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28<sup>th</sup> November 2024

Dear Jon Sharvill,

**Response to the onshore electricity transmission Early Competition commercial framework consultation**

EDF is the largest low carbon energy generator, as well as the only nuclear generator in the UK. EDF operates low carbon nuclear power stations and has a large and growing portfolio of renewables, including onshore and offshore wind, solar and energy storage. EDF has a large customer base and will be integral to Britain achieving net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to respond to this consultation on the onshore electricity transmission Early Competition commercial framework. Our response is set out below.

Impact on connected system Users

Ofgem selecting a transmission project for competition is outside of the control of any individual prospective or existing user of the network. However, it potentially represents a material change in connection and network risk for those impacted users. This is particularly the case in the early years of any competition regime when new entrants to the sector may face delivery and quality issues.

We believe Ofgem should seek to embed the principle that no individual user should be negatively impacted by the introduction of competition. This should apply across the lifetime of the Competitively Appointed Transmission Owner (CATO) and all CATO functions; from physical asset performance to resourcing of customer-facing interactions. We would welcome views from Ofgem on how this principle could be embedded into the regime and wider frameworks. For example, impacted system users could be given commercial protection from CATO performance below that of the host TO, through amendments to the industry codes.

Nuclear specific considerations

In order to assure the safety of nuclear installations, the Office for Nuclear Regulation has a robust licensing process which grants EDF a nuclear site licence (a legal document) for the full life cycle of the facility<sup>1</sup>. CATOs could be a specific risk to the connection security of existing and future nuclear

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<sup>1</sup> The entire facility life cycle covers the licensing of the new sites through to the re-licensing of the existing sites to the final de-licensing of sites where facilities have been decommissioned and there is no risk to the public.

power stations. Transmission asset performance impacts on the nuclear safety case, and we rely on a strong, stable, and reliable grid connection for nuclear site performance.

Our strong preference is that no project will be selected for competition where it may interact with a nuclear site. We would be keen to work with Ofgem to develop an approach that safeguards nuclear safety and allows for Ofgem's competition ambitions to be met elsewhere on the system.

If any project is likely to interact, however weakly, we would want a direct relationship with the CATO. We currently have in place a series of Nuclear Site Licence Provisions Agreements (NSLPAs) with the existing GB transmission owners. NSLPAs are used to manage the nuclear safety case between nuclear sites and the relevant transmission owner. It includes provisions for information exchange, network risk incident assessment, and reviews of upcoming network changes. The NSLPA identifies the transmission circuits that are relevant for safe nuclear operation, and the TO is required to provide information on any changes and seek approval from the nuclear site before proceeding.

Where any competition may impact a nuclear site, this should be identified early on by NESO in its assessment and NESO should incorporate an assessment of risk from impacted nuclear sites – and those sites be able to reject any proposals for competitive delivery. If an interacting project was suitable for competition, we would expect to see in the CATO licence a requirement to enter into an NSLPA, and a clear, enforceable licence condition on resourcing to meet its NSLPA obligations. Our view is that this would impose an additional and unnecessary burden on both the CATO and the relevant nuclear operator.

#### Views on specific proposals

##### *Availability incentive*

We have two key points to note:

1. **Conflicts with user needs** – The proposals incentivise CATOs to take outages at the time most likely to reduce financial impact on the CATO only. This may lead to perverse outcomes for certain users and the overall system. A CATO is likely to show a significantly reduced level of flexibility compared to an incumbent TO, both on planned timing and flexibility of responding to near-term system needs. Any incentive needs to remove the risk of perverse outcomes and allow for the CATO to meet the needs of users more flexibly. We believe that as a minimum the weighting aspect could be removed, but if retained should be subject to realignment annually to actual forecast system and customer need.
2. **Frequency of incidents** – The incentive structure is currently targeting availability by assessing against the time the asset is operational. We consider that frequency of incidents is an equally important metric that should be considered for financial penalty. Frequent, short duration faults can be incredibly disruptive to the system and users.

##### *Additional works obligation*

We agree with Ofgem that the additional works obligation is a key policy to prevent network sterilisation around CATOs. The CATO must be obliged to make any necessary changes for safe and stable system operation as a minimum, and given the need for an increasing number of connections must be obliged to play its part in connecting new users. We agree that the option of 'fast money' remuneration is not suitable for this purpose.

We look forward to continuing to work with Ofgem in the post-consultation stages. Should you wish to discuss any of the issues raised in our response or have any queries, please contact me or Matthew Ball at [Matthew.Ball2@edfenergy.com](mailto:Matthew.Ball2@edfenergy.com).

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'AM Cox'.

Mark Cox  
Head of Nuclear and Wholesale Market Policy