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About RenewableUK

RenewableUK's members are building our future energy system, powered by clean electricity. We bring them together to deliver that future faster; a future which is better for industry, billpayers, and the environment. We support over 400 member companies to ensure increasing amounts of renewable electricity are deployed across the UK and to access export markets all over the world. Our members are business leaders, technology innovators, and expert thinkers from right across industry.

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

RenewableUK welcomes the publication of this consultation and thanks Ofgem for the opportunity to respond.

We are broadly supportive of the objectives and proposals set out in this consultation. The Centralised Strategic Network Plan (CSNP) should introduce a step change to how the network is planned and help to introduce a system-wide holistic approach to network planning, supported by an improved methodology and expanded cost-benefits analysis.

We especially welcome the intention for there not to be a re-evaluation of projects that are in the pipeline – analysis from RenewableUK presented in our response shows how reanalysis of projects through the NOA process has led to a number of projects being unnecessarily delayed.

For the aims of the consultation to be successful, the following factors must be taken into consideration:

- The recently published report¹ by the Electricity Networks Commissioner, Nick Winser contains a number of recommendations in relation to network planning. It is vital that the future CSNP reflects these recommendations and is explicitly designed in a manner that is consistent with the aims of the Winser report, i.e. reducing the average time to deliver network infrastructure by half. Ofgem should also express how they will take the Winser recommendations into account in their decision document.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1175649/electricity-networks-commissioner-letter-to-desnz-secretary.pdf

- Specific recommendations that should be reflected include those about the establishment of a Strategic Spatial Energy Plan, which should be a key input to the CSNP, route standardisation and expanded cost-benefit analysis.
- The system planning process should have a strong starting assumption for the need of new infrastructure. We are concerned that the continuation of a 'least-worst regrets' decision-making analysis may lead to an overly cautious approach proposing new network infrastructure. There must be a clear understanding that the system-wide and economic risk of delayed or cancelled projects is much higher than delivering a slightly imperfect solution.

Please see our detailed response to the consultation questions below.

Kind regards,

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

- Broadly agree with the proposed regulatory approach
- However, there must be a clear interim approach that does not lead to delays while the enduring approach is finalised. We also would encourage Ofgem to accelerate delivery prior to the envisioned 2026 deadline, if at all possible.
- The regulatory approach must also reflect the recommendations in the report by Nick Winser, the Electricity Networks Commissioner and ensure that any and all final CSNP products are compatible with the report's findings.
- Of particular relevance to this consultation are the recommendations in relation to the establishment of a Strategic Spatial Energy Plan (SSEP) with Ofgem's strategic oversight. The SSEP must be recognised as the key input to developing the CSNP. Ofgem should also specifically endorse SSEP and allow this to form the needs case for new projects, replacing the current regulatory approval process and significantly reducing project timelines.

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

- We welcome the intention to extend the types of system need beyond the current approach focusing on boundary constraints.
- We agree that there is a need for analysis to include longer-term system need, including an ability to respond to low regularity, high impact system events such as 'dunkelflaute'.
- We believe that more information should be given regarding what the input to the CSNP from 'day to day balancing operations' system need would be.
- We also support combining network planning with balancing service requirements at the node (e.g. stability, voltage, reactive power) which should lead to clear market signals for renewable developers own decision-making to install additional technology (via hybridisation) to improve service provision.

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

- We agree that the time horizon for the system need assessment should be extended, but this should not specify a final date i.e. 2050, but be a rolling longer term outlook of e.g. 25 years.
- This should be aligned with the proposals for a Strategic Spatial Energy Plan from the Electricity Networks Commissioner.

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

- We agree that the FSO should move to a year-round nodal assessment.
- We particularly welcome the potential for the availability of more granular information about network capacity and balancing service requirements at specific nodes, which will help inform network users and developers. In the long term this could also help reduce the transmission connections queue, by allowing developers to make better informed decisions on where to site their projects or invest in additional technology to improve service provisions such as co-locating with hydrogen or storage.
- We also welcome the move to a year-round assessment as there is a need to address system stability events in low and high demand scenarios.

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

- We agree that there is a key requirement on the FSO to communicate effectively with stakeholders about both the inputs and outputs of the CSNP.
- Given the scale of the challenge and the required amount of new network that will be built, clear explanations of what is needed, and why that can be understood by a non-expert public is going to be essential.
- For example, we welcome National Grid ET's Great Grid Upgrade. The CSNP should set out clearly why new network is needed, the risks associated with not delivering. It should also clearly communicate transmission design standards as reflected in Nick Winser's report – see Qn. 6.

Qn 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?

- We believe that this is a vital step in reforming network planning.
- The need for having clear design standards has been highlighted in Nick Winser's report, particularly in recommendation 8, which calls for the establishment of an Electricity Transmission Design Standards document which would detailing the principles and methods used to design the system and decide the configuration of assets; onshore or offshore, overhead or underground.
- This, alongside a clear communication strategy, will help communities understand how they can interact with the project development process and what they are (and aren't) able to influence.
- Design standards will also need to be endorsed within the planning regime and should be explicitly referred to within the National Policy Statements (NPS) and Scottish National Planning Framework (NPF).
- These standards should also be clearly agreed with and endorsed by Ofgem.

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

- It is essential that communities are engaged as early as possible in the process. As such it would be wise for there to be communication with communities as part of the high-level

options phase, as well as giving an overview of how community and environmental concerns are being considered within the design and recommendations.

- It is vital that, as stated in our response to Q6, the CSNP has weight within the planning regime and is recognised within the NPS/NPF documents.
- We note that National Grid ESO and AECOM have conducted research on how best to appraise environmental and community impact. They have produced a recommendation of environmental and community constraints mapping, combined with impact based qualitative scoring for a range of potential impact types from a proposed project. We suggest that Ofgem take note of the NGESO and AECOM report and provide a full response.

Qn 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?

- We agree that the decision not to define 'strategic investment' is a pragmatic one which allows for flexibility.
- However, this must be accompanied by clear criteria defining when a project is FSO lead or TO lead. This criteria must also be publicly available to ensure transparency within the FSO's decision making and give confidence to industry.

Qn 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?

- We welcome this proposal, however for it to be successful and properly utilised the guidance on developing third-party solutions must be clear and enable proper signposting as to when a third-party solution could be proposed.

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

- We welcome the proposals on data exchange.

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

- Welcome the proposals and agree that there have been issues with the transparency and execution of the NOA process.
- As such we are happy that the FSO will have to demonstrate how they will meet the principles of transparency, stakeholder engagement, adaptive to change and robust and consistent.

- However, while we agree with the principles above, this must translate into concrete action and measurable deliverables.

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

- While we agree that the FSO is probably best placed to assess which options enter the potential projects funnel and welcome the intention to support innovative solutions, the methodology used by the FSO must be clear and transparent in order to give confidence to the sector that decisions are being made in a fair and understandable manner.
- We have concerns that use of 'least-worst regret' analysis is continuing to be considered. This approach leads to highly conservative decision making and has arguably contributed to under-build of network infrastructure up to this point.
- Any decision-making methodology used must have a foundation in understanding that we need to build significant amounts of network infrastructure in a very short period of time, as well as taking into account that in the current footing, the potential risks of delayed grid projects are much higher than any risk of over-build.

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

- It seems sensible that the decision-making framework to bring projects into the 'delivery pipeline' should be a more detailed version of the framework for selecting potential projects.
- We especially welcome that the framework is intended to assess more than simple constraints cost analysis and would welcome further clarity on how the expanded CBA will be implemented, taking into account the recommendations from the Winner report.

Qn 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 welcome this proposal.
- In the seven NOA documents that covered the period 2015/16 to 2021/22, plus the refresh, around 370 projects were assessed, of which just over 100 received a proceed recommendation.
- The annual nature of the NOA process, and changes to underlying assumptions mean that some projects that received a proceed recommendation were later put on hold. Within this, there are a number of projects that received a proceed recommendation that were later put in hold: 26 in total.
- However, of these 26 were, having been put on hold, finally proceeded with:

Project	Code
Reconductor Lackenby to Norton single 400kV circuit	LNRE
Power control device along Blyth to Tynemouth to Blyth to South Shields	NEP1
Power control device along North Tilbury	NTP1
Central Yorkshire reinforcement	OENO
Reactive compensation protective switching scheme	SEEU
Tilbury to Grain and Tilbury to Kingsnorth upgrade	TKRE

Wymondley turn-in 32586S	WYTI
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- WYTI was initially given a proceed recommendation in 2017/18, before being put on hold. In the 2021/22 refresh it was considered HND essential. TKRE was given the proceed signal in 2017/18 also, with an earliest in-service date of 2025, and is now an Accelerating Strategic Transmission Investment (ASTI) project, with an “optimal date” of 2028. LNRE was given a proceed in 2018/19, before being put on hold, and is also now considered HND essential. Had these projects been proceeded with when they had first been given the signal, consumers would have been given significant benefits.
- Of the 20 or so projects that were at some point given a proceed signal, and then not taken forward, the majority were relatively minor reconductoring, or uprating projects.
- Major projects that were not taken forward (and thus could be considered major risks to consumers had then been “fixed”) were SCN1/SNC2 and E2D2. In the case of the former, there was a significant change in modelling and the SCD1 (offshore HVDC link between Suffolk and Kent) was preferred, and now considered HND essential. In the case of E2D2, it was deemed no longer necessary due to the role of other eastern link projects.
- Therefore, we welcome the proposal not to re-evaluate projects, as it will avoid unnecessary delays to development. An analysis of the NOA shows that there are very few “high-regrets” cases.

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

- We consider it to be welcome and necessary that environmental and community impacts are considered within the CSNP CBA. However, how this is considered is vital to whether it will be an enabler, or a barrier to new infrastructure.
- We especially welcome the recognition from Ofgem on how ‘costs’ should include wider societal cost of not meeting Net Zero, and that ‘benefits’ could include carbon reduction benefits from network reinforcements.
- As stated in our previous answers, the environmental and community elements of the assessment should be complementary to and inform the planning and consenting process. We do not support a separate process as this could lead to additional work, conflicting decisions and ultimately delays to building new transmission infrastructure.
- As such, the environmental and community CBA assessment in the CSNP should have explicit weighting within the planning and consenting regime and be directly referenced within the National Policy Statements and National Planning Framework.
- The CSNP Methodology should also plainly set out what and how stakeholders such as Statutory Nature Conservation Bodies (SNCBs) and communities can influence decisions and designs for transmission projects.
- As previously mentioned, NGESO and AECOM have produced a report, the findings of which should have been shared with Ofgem, on how best to include community and environmental assessment within the CSNP. We recommend Ofgem provide a full review and response to this report.

- DESNZ is currently reviewing consultation responses on an updated guidance for community benefits for network infrastructure. It is important that this guidance is complementary to any guidance in the CSNP Methodology.
- We note that the Electricity Commissioner, Nick Winser, has made a number of recommendations around route standardisation within his report. We urge government and Ofgem to look to implement these recommendations in full at the earliest opportunity.

Qn 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 welcome this proposal.
- It makes much more economic sense to plan ahead for flexibility rather than exploring suboptimal investments after flexibility issues arise in the system.
- Renewables will cater for a large proportion of flexibility and operability services on the network as we move closer to Net Zero. The ESO needs to provide locational planning and market signals along with short, medium and long term market signals to support investors' decisions to install additional technology to improve service provisions.
- The strategic development of flexible generation and storage solutions will be better able to support network need with this proactive approach and methodology. Longer term development solutions can become feasible and locational decisions improved.

Qn 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?

- We welcome this proposal.
- It is important that this proposal is wedded to an approach that supports and provides opportunity to innovative solutions, particularly those that are procured from within the UK supply chain.
- An approach that supports investment in innovative UK-led solutions will improve the optioneering of the CSNP process, but also be of net economic benefit to UK plc.
- It is also important that the CBA be considered and approved between all key stakeholders, e.g. ESO/FSO, Ofgem, DESNZ. It should also be standardised as far as is possible so that it can be used consistently across different processes, including the CSNP and RIIO price control structure.
- It should also be noted that some of the potentially biggest benefits of this change in approach may be hard to quantify e.g. benefit of shorter connection times or spare capacity to allow immediate connection for future demand. Ofgem should consider how this will be captured, particularly in the context of their update mandate to include a legally binding net-zero target.

Qn 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 note that both National Grid Electricity Transmission (NGET) and Nick Winser in his report are calling for the establishment of a 'Strategic Spatial Energy Plan', which matches the aims of these proposals.
- We believe that the stated aim of the FSO expanding capabilities to consider different combinations of options and including the concept of strategic spatial planning are welcome,

but should form a part of the CSNP process rather than taking place separately. It is also important that the time horizons for the strategic spatial planning element of the CSNP are clear.

Qn 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?

- It is crucial that a long term, system wide approach, is taken. Interconnection will play a vital role in GB's decarbonisation future both as a means of reducing fossil fuel usage and increasing security of supply, but also as a significant economic opportunity to become a net exporter of renewable energy. Optimal interconnection must be planned as part of a long term, system wide approach.

Qn 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?

- We support this proposal and note that it also aligns with government's Offshore Transmission Network Review (OTNR) Future Framework decision.
- We note that the consultation points to the efforts of process alignment that have taken place as part of the HND, particularly between NGESO and the Crown Estate. We do not feel that this collaboration has been successful, with misaligned timelines causing delay, particularly in the Celtic Sea leasing round. We urge Ofgem and government to support 'lessons learned' exercises and the forward process to ensure that better results are seen in future, noting that what Ofgem are calling for in this consultation is even greater joint working and alignment than previously needed.

Qn 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?

- We agree with the proposal, but the indication that competition will be used must be as early as possible to ensure that there is suitable supply chain visibility.
- However, it should be noted that competition for network delivery brings supply chain risks – OEMs may not have clarity on orders until late in the process. The FSO should consider supply chain impacts and deliverability when considering whether a project should be put out for competition.

Qn 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?

- We have no specific comment on whether changes the SQSS or obligations on licencees are needed.
- However, we encourage Ofgem to carefully consider this point so as to avoid future risks, e.g. the HND is currently based on SQSS changes that have not yet been finalised.

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

- We agree the FSO should evaluate climate resilience of the long-term, particularly in the context of low probability, high impact events. We have seen from recent examples globally e.g. the Texas 2021 winter power crisis, that the impact of poor resilience planning can be significant.
- We would expand the definition to include resilience planning beyond only climate events, but on planning for any and all low probability, high impact events that could damage system resilience.

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

- We support the consultation position, so long as the FSO is supported by Ofgem in identifying a strategic overview of future connections to support network investment ahead of need.
- We believe that the FSO should be able to identify 'connections hubs', where large amounts of grid connections are known to be anticipated, without being connected to specific projects.
- As part of their regulation of the CSNP process, Ofgem must accept the principles of investing ahead of need. Even if investment leads to short term under-utilisation, the long-term system benefits of 'plug and play' connections must be accepted.