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Sent by email to: RIIOElectricityTransmission@ofgem.gov.uk
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Dear Ofgem Team,

ENWL response to the consultation on the Framework for identifying and assessing transmission investment options for the Centralised Strategic Network Plan

We welcome the opportunity to provide comments on the important issues raised in this consultation regarding the future development of the transmission network in Great Britain. Our response is non-confidential.

Transmission is a very different sector to electricity distribution with transmission having typically relatively few very large, very long lead time projects with high regrets and very substantial customer impacts should the wrong projects be taken forward. Our distribution network is managed through thousands of often small incremental projects.

We actively co-ordinate with the ESO and TO for our region and are involved in a number of joint projects to enhance the connections between our distribution network and the transmission network. These perspectives have informed our response.

We welcome the clarity provided on the stages of the Centralised Strategic Network Plan (CSNP) outlined in Figure 1. This transparency aids the development of clear roles and responsibilities for those actors involved in the process and minimises the opportunity for misunderstanding of the need for and deliverables of the plan.

We have specific comments on the stages 2 to 4 and outputs of the CSNP.

Outputs of the CSNP

We broadly agree with the approach for establishing the FSO's obligations and would expect the Governance Document to provide the finer details for example outlining the process and timings for the delivery of the CSNP annual products and the full/longer term CSNP. In line with other specific methodologies in the energy sector we would expect the new CSNP licence condition to require the



CSNP Methodology to be developed with input from stakeholders. We propose that the CSNP Methodology is codified so that those parties required to exchange data for the methodology are automatically bound by their existing licence to share the necessary data.

Stage 2 – Identify system need

We agree that the FSO includes a wide set of system needs in its network planning analysis to produce the CSNP. The scope of the assessment in Table 1 seems appropriate but would add that the interactions with asset replacement is important and is potentially not been taken into consideration. System intervention optimisation is only possible when all system needs are considered across time.

We agree that the time horizon should be extended to 2050, but would note that ending the analysis at 2050, when it is 2040 is not appropriate. In the future, the system analysis should be extend beyond 2050 through the use of a rolling time window; for example a rolling ten year period so that in 2042 the analysis will extend up to and include 2052. This means that network intervention planning is always being optimised. An appropriate time window would need to be agreed.

The FSO should move to a year-round nodal assessment of system need, as peaks occur at all other times, not just winter; a similar approach is adopted in distribution network planning.

We propose that a licence obligation is placed on the FSO to undertake engagement about future system needs and continually adapt its approach, guided by its stakeholders. This is only way that we can be sure that the FSO communicates effectively and takes into consideration the views of its customers and stakeholders.

Stage 3 – Identify options

We agree that the FSO should establish minimum design requirements for high-level option designs as it enables a fair, unbiased and transparent evaluation of the options. Environmental and community aspects should be part of the high level design requirements so that these important considerations are included at the earliest possible stage and taken forward into the future evaluation process, reducing the potential of re-work at a later date.

The CSNP Methodology needs to set out the key stages of ‘signposting requirements’ and ‘call for options input/tendering’ so that third-party solutions can be developed and submitted in a timely, open and transparent way. Yes, we agree with the proposal the FSO can decide which network needs it may lead the high-level design of, but there needs to be a built-in check and balance ensuring the FSO applies a logical systematic approach. We recommend that any third party can propose the scope of the system need which the FSO needs to consider and either include or discount with explanation. We agree that requiring the FSO to follow the route of codifying data requirements is a sensible and enduring approach.

Stage 4 – Cost benefit analysis

We agree with the proposed principles to be followed in the CSNP decision-making framework. Therefore, we are not supportive of the FSO carrying forward the NOA process as it doesn’t meet the principles of transparent or reproducible. We advocate that the FSO adapts the Ofgem CBA tool, similar to the approach taken forward for the development of the Whole System CBA and the CEM Tool under the ENA Open Networks Project. The Ofgem CBA provides a robust methodology for analysing potential projects brought into the delivery pipeline for nearer term needs as it is only the intervention timing that changes whilst the finance principles remaining unchanged.

We support the proposal that the FSO assesses all options, including any third-party options under the CSNP.

It is appropriate that materiality monitoring checks are performed on projects in the delivery pipeline. Only when a trigger is met should the project be scrutinised to see whether it is appropriate to

continue. We would expect the classic triggers of cost and risk be alongside other appropriate triggers to ensure that the project remains the right solution for customers. We agree that environmental and community impacts are included in the costs benefit analysis and they need to be included both in quantitative and qualitative terms. Failure to include these aspects in the evaluation jeopardises the credibility of the decision-making process.

Should Ofgem have any questions on our response or wish to discuss in more detail please do not hesitate to contact myself or simon.brooke@enwl.co.uk in the first instance.

Yours sincerely

Paul Auckland
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