

All stakeholders

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**Notification that we have assessed a needs case proposal submitted by National Grid Electricity Transmission plc for a new electricity transmission control centre**

**Summary**

National Grid Electricity Transmission plc (NGET) has submitted a needs case proposal to us to build a new electricity transmission control centre (ETCC). The proposal asks for us to agree that NGET needs to build a new control centre, and to agree to its site selection and high-level site design. We have assessed this project and formed our initial views.

With most re-opener applications, once we have undertaken an assessment of the proposal, we would publish a public consultation on our assessment to gather stakeholder feedback. But in this case the project, if approved, would control the electricity transmission in England and Wales. This means the loss or compromise of it could result in major detrimental impact on the availability, integrity, or delivery of essential services across the UK. On this basis, we have decided not to publish our views, in which we have considered security-related elements of the proposal such as the proposed location, proposed activities to be undertaken at the site, and potential cyber and physical security measures.

However, to maximise transparency and gain stakeholder feedback we have undertaken two key actions:

1. Consulted on our initial views with the government, Electricity System Operator, and all licenced distribution and transmission network companies, who are all bound by the same level of security clearance and restrictions as NGET. We sent our consultation out to these stakeholders on 23 November 2023 and have requested their responses by 31 December 2023.

2. Published this notice, to explain to stakeholders what actions we are undertaking to scrutinise NGET's proposal.

### **Explanation of the proposal and our assessment**

NGET first formally raised its proposal to build a new Electricity Transmission Control Centre (ETCC) as part of a submission in April 2021 where it requested £2.37m to undertake initial works on three associated energy transmission management projects<sup>1</sup>.

NGET has built on its proposal to build a new control centre since then, and set out that its proposal is based on three key drivers:

- The need to develop a fully independent facility housing the necessary control rooms and systems to control the electricity network of England and Wales in time for full separation of the Electricity System Operator from National Grid in 2026.
- To accommodate the increased Critical National Infrastructure (CNI) requirements that an unprecedented network expansion will require.
- To meet the future physical and cyber security government requirements reflecting the enhanced and evolving UK threat level.

Having assessed the proposal, we came to the following key views on the needs case:

1. NGET has a strong needs case for a new control centre that physically separates it from the Future System Operator, allows it to meet enhanced physical and cyber security standards, and enables it to expand to manage a much larger network.
2. We have some concerns about the precise location of the site, which we consider may lead to potentially unnecessary higher whole system costs in the future. We have requested that NGET provides us with more information in its final submission to ensure that the site selected for the control centre provides the greatest benefits for present and future consumers. This is consistent with the work we are undertaking on other projects, proactively engaging with licensees to ensure that they consider future needs as we work towards Net Zero.
3. We agree that the building should be scaled to accommodate additional staff. However, we have flagged that NGET's initial estimated cost of the control centre building appears high, so we have asked it to ensure that its building costs are robustly justified and more in line with comparable projects in time for its final submission.

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<sup>1</sup> <https://www.ofgem.gov.uk/sites/default/files/2021-08/NGET%20IEMS-TNCC-SCADA%20IT%20Re-opener%20Consultation%20final%20doc%20-%20Sep2021.pdf>

**Next steps**

Following our non-public consultation with industry and government, we will review and fully consider stakeholder feedback.

NGET will then submit its full submission for our formal assessment at a later date (date to be confirmed). This submission will include full project costs, delivery outputs, and expected delivery dates. We will assess this full application and consult on our Draft Determination, before coming to a Final Determination on whether to award this project with funding. We will endeavour to publish a redacted version of the Draft Determination if it is feasible. If it is not possible because of Critical national Infrastructure details, then we will publish a notice like this one to explain our final decision and how we came to that decision.

Yours sincerely,

**Neill Guha**

**Head of Price Control Operations - Small and Medium Sized Projects**