

Date: 20 March 2024

Dear OFGEM Onshore Competition Team,

## Consultation on policy updates to Early Competition in onshore electricity transmission networks

Eclipse Power is pleased to respond to this consultation. We welcome the opportunity for more competition to be introduced to the provision of energy networks, particularly at transmission level, and support the proposals made in the consultation. In terms of general feedback (Questions 1.1.1 to 1.1.6), we feel that the consultation process is well laid out in the document, carefully argued, and the reasoning clearly explained.

### Amendments to the Early Competition model proposed by the ESO under its ECI Update (Q1-3)

We agree that adopting the CSNP as the basis for the EC tendering reduces consenting risks and providing certainty for stakeholders on the need for projects to proceed, whilst still allowing scope for innovation in technology, contracting and delivery. The resulting reduced need for TO involvement in bidding assessment, arising from the adoption of the CSNP position, is likewise to be welcomed. As noted in the ESO update, attempting to compare network and non-network solutions when assessing bids, would have been very challenging, so limiting the EC work to network-only is reasonable.

### TOs conflict mitigation in supporting Early Competition tender process (Q4-8)

With TOs removed from assessing bids, and the provision of high-quality shared information to use within the bidding process, two major areas of uncertainty have been eliminated for bidders. However, we do not believe that TO's should be able to participate in the bidding process at all once a project is earmarked as EC/CATO. We are concerned that even if such bids are handled via their non-licensed business vehicles, with the suggested limitations on internal staff movements, incumbent TO's would still be perceived as having an advantage. This would tend to discourage other organisations from participating, blunting the competitive edge from the EC/CATO model, and therefore reducing the potential to benefit society.

### TNUoS under/over recovery for CATOs (Q10)

We agree with the assessment that CATOs should be treated like OFTOs (vs. incumbent TOs), for the purposes of over/under recovery of TNUoS, on the basis that they are likely to have similar company structures and capitalisation.

### CBA model used to identify suitable projects for Early Competition (Q9)

We agree with OFGEM's observations about ESO's CBA model, particularly concerning the experience learned elsewhere (Water and OFTOs), and that the approach should be able to flex as reality and understanding change.

### Dealing with CATO/tender failure (Q11)

As noted in the consultation, this is a complex area, which needs to be able to address a range of possible interventions which may be needed for the different lifecycle stages at which a project might fail. We agree that other options should be explored first, and that the process of appointing the OLR should be competitive once those other options have been exhausted.

Kind regards,

*W D Scott*

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Eclipse Power