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By email to RIIO3@ofgem.gov.uk

Dear Margaret,

Introduction to SSE Renewables

SSE Renewables (SSER) is a leading developer and operator of renewable energy generation, focusing on onshore and offshore wind, hydro, solar and battery storage. Part of SSE plc, a FTSE100 company headquartered in Scotland, our goal is to increase SSE's operational renewable generation capacity from 5GW today to up to 9GW by 2027 as part of a ~£20bn investment program. This includes delivery of the world's largest offshore wind farm in construction, the 3.6GW Dogger Bank Wind Farm. SSE Renewables has a team of over 2,000 renewable energy professionals with a passion for championing clean energy delivery, each based across the markets in which it operates. Its core market focus is on the UK and Ireland, with a growing international presence in selected markets in Continental Europe and Japan.

Letter in Response to The Consultation on Electricity Transmission Advanced Procurement Mechanism

We welcome the opportunity to respond to Ofgem's consultation on the Electricity Transmission Advanced Procurement Mechanism.

Please note that this response represents the views of SSE Renewables (SSER); other companies within the SSE group might submit a separate response.

As a developer, we strongly support Ofgem's proposal to de-risk supply chain capacity for Transmission Owners (TOs) through early funding mechanisms. This initiative has the potential to accelerate grid infrastructure upgrades, aligning with the urgent need to achieve Net Zero targets. Accelerated transmission upgrades could enable earlier connection dates, thereby unlocking timely delivery of renewable projects critical for meeting energy needs.

While supportive of the proposals, we would note that they may inadvertently increase supply chain pressures, and ultimately costs, for other market participants. This is particularly the case for OFTO assets¹, where there is already heightened competition for limited resources such as HVDC cables, converter stations, and electrical components.

¹ By OFTO asset, we mean developers using either the generator build model or the OFTO build model

This increased pressure could lead to higher costs to build OFTO assets, which could manifest in higher OFTO cost assessment submissions, OFTO tender revenue streams (TRS) and CfD bids. Or, in the worst-case scenario, a low appetite to take a final investment decision. The latter could cause delays or the inability of projects to proceed.

Currently, offshore wind farm projects may wait until a CfD is secured to place HVDC equipment orders. If projects invest sooner, but are unsuccessful in obtaining a CfD, there can be significant contractual penalties imposed by manufacturers. This risk is magnified in the case of coordinated, non-radial connections, where a developer may be responsible for constructing the network infrastructure for several other offshore wind farms.

As stated at the outset, we are supportive of Ofgem's proposals to create advanced procurement mechanisms for TOs. What we want to ensure is that in delivering these proposals, undue pressure is not placed on offshore wind developers, or OFTOs where they are responsible for the build phase of connections – pressure which could translate into higher costs for developers and ultimately consumers.

We would like to explore if Ofgem could play any role supporting offshore wind projects and OFTOs by reducing the risks and liabilities associated with procuring HVDC transmission infrastructure, and hence reduce the cost and risk for projects and consumers associated with deploying offshore wind.

SSE Renewables would be keen to engage further with this agenda and we would welcome the opportunity to discuss with Ofgem the content of this response in a follow-up meeting.

Angeles Sandoval

Regulation Manager, Renewables