordination body**. This is a role we are supportive of the FSO building capabilities for and are ready to support the FSO in this role. This is referenced by Ofgem, however the consultation is proposing to **remove, replace or replicate** the role of the TOs without any impact assessment. For example, proposals for the FSO to carry out system studies at a Transmission node level or leading on high-level options design, whilst TO options are by invitation only. As noted above and further detailed in this response, this could progress to the point that there may be **impacts in relation to network operators' obligations under the Electricity Act 1989 to maintain an economic, efficient and coordinated network**.

We're also concerned there is a real risk to **overloading** the FSO to the point it risks the timely development of network infrastructure and the **deliverability** of the CSNP, ultimately at the cost of consumers. We also have concerns around governance (there has been no policy development on the governance of the CSNP except for a CSNP governance document and group being introduced<sup>4</sup>) and losing the **independence** of the FSO. If the FSO is to be responsible for all aspects of network planning, down to a Transmission node, there is a severe lack of **any checks and balances** which currently exist today when the TO has this responsibility. Especially if the FSO is then responsible for making a decision on need, a role which would **be transferred from Ofgem**<sup>5</sup>. We're also concerned there has been little to no consideration of the disruption this will have on the industry which is already experiencing a significant skills shortage<sup>6</sup>. This is in addition to the other additional roles the FSO will be taking on in wider policy development. In the development of **the CSNP governance group** the TOs should be included in the **decision-making panel**, given the critical role TOs will play in the CSNP's development and significant impact this has on TO networks including discharging our licence obligations. This could replicate the Central Design Group Governance.

So far, we have seen no evidence that an assessment of the **potential impact** on network companies (including a consumer impact assessment) is planned. Accordingly, we would urge the Government and Ofgem to work together in considering the existing roles, responsibilities and expertise of network companies when developing the FSO and how best the FSO and network companies can collaborate to deliver the best outcomes for GB consumers (building on the approach used for the HND and recommended by the OTNR<sup>7</sup>). We note there is consultation from Ofgem and Government on resilience roles of the FSO which indicates thinking on future roles<sup>8</sup>; however, there is **no consideration on the impact of network companies or the consumer** - we do not believe this is the policy intention of the CSNP or the FSO.

Deliverability, scope and implementation– supporting a deliverable and robust CSNP

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<sup>2</sup> Pg 17/18 of the [OTNR recommendations](#)

<sup>3</sup> See SPT's response to Ofgem's consultation on [Future of local energy institutions](#)

<sup>4</sup> See section 8 of the consultation

<sup>5</sup> [FSO consultation](#)

<sup>6</sup> [ENC recommendations \(July 2023\) Recommendation 5](#)

<sup>7</sup> Pg 17/18 of the [OTNR recommendations](#) page 6

<sup>8</sup> [FSO consultation](#)

We welcome the **policy development** of the CSNP outlining an **ambitious expansion** of the existing industry arrangements building on the success of the HND. Most notably, we welcome the additional certainty provided via Ofgem's proposed delivery pipeline and welcome clarity on how this will work with the regulatory framework. We also welcome the proposal to consider the system on a year-round basis including climate resilience, as extreme weather events, which could impact our infrastructure, are no longer guaranteed in only the winter months. We do have concerns over the expansion of the CSNP to include investment down to a **transmission node** and for the FSO to build this capability. We do not think this level of analysis, system need identification and optioneering is what was intended for the policy development of a strategic plan and the CSNP; this is result of unintentional scope creep. We would urge Ofgem to consider a Transmission Area approach, at least in the initial stages (we outline our view on roles and responsibilities above). This is in line with the OTNR's future framework recommendations around implementation in a transitional way to maintain investor and market confidence<sup>9</sup>.

Although we support the enduring basis of the community and environmental assessment following the HND, we do have concerns regarding the emerging assessment methodology, specifically around the proposal to use a quantitative assessment of potential impacts. Such an approach is not appropriate for the assessment of onshore reinforcement options which will not be developed sufficiently to allow impacts and effects on environment and community issues to be assessed at this stage in the project development process.

The CSNP will have a **significant impact on the next price control**, starting in April 2026, however it's unclear at this point when in 2026 the first CSNP will be published. The interaction between the business plan process which determines ex-ante funding for the price control period and uncertainty mechanisms for in period funding are examples of critical parts of **the regulatory framework** to enable the CSNP. The ENC recommended the first CSNP should be published in 2025, although this is ambitious, this would align with the draft and final determination of the TOs Business Plans. The forward-looking approach adopted by Ofgem in its proposed Accelerated Strategic Transmission Investment (ASTI) framework which is aimed at accelerating the network capacity required to meet 2030 offshore wind targets, is welcome. We also note the ENC's recommendation to support TOs with early construction funding. We would urge Ofgem to consider local '**enabling works**' also benefiting from access to certainty of need, early construction funding and accelerated regulatory decision-making. Given the strategic interlinkages between the smaller and larger projects, a review of the regulatory treatment of **Medium Sized Investment Projects (MSIP)** should be undertaken as we assume need will be identified as part of the CSNP, alongside the current development of the proposed ASTI framework. We welcome further engagement with Ofgem on the FSNR and CSNP interaction, noting the reform of the **regulatory framework** will be consulted upon later.

We note the first CSNP is expected in 2026 as stated within the consultation. Following Ofgem's CSNP decision in December 2023, this leaves two years to develop the underlying methodologies, including the CBA and decision-making process as well as carrying out the analysis required for the CSNP. We're **supportive of a deliverable CSNP** and would encourage a **realistic implementation plan and timeline**, which we have not seen to date. We are concerned that there has been little work done to date to consider the sequencing of studies required and how long the decision-making process will take including governance. We would encourage a deliverable implementation plan and timeline which prioritises the robustness of a fit for purpose CSNP over meeting an artificial deadline. As noted above we would urge Ofgem to consider further the interaction between the timing of the first CSNP publication and the business planning process and start of the next price control for TOs alongside the ENC's recommendation.

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<sup>9</sup> "implemented in a transitional way, with different aspects put in place over time ... this should provide a high degree of confidence to investors and market actors in the medium term. In the longer-term this, this will evolve... by future iterations of strategic planning" [OTNR future framework recommendations Pg. 11](#)

We support Ofgem's proposed 3-year frequency of the CSNP as opposed to the annual publication of the NOA which has caused uncertainty and volatility, however we do think **the 5-year frequency** recommended by the ENC will provide **greater certainty** and align with the **current price control timeframe**. We have proposed an interim update to the CSNP is made every 18 months based on **realistic delivery** rather than every year.

#### Connections – Making invest and connect a reality

The CSNP will be key to moving towards '*invest then connect*' and away from the current '*connect and manage*' approach across the transmission network. Looking ahead, we are strongly of the view that the CSNP must be used to determine the strategic network requirements, of constrained parts of the network, which then determines the appropriate technology and future capacity to be sited at particular parts of the network based on network need and spatial planning. We believe this is covered in the CSNP's proposed '**strategic connections**' and introducing **spatial planning** but welcome clarity on this point. We're supportive of a spatial plan forming part of the CSNP to inform the next iteration of the FES and 'single pathway'. A recommendation also echoed by the ENC and arguably already underway for offshore connections via the HND and HND FUE<sup>10</sup>.

This focuses on a **target-led rather than developer-led** approach. It's only in this way that an appropriate and efficient Net Zero network can be delivered for the benefit of consumers with appropriate infrastructure capacity delivered in the right locations and ahead of need, moving towards a truly 'invest then connect' approach. To move towards this approach, it is fundamental that the existing TEC queue, which is currently sitting at well in excess of 367GW, as per the ESO's latest TEC Register, is addressed, enabling a 'first ready, first served' process to be developed, aligned with the CSNP. SPT is strongly of the view that the Queue Management proposals, as per CUSC Modification Proposal 376 – ("CMP376"), and in particular Workgroup Alternative CUSC Modification 7 ("WACM7"), are necessary to allow for a fair and effective management of the current and future connections queue.

In addition, we would urge Ofgem to carefully **consider the roles and responsibilities for spatial planning** considering parties who have the relevant skills and expertise. It is important that the CSNP is directly aligned with the connections reform work to ensure interfaces and impacts are considered in delivering Net Zero in the most cost-effective way for GB consumers.

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<sup>10</sup> see response to Q2

### Proposals to Ofgem to develop a robust and deliverable CSNP

We therefore consider that the role of the FSO and the CSNP is currently still in development to a significant extent, requiring further detailed consultation and engagement with input from key stakeholders, including networks companies. As outlined **above we're supportive of a deliverable and robust CSNP**, we've been working closely with the ESO, TOs and Ofgem on the CSNP policy development against a new and **condensed** timeframe **recently** introduced by Ofgem.

We would ask Ofgem to consider feedback and points of clarity in this consultation (Annex A) and specifically ask Ofgem to consider:

- **Removing** or amending the **unintentional scope creep** and to realign with the **policy intent** of the CSNP
- **Removing** or amending **high risk elements** of the CSNP to reflect each party's role, expertise and experience including governance to ensure deliverability (in particular, recognising the roles and activities that TOs currently are responsible for and are best placed to continue delivering);
- A **realistic implementation plan** based on lessons learned with clear deliverables for the first CSNP and interaction with the regulatory framework (including price control timelines)

Otherwise, there is a high risk of **industry disruption** with TOs legal and regulatory obligations including obligations under the Electricity Act 1989 which will have a knock-on effect on licence, codes and wider legislation.

Given the significant impact on TO obligations **clarity is sought urgently and prior Ofgem final decision on the CSNP** with any changes underpinned by an impact assessment and consultation process. The faster these high-risk elements are resolved the faster TOs can focus on the detailed implementation and supporting documents.

We welcome further engagement and clarity on following this consultation response and remain fully engaged and committed to help develop a deliverable and ambitious CSNP. Please do not hesitate to reach out to me should you wish to discuss any of the points raised in this response including if worked examples would help illustrate points further.

Yours sincerely,



Lauren Logan

Head of Transmission Regulation & Policy

## ANNEX A

### SPT response to *Centralised Strategic Network Plan: Consultation on framework for identifying and assessing transmission investment options*

#### CSNP Outputs and Products

#### 1. Do you agree with our broad regulatory approach to establishing the FSO's obligations to deliver the CSNP products?

We welcome the introduction of the CSNP products and are fully supportive of the greater certainty they will provide to system need. We're also in support of the ENC's recommendations and the benefits around providing certainty of need as early as possible:

- **Securing the supply chain:** Given the global competition and supply chain constraints for transmission assets in manufacturing and contracting, we welcome the initial 12-year time horizon of the CSNP to provide a signal of need to the supply chain, as well as a view on requirements in the longer term period to 2050. Moving from a signal to the supply chain to securing the supply chain will require a supportive regulatory framework.
- **Regulatory framework:** Building on ASTI, removing the Initial Needs Case and Final Needs Case with the CSNP 'delivery pipeline' confirming need alongside early construction funding or pre-construction funding will help secure supply chain as recommended by the ENC<sup>11</sup>. Alongside not changing the need requirement once in the pipeline, we're supportive of this approach outlined in the CSNP, which is in line with the ENC recommendations<sup>12</sup>. We assume the projects proposed under the HND FUE and tCSNP2 will be within the delivery pipeline during the first CSNP but welcome clarification from Ofgem. We would urge Ofgem to consider the impact of the CSNP on the next price control period including implementation timelines, approach to business planning and uncertainty mechanisms as outlined in our covering letter.
- The above will also support the ENC's recommendations around **skills and resources**<sup>13</sup> and **supporting the government to build GB supply chains** Supporting the **economic growth** of the UK.

We're supportive of projects moving from the 'funnel' to the 'pipeline' once the need has been identified, we would welcome clarification on the wording used within the diagram (ref. Figure 3 in the [CSNP Consultation](#)) of the need being '**sufficiently certain**'. This approach to need certainty has delayed Transmission projects in the past and is **misaligned** with the strategic nature of the CSNP.

#### Timing and time horizon of CSNP products

We support Ofgem's proposed 3-year frequency of the CSNP as opposed to the annual publication of the NOA which has caused uncertainty and volatility, however we do think the 5-year frequency recommended by the ENC will provide greater certainty and align with the current price control timeframe. We have proposed an interim update to the CSNP is made every 18 months based on realistic delivery rather than every year<sup>14</sup>.

We agree with Ofgem that the interim CSNP products' (referred to as CSNP Annual Products in Appendix 1 of the [CSNP Consultation](#)) **time horizon** should be 12 years ahead as this broadly align with the current network infrastructure build time from conception to energisation for major strategic projects. We are mindful that the ENC recommends<sup>15</sup> this could be reduced to seven years, however

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<sup>11</sup> See page 44/45 of the [ENC report](#) (July 2023)

<sup>12</sup> See page 30 of the [ENC report](#) (July 2023)

<sup>13</sup> ENC recommendation 15 [ENC cover letter](#) (July 23)

<sup>14</sup> See SS3 page 19 of the [ENC report](#) (July 2023)

<sup>15</sup> See page xx of the [ENC report](#) (July 2023)

this is based on an interdependent package of recommendations in which the CSNP forms only one part.

We're supportive of an **interim update** between CSNPs. As outlined in our covering letter we're ready to support and ensure the CSNP is deliverable, learning lessons from the HND: there was 18 months between HND's conception and delivery and again 18 months between HND and HND FUE<sup>16</sup>. A global example is also an 18-month assessment is currently used by the California ISO<sup>17</sup>. Given the greatly expanded scope of the CSNP, an 18-month interim assessment seems more realistic and achievable for the initial stages. We believe a robust 'single pathway' view of generation (as proposed by Ofgem in the first CSNP consultation) would support this approach removing the need for an annual update for strategic investments. We also believe this reduces risk around certainty of need of projects which an annual assessment could introduce, as it reduces the interim CSNP update from two to one update (see our response to Q14 for our response on certainty of need).

Any final decision on **frequency and scope of updates** should only be taken once:

- all deliverables have been clearly defined,
- the various enablers and dependencies mapped over time and;
- any associated risks to the timely delivery of transmission infrastructure assessed.

For example, such an exercise should consider the development of an SSEP and its temporal alignment with the supply and demand background(s) employed within the analysis underpinning both the CSNP and "CSNP Annual Products". The development and publication of a Strategic Environmental Assessment and its temporal alignment with other CSNP products should also be considered in detail, with a view to avoiding any situation in which a new CSNP or "CSNP Annual Product" is published prior to the SEA associated with a previous product having yet to be finalised.

Once established, the frequency of the CSNP, interim updates and time horizon could be revisited, especially if the scope is expanded to a whole system basis. We believe the above proposals will ensure the **deliverability** of the CSNP in its initial years.

#### Regulatory approach to establishing the FSO's obligations to deliver the CSNP products

The approach outlined: updating FSO's SLC, the CSNP governance document being owned and developed by Ofgem and a CSNP methodology being owned and developed by the FSO seems reasonable. In the development of the CSNP governance group the TOs should be included in the decision-making panel, given the critical role TOs will play in the CSNP's development and significant impact this has on TO networks including discharging our licence obligations. This could replicate the Central Design Group Governance (we've outlined this in Q1 and Q8).

However, we're still unclear around the specific roles and responsibilities in the CSNP in system need (see response to Q2), developing options (see response to Q9) and bringing the CSNP together. We welcome the approach of working with stakeholders however the TOs are more than a stakeholder in this process given the fundamental impact a change in roles and responsibilities could bring. Rather than stakeholder engagement close **collaboration** with the TOs is required, this building upon the success of the HND and in line with the OTNR recommendations<sup>18</sup>. Indeed, there is a risk that the lack of clearly defined roles and responsibilities amongst DESNZ, the FSO and Ofgem could foster an unhelpful perception of a lack of accountability and independence on the part of the Regulator and the

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<sup>16</sup> The HND concept was proposed by the ScotWind Roundtable in Jan 2021 to the OTNR Pathway to 2030, its publication was July 2022 (18 months), the HND FUE is due to be published Dec 2023 (18 months post HND)

<sup>17</sup> CAISO (Aug 23)

<sup>18</sup> OTNR future framework recommendations Pg. 18



FSO (once established).<sup>19</sup> This is evident in the current consultation from Ofgem and DESNZ in which it indicates the **FSO could decide on system need** a role which will be transferred from Ofgem<sup>20</sup>.

The role of the FSO has expanded significantly in the CSNP, to include the FSO choosing which options they lead on, potentially without TO involvement, assessing options, undertaking the economic assessment and advising government on system need. We expand on this point and the risks in response to Q8, however it's relevant to the governance of the CSNP. We welcome further consultation from Ofgem on this, considering lessons learned from the Central Design Group recommendations of the OTNR which outlines government should work closely with project partners on governance, roles and responsibilities<sup>21</sup>.

We welcome Ofgem's acknowledgment of the impact on TOs' regulatory obligations, we expand on this further in our response to Q22 for our initial view of impacted licence conditions and obligations in relation to system need. We welcome further clarification on roles and responsibilities for the various CSNP stages **prior to Ofgem's consultation on FSO licence conditions**.

## Stage 2: System need

### **2. What are your views on the types of system need that we have proposed are covered by the CSNP? Are there any gaps?**

#### Roles and responsibilities – retaining and expanding existing roles

We welcome Ofgem including SPT's feedback on the types of system need and the role of the TO in undertaking analysis on TO systems to support the FSO. However as outlined above **it remains unclear about the roles and responsibilities in the CSNP between the FSO and TOs with 'blurred lines'**. We strongly support the approach outlined by Ofgem on the FSO leading on some aspects and taking on a coordination role where TOs are best placed to identify system need<sup>22</sup>. Elsewhere in the consultation it appears this responsibility in its entirety is being transferred to the FSO (see [CSNP Consultation](#) section 1.6) with the TO providing analysis of their own network (see [CSNP Consultation](#) Table 1). We don't believe this is the intention of the CSNP; however, this could have a significant impact on TOs' existing legal and regulatory obligations. Also, in the table it appears that both the TO and FSO will lead on system analysis, for example for High Voltage issues, we presume the FSO will lead on a GB wide basis and the TO on their own network.

We welcome clarification on the roles and responsibilities between the FSO and TOs in need identification and other stages of the CSNP. To note, when the TO identifies a system need this would still require decision making tools (currently CBA) which the FSO would lead on. *See response to question 22 for our initial view of impacted licence conditions and obligations in relation to system need.*

Like the position outlined above we have concerns over the FSO building capability to analyse systems down to a transmission node level. We would see this as an inefficient replication or replacement of the TO role without any impact assessment, which could have significant impact on our legal and regulatory obligations (see Q22). We also have concerns about this level of analysis being included in the CSNP as it significantly expands the scope of the NOA today which focuses on main system boundaries only, it is also in conflict with Ofgem's position to exclude local connections from the CSNP

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<sup>19</sup> In this context, we note that in its 2016 Energy Market Investigation, the CMA highlighted that the complementary and overlapping responsibilities of Ofgem and Government risked creating the perception of a lack of Ofgem independence and, through ineffective co-ordination between them, could cause policy implementation inefficiencies.

<sup>20</sup> [FSO consultation](#)

<sup>21</sup> [OTNR future framework recommendations](#) Pg. 33

<sup>22</sup> Outlined in 4.10.



as this level of analysis would include local connections works, which we do not consider necessary nor appropriate as part of a plan relating to strategic infrastructure development.

As part of our role as TO we already consider our load and non-load needs in our investment plans as input into our options. Therefore, we agree that investments triggered by non-load needs only should not be included within the CSNP but remain the sole responsibility of the TO. Where this impacts another TO's investment plans we already coordinate with the TOs with limited engagement with the ESO. This does not appear to have been considered in the proposed changes or 'blurred lines' in roles and responsibilities outlined above.

We do not believe this is the policy intent of the CSNP which focuses on strategic network planning but unintentional scope creep, we propose Ofgem remove or amend this aspect. We welcome further clarification on roles and responsibilities with retaining and expanding existing roles for the various CSNP stages **prior to Ofgem's consultation on FSO licence conditions**.

Table 1 is a good example on the clarity on who does what in terms of system analysis we would propose this approach is also followed for **need identification, options assessment and decision making (including CBA)**.

We've provided the below example to illustrate our concerns and demonstrate how this does not recognise the policy intent and ambition of the CSNP:

**FSO leads on system analysis to a Transmission node level:** The FSO leads on analysis relating to Stirling Grid Supply Point (GSP), a 132/33kV Substation (see image below), using data from the TO. However, from Table 1 from Ofgem it's clear the TO leads on the system analysis. The FSO will then be undertaking analysis on Stirling GSP making assumption around the data, without any expertise or experience of the surrounding system including the DNO interface at the GSP. The FSO in addition to making assumptions without any local knowledge, will not consider the wider transmission programme such as non-load drivers and local connections. As well as local stakeholders, environmental and local issues (like historic Scotland sites, environmentally protected areas, mountains).

- We do not recognise the need for the FSO to take on this additional role of analysis at this level of the network, which risks undermining the local knowledge and expertise of the TOs. Whilst the ESO today has no skills or capabilities in this area. We see this as **unintentional scope creep**.
- If the FSO then identifies a 'need' for this GSP it would not be considering other network drivers or local TO knowledge and expertise. This is unlikely to lead to the timely development of economic, efficient and coordinated solutions, with potential consumer and local community impacts.
- The TOs may have no sight of the data used by the FSO in its assessment; the TO would then have to potentially undertake a separate assessment. Again this is not economic or efficient and 'swaps' the TOs and ESOs current role without justification.
- The above points impact the TO's overarching legal obligations (outlined in Q22), regulatory obligations and compliance with security standards (SQSS) and safety regulations (CDM).
- **As outlined in our covering letter we ask Ofgem to amend or remove this high risk element of the CSNP. We propose this is amended to TOs leading on 'Transmission Area analysis' at least in the initial stages of the CSNP.**

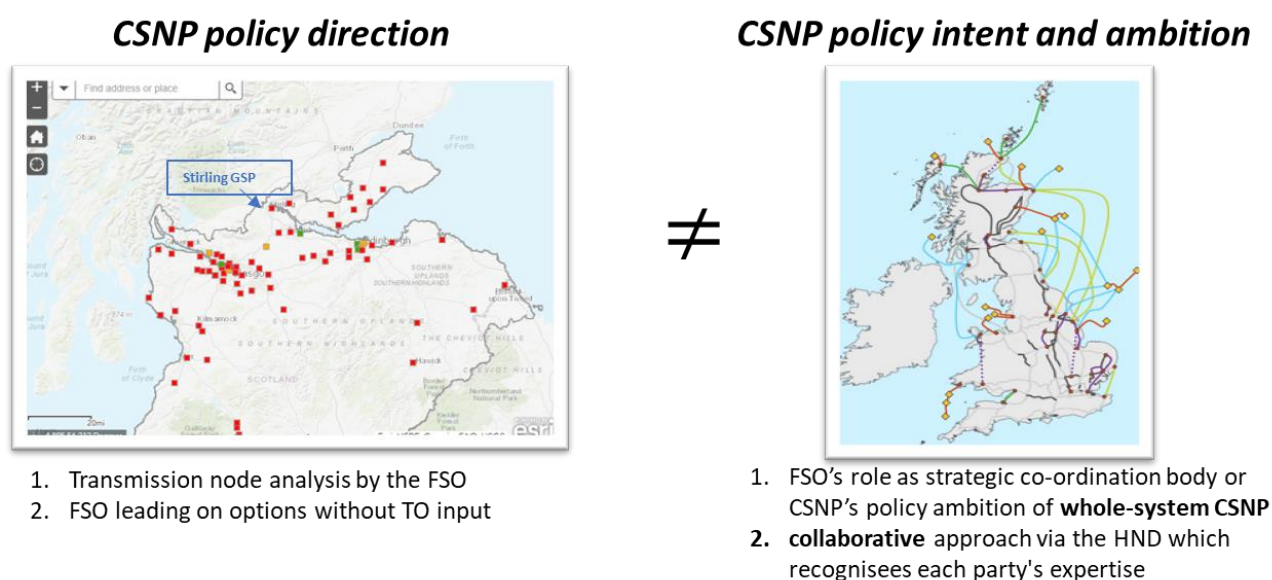
**FSO puts forward options for investment without TO invitation:** The CSNP consultation outlines that the FSO can put forward high-level options and can by choice invite TOs to do the same. We see this as high risk, given the aspects outlined above in terms of what goes into the analysis and entirely unacceptable to TO as asset owners given our legal and regulatory obligations. Removing the TO from the analysis and identification of need, and options assessment process, removes control from the TO on issues related to asset condition and stewardship, calling into question not only the legal and regulatory framework but the economic framework of the energy market since privatisation.

- As outlined in the figure below, this is not the policy intent or ambition of the CSNP for the FSO to 'do everything' and cause industry and economic disruption.
- We would question how TO obligations and accountabilities were transferred to the FSO in this instance to ensure the TO was not liable for any FSO led options.
- We would ask how the FSO would then secure regulatory funding to ensure these projects were delivered on time and in an economic, efficient and coordinated manner.
- As outlined in our cover letter we ask Ofgem to remove or amend this element high risk of the CSNP to ensure the CSNP build on the collaborative process of the HND and allows the FSO to expand capabilities to cover strategic planning for other energy vectors.

Finally, the FSO after **leading on analysis** and **leading on high-level options**, without invitation from the TOs, then undertakes the **economic assessment** and **potentially decides on the options**.

- We've outlined our concerns to this aspect specifically in response to Q8. However this undermines the value the ESO adds today in its independent evaluation and challenge. The FSO 'doing everything' removes the current **check and balances** in place today.
- As outlined in our cover letter we ask Ofgem to amend this high risk element of the CSNP to ensure the CSNP evaluation, decision making and governance recognises each parties role based on experience, expertise and legal and regulatory frameworks. ,ensuring the most economic and efficient transmission investments with appropriate checks and balances.

If Ofgem retains these elements of the CSNP, we would require a **fundamental consultation** process and consumer impact assessment for this change to made. Including wider economic growth considerations (currently in consultation for Ofgem to consider), economic market frameworks, skills shortages, and industry disruption to net zero delivery.



*Figure 1 CSNP policy direction vs policy intent and ambition*

**Table 1:** We also note that interconnectors and offshore hybrid assets are included within the CSNP but not referenced within the system need table. We would also note that the ESO does have the responsibility to lead on fault level analysis and mitigation(s) (as may be required) in operational timescales, and the impact on fault infeed/ equipment duty of any FSO led option as part of the CSNP analysis cannot be ignored. It is noteworthy that some of the outcomes from ESO led Pathfinder processes to address low short circuit levels are leading to a need to invest to mitigate high short

circuit levels on a local basis. We agree that the TO should lead analysis of fault infeed/ equipment duty in investment planning timescales, informed by suitable and sufficient representations of third party assets provided by the FSO.

It is also noteworthy that some types of power system analysis detailed within Table 1 of the CSNP Consultation are only capable of being undertaken with confidence at certain points in the development of a wider project and/or do not lend themselves to being undertaken on an annual basis, in view of their detailed nature and the time horizon under consideration. We welcome confirmation of what analysis will be undertaken in the interim update rather than main CSNP and when.

#### Spatial planning and connections

Ofgem have indicated that there will be an element of spatial planning within the CSNP however there's little detail on this aspect. This aligns with ENC recommendations around spatial planning. For the transmission system to move towards an 'Invest then Connect' system **there must be an element of spatial planning**, to ensure the timely and efficient delivery of appropriate infrastructure, minimising the risk of under or over investment on a regional basis. This is not a new approach and was a pre-requisite or overlay to the HND and HND FUE as the 'generation map'<sup>23</sup>, led by the OTNR. The title of generation map is misleading as this map contained an element of spatial planning highlighting where there were environmental and community constraints to indicate where potential route corridors of infrastructure on and offshore could be, alongside where existing generation is located and potential future generation (from FES scenarios) and the TEC register (those in service/ construction). It is worth noting that ahead of the OTNR this work was done for Scotland, with TOs working closely with Crown Estate Scotland and Marine Scotland in marine constraints<sup>24</sup>, a recommendation which is included in ENC recommendations<sup>25</sup>.

The purpose of this map was to meet the government's offshore wind targets. This **target-led, rather than developer-led**, approach can be **replicated across onshore low carbon technologies** on an enduring basis. However, this should be led by the party who has the expertise in consenting, land rights and relationships with local authorities to understand regional energy targets alongside national targets. This expertise is not within the existing ESO. In addition, the ENC recommendations<sup>26</sup> include increasing capacity of existing infrastructure, for example via dynamic line rating, requiring TO expertise, as the asset owner, on potential parts of the network that could increase capacity. An international example of this approach is from Queensland, Australia with the government working closely with the lead TO (Powerlink) to create Regional Energy Zones<sup>27</sup>. Although it is being proposed that local connections will not be included within the CSNP, a proposal which we support, spatial planning would help create appropriate future capacity and help unblock the connections queue, in line with the ENC's recommendations of assisting with unblocking the queue in addition to connections reform initiatives. It is therefore important that the CSNP is developed alongside the ESO's ongoing work on Connections Reform.

We welcome clarification on the definition of strategic connections being 'large'. Specifically, whether one offshore windfarm would meet this definition, as this is currently a process gap (see response to Q20). It's also unclear whether the cumulative total of small connections falls within this definition, as Ofgem indicates this would be the case (see point 7.44) but this wouldn't fall under the definition of 'large' connections.

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<sup>23</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1059676/otnr-central-design-group-network-design-tor.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1059676/otnr-central-design-group-network-design-tor.pdf)

<sup>24</sup> <https://yoursayhpnw.engagemetha.com/hub-page/rez-roadmap>

<sup>25</sup> See page 38 of the ENC report (July 2023)

<sup>26</sup> See page 18 of the ENC report (July 2023)

<sup>27</sup> <https://www.epw.qld.gov.au/about/initiatives/renewable-energy-zones>

### 3. Do you agree that the time horizon for system need assessment should be extended to 2050?

Yes, we agree that the time horizon should be extended to 2050 to meet the UK government net zero target (keeping in mind the Scottish Government's target of 2045) or a minimum of 25 years ahead, as outlined in the ENC recommendations<sup>28</sup>. This should be kept updated in line with the Strategic Policy Statement. We welcome clarity on what level of analysis will be required for the longer-terms system needs and what's deliverable for the CSNP.

### 4. Do you agree that the FSO should move to a year-round nodal assessment of system need as part of the CSNP?

We would welcome further clarification from Ofgem as to exactly what is proposed in relation to a nodal assessment of system need. We would note that the boundary capability analysis undertaken for the purposes supporting the existing Network Options Assessment process is undertaken on a full GB node and branch model and considers both thermal and voltage performance in appropriate timeframes.

Dependent upon Ofgem's expectations in this regard, a year-round nodal assessment may represent a significant expansion of the existing role of the ESO, this expansion including moving from winter peak to year around and to every transmission node<sup>29</sup>. As outlined in our covering letter we are still to see a clear scope and implementation plan that takes into account the various stages of analysis to deliver this new aspect for 2026.

### 5. We welcome stakeholders' views on how the FSO can communicate effectively about future system needs?

We agree with undertaking a review of how the FSO can communicate the future system needs effectively. We are mindful of the multiple publications at different times of the year can be complex and complicated to stakeholders. In the past, the ESO FES publications were on a regional basis, we found this approach very helpful in communicating impacts of the FES to stakeholders as well as the national basis. However this year, the ESO moved to a 'regional spotlight' which was more random and confusing. We're supportive of the FSO continuing on a national and regional basis with the TOs support.

The ENC recommends a joint effort from the TOs and FSO with government to design and implement a focused information campaign on the need for a grid refresh<sup>30</sup>. The CSNP should form a key part of this information campaign alongside more targeted engagement to industry and targeted community engagement. This is in line with the ENC recommendations of engaging with citizens. We're supportive of this joint effort and as noted by the ENC the TOs have already started their own campaigns.

## Stage 3: Identify Options

### 6. What are your views on the FSO establishing minimum design requirements for high-level option designs and are there areas where exceptions are needed?

Minimum design requirements are reasonable and one which is in line with the existing NOA (for example via the Solution Requirement Form template) and HND. We welcome Ofgem's policy steer that some design may provide more information than the minimum, acknowledging there may be

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<sup>28</sup> See SS3 page 19 of the [ENC report](#) (July 2023)

<sup>29</sup> note we believe this term needs defined in relation to the CSNP, this term is used for Transmission Use of System Charging and is defined in the CUSC, this is not a term used in Transmission System Planning

<sup>30</sup> ENC recommendation 12 [ENC cover letter](#) (July 23)

exceptions for very long-term needs, as well the fact that more detailed information may be available where detailed project design/ development work has progressed at the time of the CSNP analysis

We've not considered minimal requirements from third parties in this response, see response to Q9 but as a minimum third parties (including the FSO if putting forward options) should be subject to the same minimum requirements.

## 7. Do you have any views on our proposals for considering environmental and community impacts as part of high-level design of options?

We're supportive of proposals as part of the high-level design, considering environmental and community impacts is a critical aspect to delivering projects at pace, aiming to minimise time during consenting however we're mindful that at the high-level design stage there is limitations to the amount of information on impacts available. A robust and well-developed need case, appraising all feasible options to achieve the required outcome against transmission primary legislation and licence obligations<sup>31</sup>, is therefore fundamental to engaging on and consenting reinforcement projects. This must be underpinned by a clear and transparent presentation of the system reinforcement options considered, including the criteria these were appraised against, to allow all stakeholders involved in the planning and consents process to understand the 'what', 'why', 'when' and 'where' behind the infrastructure proposals being presented.

This will also help target communications outlined in Q5. We've been working closely with the ESO on considering these impacts as part of the CSNP methodology and have included our response on environmental impact as Appendix 1. In this response, we've highlighted our concern of including quantitative scoring, presents the **very real risk of ruling out** technically and economically feasible reinforcement options based on an **artificial assumption** of potential future impacts and effects on the environmental designations which form the basis of the initial screening stage. The accurate identification and quantification of impacts and effects for onshore options could only be provided if based on, at the very least, clearly defined corridor options. However, these are not identified by the TO until the next stage of the development process; this poses a risk to project consenting including public enquiry under S37.

Given the FSO is to lead on the CSNP it seems reasonable the FSO leads on the Strategic Environmental Assessment (SEA) with close collaboration and input from the TOs. We note the recommendations from the OTNR that there needs to be an assessment of which party is best place to undertake this<sup>32</sup>. We assume that the SEA will be undertaken on the final options for the CSNP rather than every options which will be included in the options assessment. We welcome clarity on this point, as well as the intended timing and alignment of the SEA within the wider package of CSNP products.

Including environmental and community impacts as part of the CBA process however will require further consideration and how this could interact with Section 37 planning consents process, noting the most economic and efficient design solution may be subject to challenge and review as part of any Public Local Inquiry process. We've outlined this in response to Q15.

## 8. Do you have any views on our proposal for the FSO to independently decide which network needs it may lead the high-level design of?

As outlined in the covering letter to this response, as a TO we have the experience and expertise to lead on the high-level design of onshore infrastructure. The ESO does not currently have the

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<sup>31</sup> Most notable section 9 (2): It shall be the duty of the holder of a licence authorising him to participate in the transmission of] electricity—(a) **to develop and maintain an efficient, co-ordinated and economical system of electricity transmission;**

<sup>32</sup> Page 6 OTNR recommendation

capabilities to undertake this role. The ESO's current role relies upon TO resources to provide options for reinforcement regarding system boundary uplifts only, the ESO has provided high-level design options for offshore connection but again has been reliant upon TO expertise. However, as outlined previously<sup>33</sup>, current arrangements have not prevented the ESO independently challenging TO options and putting forward their own option for TO assessment. The role of the ESO of independent evaluation and challenge has worked well and vice versa with the TO to ESO. We're supportive of retaining of this role for the FSO.

As outlined in the covering letter we are supportive of a **robust** and **deliverable** CSNP, to ensure deliverability, the governance and roles and responsibilities need to be clear. We are concerned around the overloading of responsibilities on the FSO, especially where there is a replication or replacement of existing industry expertise and an impact on legal and regulatory obligations (see our response to Q20) and where the FSO has no existing capabilities. In addition, the FSO also has no sight of TOs non-load investment needs and has no means to efficiently plan and co-ordinate these network needs economically. This could have a significant impact on consumers and the delivery of net-zero without any impact assessment.

- Specifically, the FSO leading on the high-design on network needs by their own choosing, could then result in **unintentional confirmation bias** later in the optioneering process and the CBA, there is also no scope for independent challenge or peer review from another party removing the current checks and balances that are in place. As noted above this will not consider each TO's overall investment programme including local connections works and non-load. This concern is exacerbated by the latest FSO consultation<sup>34</sup> where there is a proposal for the FSO to have regulatory decision-making powers for the infrastructure need.
- This has a significant **impact on roles, responsibilities, and governance** for the CSNP and regulation as outlined in response to Q2. We're very concerned by the suggestion that the FSO may independently decide which options to lead on, and may do so without consultation with the TOs, as this is proposed to be by invitation only ([CSNP Consultation 5.30](#)). TO options via invitation only will cause delays, risks losing the consumer benefits of TO options and encourages reactive rather than proactive system development, impacting innovative thinking. This also impacts the TOs role as a design authority and is unacceptable to SPT as asset owner in view of the prospective impacts on our ability to discharge our various statutory duties and licence obligations. As noted above the FSO does not have sight of non-load needs and therefore there could be consumer benefits missed due to efficient and economics planning.
- Ofgem's consideration of not defining strategic investment **exacerbates** this further. The FSO leading on coordination of 'whole system strategic investments' alongside a definition seems more in line with Ofgem's policy intent and can provide flexibility. The whole system coordination role of the FSO is one which we support and can see value of the FSO leading on.

It's unclear what roles and responsibilities are impacted and makes it increasingly difficult to consider any impact to TOs' regulatory and legal obligations (see Q22). **We're concerned proposals being put forward without any TO and consumer impacts assessment.**

As outlined in Q2, we welcome further clarification on roles and responsibilities for the various CSNP stages **prior to Ofgem's consultation on FSO licence conditions.**

**9. Do you have any views on our proposal for the FSO to set out how and when third parties can be involved within the CSNP?**

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<sup>33</sup> See CSNP Stages Feedback slides (slide 6) dated 10/8/23

<sup>34</sup> See page 22 of FSO consultation



The roles and responsibilities relating to introducing competition delivery models across the transmission system, including in relation to network planning and the CSNP, need to be transparently developed and consulted upon with the industry. Given Stage 6 of the CSNP (Handover to a delivery body) is outside the scope of this consultation<sup>35</sup> we do not believe it is appropriate to comment on third party involvement at this stage. We do not consider it appropriate to provide feedback on competition delivery models in the CSNP forum, including in the CSNP guidance document, given early/late competition policy is being developed separately by the ESO and Ofgem and **is yet to have the enabling legislative and regulatory framework**. Therefore there has been no impact assessment on the impact third parties would have to TO's existing assets and operability of existing systems.

We're supportive of the ENC's recommendation and view that contestability onshore should not be considered at this phase of the CSNP given the impact this could have on deliverability<sup>36</sup> noting: "*The TO responsibility needs to fully encompass all aspects of delivering these assets including the interaction with the FSO on initial design and the consenting process*"<sup>37</sup>. Instead, the focus should be on providing certainty of delivery (see response to Q1) to TOs, and not introducing delays or distraction in an already new, expanded, and innovative CSNP process against the accelerated timescale Ofgem has recently introduced. We also note that third parties can put options forward in the existing NOA process, to date there have been **no proposals from 'interested persons' on SPT's system** to our knowledge.

As outlined previously<sup>38</sup>, Stage 6 'Handover to delivery body': This stage contains three distinct points:

1. preferred options going through the relevant regulatory process,
2. recommendations to government and Ofgem
3. and handover to delivery body.

Given the contents of this stage, we would propose re-naming to '**CSNP Recommendations to government and Ofgem and the regulatory framework for delivery**'.

#### 10. Do you have any views on our proposals on data exchange to enable the implementation of CSNP?

We're aware that there are already obligations and development underway regarding data. We're unclear what the intention is of this data exchange than what already exists in STC obligations and Open Data, this needs to be explored and any additional data requests highlighted. We're also concerned about the level of data proposed to be published and whether security risks have been considered including cyber-attacks.

We welcome clarification including an impact assessment on this point. We also welcome clarity on the provision of data in 5.45, this impacts TOs' existing obligations, particularly substation design drawings and cost information and for Ofgem to consider further what data and what level of data is required. Data exchanges will need to ensure TO's existing legal and regulatory obligations are fulfilled including the security and safety of our network. We urge Ofgem to further consider the need to balance the open data principle with the requirements of security of national and critical national infrastructure including vetting by the National Cyber Agency.

The consultation suggest that a working group focused on this data exchange is to develop a plan by October this year, we're unclear how realistic this is given our experience in changes to data previously.

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<sup>35</sup> See point 1.8 in Ofgem [CSNP consultation](#) (July 2023)

<sup>36</sup> See SS9 page 17 and 26 of the [ENC report](#) (July 2023)

<sup>37</sup> [ENC Cover Letter](#) page 7 (August 2023)

<sup>38</sup> See CSNP Stages Feedback slides (slide 9) dated 10/8/23



#### Stage 4: Decision Making Tools Including Cost Benefit Analysis (CBA)

##### **11. Do you have any views on our proposals regarding the principles to be followed in the CSNP decision-making framework?**

We support the FSO to lead the development of the CSNP methodology alongside Ofgem's assessment and approval of the methodology. We note the governance of this approach and the CSNP is yet to be determined, but in view of the implications for the TO's in respect of their ability to discharge their statutory duties and licence obligations, we believe the TO's need to be included in the proposed strategic governance group (as outlined in response to Q1).

We broadly support the CSNP methodology being developed based on the principles set out by Ofgem in 6.5. including transparency and adaptive to change. Given obligations under the Electricity Act 1989, we propose that an additional principle is included to develop economic, efficient and coordinated solutions for GB consumers so the focus on developing the methodology is not distracted and is aligned with consenting processes and requirements. We would encourage Ofgem and the FSO to consider the principles used in the CDG methodology document as a starting point considering any lessons learned from the HND and HND FUE.

We're supportive of the FSO developing the methodology based on stakeholder engagement and making it clear to stakeholders how and when they can get involved; however this engagement should be targeted and focussed on areas where stakeholders have the expertise. For example, the CBA engagement should focus on sound economic assumptions and methodologies. The FSO should consider stakeholder partnerships with relevant stakeholders who have the expertise in developing the methodology like TOs rather than relying on external consultant(s). This is a key lesson learned from the HND.

We're supportive of the CSNP methodology being *robust, consistent and reproducible* however we would urge caution of focusing on reproduction of outcomes; for example running the same project through an annual CBA, this would lead the CSNP to become as uncertain as the current NOA.

Our support of the CSNP methodology development is based on the FSO having a role as the ESO has today for the NOA and HND/HND FUE. We've asked for clarity in this consultation on roles and responsibilities and impact on the TO, depending on the outcome our view on the TO's role in the CSNP methodology may change.

##### **12. Do you have any views on our proposals on the decision-making framework for selecting potential projects to address longer-term system needs?**

We're broadly supportive of Ofgem's proposals on the decision-making framework for selecting potential projects to address longer-term system needs, we believe this will provide certainty for projects and is in line with the ENC's recommendations. We are however concerned over some of the language used in this section which uses moving projects when 'greater certainty' is known, this risk-averse approach to transmission investment has caused significant delays in the past and could prevent the benefits of the CSNP being realised if investment is delayed. If conditions like 'greater certainty' are used to demonstrate longer term project need this should be clearly defined within the methodology and CBA economic decision making tools used to reduce uncertainty (for example like those listed in 6.12) rather than one specific tool which to date has caused delays to transmission investment (constraint based costs and least worst regret), particularly when combined with very significant year on year change in the future generation scenarios .

We're supportive of the transparent approach to projects entering the funnel to meet longer term system needs using the tools outlined by Ofgem in section 6.10; we propose Ofgem also consider deliverability of meeting government targets, this is in line with the approach of the HND/HND FUE (reference CDG/OTNR deliverability principles) and draft Strategic Policy Statements for the FSO

and Ofgem. Although we're supportive of the FSO using its own judgement to recommend projects into the funnel, the justification and tools used to come to this judgement should be transparent and gone through appropriate governance (yet to be determined). Given the impact the CSNP decision making framework will have on the TOs, the TOs should be included in this governance process (see response to Q1 and 8).

**13. Do you have any views on the decision-making framework to bring potential projects into the 'delivery pipeline' for nearer-term needs?**

We're supportive of project within the delivery pipeline having a clear recommendation on project to be delivered, we believe this approach supports providing greater certainty to projects. However, it's unclear what assessment will be undertaken by the FSO to confirm when the project will be needed, it's noted in section 6.15 as a minimum of when it appears in the single FES scenario, looking up to 12 years ahead.

However, it's unclear whether this will form part of the main CSNP (every three years) or the interim CSNP update. We're also concerned over the sheer scale of projects that could be included within the funnel and then pipeline if this includes projects down to a transmission node level (see response to Q2), this could impact the regulatory framework used for baseline projects and local connections. We do not believe this is the intent or purpose of the CSNP, which by definition is intended to address strategic requirements.

Although we're supportive of using a single FES pathway to support the CSNP we would urge caution on complete reliance of this pathway for moving projects into the delivery pipeline e.g. sensitivities should be tested around the potential location, scale and impact of **emerging technologies** like hydrogen. This could be aided by the CBA considering the 'option value' associated with different interventions given the uncertainty associated from multiple possible future scenarios (i.e. the value associated with waiting to get a clearer picture of future scenarios).

As mentioned above, we're unclear on the governance around moving projects into the delivery pipeline, given the impact this decision-making framework could have on TOs, the TOs should be included in this governance process with the ability to request projects move into the delivery pipeline (see response to Q1 and 8).

**14. We would welcome views on our proposal to not re-evaluate projects that are in the delivery pipeline, and whether a materiality trigger is appropriate and what criteria might be used.**

We're supportive of the proposal not to re-evaluate projects that are in the delivery pipeline. We would welcome clarification on what would be included in '*material change*' which could trigger re-evaluation and project uncertainty, there is already a precedent of materiality triggers within the RII0-2 regulatory framework. This should be focused on extensive changes which would not have been foreseen and every effort should be made to adapt the detailed project scope and/or timing rather than stranding any assets.

**15. Do you have any views on our proposal on inclusion of environmental and community impacts in the CSNP CBA?**

Yes, we're supportive of considering the impacts of the environmental and community within the CBA. We're particularly supportive of the inclusion of socio-economic benefits including economic growth and job creation (*linked to Ofgem's potential new economic growth considerations*<sup>39</sup>) and carbon

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<sup>39</sup> Ofgem [response](#) to SPS (August 2023)

reduction<sup>40</sup>, this is in line with SPEN's Just Transition Strategy. We would suggest the CBA is aligned with CCC targets and carbon prices. We see this as a move towards a *cost-effective CBA rather than lowest cost*<sup>41</sup>.

Some examples of carbon reduction to be included in the CBA are:

- Emissions associated with losses.
- Carbon abatement from connection renewable energy (rather than relying on gas)
- Embedded GHG emissions associated per assets installed.
- Impact on elec. Consumer e.g. customer interruptions,
- Energy not Supplied, GSoP.
- Impact on vulnerable customers

We agree with Ofgem not to include any impacts above what is necessary to be granted planning consents as this could increase the cost of the project significantly and impact the CBA outcome as well as jeopardise the consenting process<sup>42</sup>. We would also aim to manage expectations that any inputs to the CBA would be at the **high-level design stage** only which would like be linked to spatial planning (see Q7 above that highlights limitations of available data at the high level design stages (prior to work on site at the detailed design stage)). We have attached our response the ESO's CSNP environmental and community impact assessment. In this response we highlight consideration of one key lesson learned from the CBA, at the high-level design stage environmental and community benefits should not be given equal weighting to other known impacts. In the HND FUE, this has resulted in options being categorised as different shades of 'red' i.e. high impact, as options have not yet been refined. This approach has been challenged by wider stakeholders including Nature Scotland and Environmental Scotland, we would urge the ESO to continue development of this methodology with TOs and other key environmental stakeholders.

Ofgem do note that undergrounding options should not be considered as standard, we agree with this approach however we would urge Ofgem to consider how undergrounding could be funded given the significant impact transmission infrastructure is likely to have on communities across GB as outlined by the ENC recommendations.

We would urge Ofgem to consider how community benefit funds (currently being considered by DESNZ) could potentially impact the CBA or whether this would be a separate source of funding for TOs outside project costs.

#### **16. Do you have any views on our proposal for the CSNP to include a methodology for assessing and taking forward system operability solutions?**

We agree it makes sense for operability solutions to be considered in the CSNP and CSNP interim update; however given the urgency of system issues there may be a need to assess operability solutions outside this process. To ensure there is not unintentional scope creep in this area, focus should remain on strategic system development, but avoiding a focus on the short term e.g. Yr1 / Yr 2 issues, which should be addressed through other routes. The CSNP needs to include adequate forecasting ongoing need and accounting for the replacement (or renewal) costs of solutions that have lives shorter than the duration of the need.

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<sup>40</sup> Some examples of carbon reduction to be included in the CBA are: Emissions associated with losses.

- Embedded GHG emissions associated per assets installed.

- Impact on elec. consumer e.g. customer interruptions, Energy not Supplied, GSoP.

- Impact on vulnerable customers

<sup>41</sup> This was proposed by Scottish Power in our response to the Government's draft Strategic policy Statement

<sup>42</sup> Public Enquiry in Scotland under the EA is based on the most economic and efficient solution; any impacts included above what's considered necessary for planning consents could impact a Public Inquiry

**17. Do you agree with our proposal for the ESO to review its current approach to assessing short- and long-term solutions, and for the FSO to set out its approach in the CSNP Methodology?**

Although we understand the concern Ofgem have that longer terms solutions >40-year asset life vs. short term solutions <10 years asset life have a better CBA outcome using the current CBA methodology, there should not be any bias or adjustment used in the new CBA for shorter term solutions, and the outcomes aligned with the CSNP CBA methodology. If a shorter term solution is deliverable quicker, this may provide a carbon reduction or meeting net zero targets quicker, therefore may have a better CBA outcome under the CSNP in comparison to the NOA CBA. We do not believe that any specific adjustments need to be made for assessing short-term and long-term solutions outside the CSNP CBA methodology which will consider other benefits outside constraint costs vs. costs (spread over asset life).

We agree with Ofgem's position that a process should not artificially disregard the benefits to consumer of assets with longer term asset lives. Our experience suggests that many of the network needs on the system, currently being addressed by the provision of ancillary services, will exist on the network in the longer term<sup>43</sup>. For example, the high-voltage Mersey Reactive Pathfinder 2022-2031 tender outcome compared a 10-year market solution against the 40-year TO asset. The ESO subsequently opted for a 10-year market solution at a cost of £8.81m, compared to the TO's 40-year asset at a cost of £13.1m. The cost of the market solution has subsequently increased to £9.87m. Therefore, for an additional £3.2m to consumers, the TO asset would have remained operational for a further 30-year period. The approach taken fundamentally fails to protect the long-term interests of consumers should the asset ultimately be required for a period beyond the initial 10-year contract term.<sup>44</sup>

**18. Do you have views on our proposals for FSO to develop capabilities to consider different combinations of options and how this should be implemented?**

We're supportive of the FSO building whole system capabilities through the evolution of the CSP but have specific concerns of overloading the FSO which will impact the deliverability of the CSNP (see cover letter and response to q 1 and 8) and concerns over the implementation of the CSNP which has the initial focus of electricity transmission (see cover letter and response to Q1 and 4). We're unable to support this proposal at this time as we do not believe it is realistic and will overload and distract the FSO, we're also unclear what the CSNP strategic governance group's membership, role and wider governance of the CSNP is to support this proposal (see response to Q1 and Q8 which proposes TOs are members of the governance group).

**Cross Cutting CSNP policy areas and interdependencies**

**19. Do you agree with our proposal to introduce a requirement, as part of the new CSNP licence condition, for the FSO to make recommendations on additional interconnection and OHAs opportunities between GB and other markets?**

We don't have any specific views on this requirement however we are concerned with the FSO becoming overloaded (see response to Q8 and our cover letter).

**20. Do you agree with our proposal that the FSO should use reasonable endeavours to support relevant stakeholders as part of the offshore asset development process?**

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<sup>43</sup> See SPT's response to Call for Evidence on the correct regulatory treatment of assets dedicated to provision of ancillary services (submitted 31st May 2022)

<sup>44</sup> See SPT's response to on minded-to decision for an application for an Electricity Transmission Licence for Mersey Reactive Power Limited (MRPL) for the operation of a shunt reactor (submitted 23rd November 2021)

We believe that supporting the offshore development process is closely tied to spatial planning, ensuring the future development of the onshore network will be able to facilitate the scale of offshore wind connections anticipated. Please see our response to Q2 which outlines our views. We are also mindful that the HND and HND FUE superseded the standard connections process (known as the CION<sup>45</sup>) for individual offshore wind connections that fell within the scope of the HND and HND FUE, we welcome clarity on what the roles, responsibilities and processes is under the CSNP. We suggest offshore wind projects that are included in the HND and HND FUE are included as 'strategic connections'.

**21. Do you agree with our proposal that the FSO assess third-party options under the CSNP and recommend delivery by competition where proposed solutions meet the relevant competition criteria?**

See our response to Q9.

**22. What are your views on whether changes to the SQSS or obligations on licensees are needed to support the CSNP – where specifically are these changes needed and when do they need to happen by?**

A full impact assessment of legislation, licence conditions and industry codes is a significant undertaking, one which Ofgem have been working on with the ESO for several months for the transfer to FSO. It's unreasonable to ask for this task to be undertaken in four weeks whilst policy is still under development.

As outlined in response to Q2 and Q8 it remains unclear what the roles and responsibilities are in the CSNP between the FSO and the TOs and therefore makes the task of legal and regulatory impact assessment extremely difficult.

Our initial view is that our overarching obligations under the Electricity Act 1989, most notably section 9 (2), could be impacted: *It shall be the duty of the holder of a licence authorising him to participate in the transmission of electricity—(a) to develop and maintain an efficient, co-ordinated and economical system of electricity transmission;* This is the basis of our licence obligations as well as obligations in relation to securing consents. This is mainly due to current proposals for the FSO to replace or replicate the role of the TO, for example in system need identification and system analysis to the point of a transmission node and leading on the development of high-level design options. Any transfer or change to existing obligations requires further impact assessment (including consumer impact assessment) and consultation. Our ask to Ofgem is to remove or amend these elements as outlined in our cover letter to this response.

Specifically in relation to the SQSS, we do not see any changes being required to the SQSS to support the CSNP. The CSNP should be designed around SQSS compliance to ensure an economic, secure and efficient network for GB consumers, which is increasingly important as the system moves towards operating on more intermittent renewable generation (as opposed to synchronous generation from fossil fuels). Amendments or updates to the SQSS can take place at any time, with derogations sought if required. There is however a question over where responsibility lies for the SQSS in relation to the blurred lines in the roles and responsibilities between the FSO and TO if the FSO is leading on analysis or leading on the development of high-level design options. See examples outlined in Q2.

**23. Do you agree that the FSO should evaluate the climate resilience of the long-term whole-system CSNP?**

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<sup>45</sup> CION cover letter from ESO (2018)

We're supportive of including climate resilience within the CSNP. Protecting infrastructure and security of supply to be resilient to climate change is a consideration now. It's unclear why this has to wait for the whole system CSNP. Weather events because of climate change need to become BAU now. Given the urgency of climate change and changing weather patterns this should also be included in interim CSNP update.

**24. Do you agree with the proposed position on the treatment of connections in the CSNP?**

See response to Q2 regarding spatial planning and defining strategic connections. Please see Q20 above for clarity on the connections process for individual offshore wind connections.