

# NGET response to Ofgem's consultation on the draft Centralised Strategic Network Plan Guidance

## Part 2: NGET response to consultation questions

1 September 2025

In answering the questions raised in Ofgem's Consultation on the draft Centralised Strategic Network Plan (CSNP) Guidance (CSNP Guidance or Guidance), we, as National Grid Electricity Transmission (NGET), have answered from our perspective as a Transmission Owner (TO), focussing on the parts of the Guidance relevant to electricity transmission. We have not considered the elements of the Guidance specific to gas and hydrogen.

In line with our email correspondence with Ofgem to clarify the reference to the "*policy intent of the CSNP*" in the questions, we have compared the Guidance to the policy decision and position set out in Ofgem's Decision on the framework for the Future System Operator's Centralised Strategic Network Plan<sup>1</sup> (the 'December Decision') when answering these questions.

### 1. Do you agree that Chapter 2 - developing and submitting the CSNP Methodology - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.

We agree that Chapter 2 broadly reflects and builds on the policy intent of the CSNP as outlined in the December Decision. It provides helpful clarity on the content which Ofgem expect to see in the CSNP Methodology along with an outline of the process for submission to Ofgem.

There are some areas where we feel Chapter 2 of the Guidance would benefit from further clarification to support the overall policy intent of the CSNP, and we would welcome the following:

- The Guidance should clearly state that the National Energy System Operator (NESO or 'the licensee') is required to **detail how stakeholder views have been incorporated into the final CSNP Methodology**, such as by including an additional bullet in paragraph 2.2 - "*how stakeholder feedback has been taken into account in the development of the CSNP Methodology*". While this requirement is implied in paragraph 2.4, bullet 1, it remains unclear whether the summary of how stakeholders have contributed, submitted to Ofgem, is provided within the CSNP Methodology or if this summary will be submitted in a separate document, and therefore not part of the final published Methodology.
- Owing to the significance and importance of the Strategic Environmental Assessment (SEA), and the Habitats Regulations Assessment (HRA), we believe Ofgem should **include "the process to develop the SEA and HRA" in the requirements for the CSNP Methodology outlined in paragraph 2.2**. We note there is a requirement for the licensee to conduct a SEA and HRA for electricity (paragraph 6.37) and set out the "*scope, methodology, data requirements, timings and stakeholder engagement approach*" in the CSNP Methodology (paragraph 6.38). However, as we outline in our answer to question 2, only undertaking an SEA and HRA on the electricity components of the CSNP introduces risk to its validity and endorsement in planning.
- Paragraph 2.3 states that "*the licensee must apply consistent, transparent criteria to the identification and evaluation of system needs and options, including economic efficiency, technical feasibility, deliverability, and contribution to net zero*" – we consider these criteria are only applicable to the options and not to the identification and evaluation of system need in the same context, therefore **we suggest 'system needs' is removed** to avoid confusion. Further to this we recommend that the scope of network needs referenced in paragraph 2.2, bullet 2, is updated to include how those system needs are determined, e.g. "*the scope of network needs that are covered by the CSNP and how those needs will be identified and communicated*".
- **We do not consider that "contribution to net zero", as listed in paragraph 2.3, can be usefully calculated at an individual reinforcement option level**. It is unclear in paragraph 2.3 if the reference to "option" is to individual reinforcement options, Great Britain (GB) network design options or both. It would be helpful for the Guidance to **clarify which type of options this requirement applies to** and highlights which criteria are only applicable at the GB plan level, which we suggest includes the contribution to net zero.

<sup>1</sup> [Decision on the framework for the Future System Operator's Centralised Strategic Network Plan](#)

- Paragraph 2.5 of the Guidance should include explicit reference to any future iterations of the CSNP Methodology being subject to consultation ahead of their submission to Ofgem. This would more clearly align with the description of the CSNP Methodology in paragraph 3.17, bullet 3 of the December Decision.

In our review of NESO's draft CSNP Methodology<sup>2</sup>, we have identified areas where it does not yet meet the requirements as set out in Chapter 2 of the Guidance. For example, the draft Methodology does not:

- include a robust governance framework, and it is unclear how the interactions between the component parts of the Strategic Spatial Energy Plan (SSEP) and Regional Spatial Energy Plan (RESP) will ensure continuous improvement and alignment with wider strategic frameworks (paragraph 2.2, bullet 5 of the Guidance);
- set out the “data inputs, modelling methods, details of analysis so that users can clearly understand it, and outputs” (paragraph 2.2, bullet 6 of the Guidance) for each step in the CSNP development process;
- effectively outline the roles and responsibilities (paragraph 2.2, bullet 9 of the Guidance) so that stakeholders understand their respective roles and contributions for each step in the process as well as the relevant hand-off points between parties;
- include an approach to assess the contribution of the alternative GB network designs towards net zero.

## 2. Do you agree that Chapter 3 - general requirements applying to all CSNP stages - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.

We agree that Chapter 3 broadly reflects and builds on the policy intent of the CSNP, however, there are a few areas where Chapter 3 differs to the December Decision or where the Guidance would benefit from further clarification to support the overall policy intent of the CSNP.

For example, we consider the following differ from the December Decision:

- Paragraph 3.6 of the Guidance states that it is for the licensee to set out the scope of the CSNP by reference to the main interconnected transmission system (MITS), voltage levels and making clear the scope boundary in relation to works arising from customer connections. However, this contrasts the December Decision, which states that it will be for Ofgem to set the scope of the CSNP (paragraph 1.4 of the December Decision). Elsewhere in the Guidance, Ofgem does set out the intended scope, e.g., paragraph 3.5, and paragraphs 10.34-10.38. Paragraph 3.6 should therefore either be removed or updated to clarify that it is Ofgem that is responsible for determining the scope of the CSNP, but that NESO will need to ensure the Methodology reflects the scope directed by Ofgem.
- In the December Decision, it states that the ‘MITS’ is as defined in the Connection and Use of System Code (CUSC) (footnote 16, December Decision), whereas in the Guidance, footnote 20 states the MITS is “[a]s defined in the NETS SQSS”. The CUSC does not define ‘MITS’ and only includes a definition of ‘MITS Substations’ for the purposes of Connect and Manage. The correct reference is to NETS SQSS, as per the Guidance, but the definition of MITS needs to be clarified – the reference should be to the main ‘interconnected’ transmission system (rather than ‘integrated’).

Further clarity and details in the Guidance would be welcome on the following:

- In line with our feedback to NESO on the draft CSNP Methodology, we think there would be value in defining what is meant by a ‘whole-system approach’ for the CSNP. This is referenced in paragraph 3.2 of the Guidance, but it is not clear what is meant by ‘whole-system approach’ and therefore unclear how Ofgem will determine if the licensee has met this requirement or if the current draft of the Methodology goes far enough in this respect.
- Paragraph 3.3 of the Guidance suggests the CSNP will form the network plan to meet the requirements of the SSEP and meet net zero. The language should be clarified, as the CSNP will not identify all network reinforcements and investments required by the SSEP (for example, investments to connect individual customers and associated enabling works will also be required to give effect to the SSEP but will not be identified through the CSNP). In addition, while the CSNP will play an important role in the progress to net zero, the CSNP alone will not (and cannot) meet net zero.
- In terms of the scope of the CSNP, we would like further clarity on what Ofgem means by the CSNP focussing on addressing wider system needs on the MITS to “extend the MITS to new areas of potential generation and demand” (paragraph 3.5 of the Guidance). While this language reflects that set out in the December Decision, we are not clear on what types of works would be included in this scope, and if those works also need to facilitate “timely wider transmission system reinforcement”. The Guidance would benefit from further explanation of the types of works

<sup>2</sup> [Centralised Strategic Network Plan Draft methodology for consultation](#), June 2025

Ofgem would expect to be caught by this reference and how they differ to 'local network planning' works listed in paragraph 2.4 of the December Decision, which are outside of the scope of the CSNP. Paragraph 5.5 of the Guidance also goes beyond paragraph 3.5 and includes a reference to "*needs arising from operability issues on the NETS, including impacts of connected networks on the NETS such as the distribution network, where considered appropriate by the licensee.*" This language was not included in the December Decision and seems more akin to local network planning. The scope and wording should be aligned between paragraph 3.5 and 5.5.

- Paragraph 3.7 is redundant in so much as paragraphs 3.9 and 3.21 require the SQSS to be met, and it is neither explicit, nor directive in how operational issues should be addressed within the CSNP. We suggest that the CSNP Guidance should require the licensee to determine the extent to which the SQSS can be met, based on the decisions made within the process and, if the CSNP results in any deviation (either above or below) from the minimum standards of resilience, the licensee should be required to explain why the plan should still be accepted.
- Paragraphs 3.9 and 3.21 (bullet 7) should also be updated to clarify, for the purpose of the CSNP, which sections of the SQSS, Ofgem expect the CSNP will need to comply with. It should be noted that the CSNP alone cannot guarantee complete compliance to the SQSS, as individual onshore connections and local planning for enabling works fall outside the CSNP's scope. We recommend that the CSNP Guidance include a requirement for the licensee to establish minimum compliance guidelines and to clarify what is considered acceptable in cases of deviation (either above or below) from the planning criteria of the NETS SQSS. We note that the SQSS is currently being reviewed by NESO and where any changes are made to the SQSS, the Methodology should also be reviewed to determine if any changes are required. It would also be helpful if Ofgem clarify in the Guidance relating to compliance with the relevant sections of the SQSS, does adherence to the CSNP outputs achieve compliance to the necessary standards?
- We agree with the requirement for NESO to lead and identify changes to relevant industry codes that may be impacted by the CSNP and ensure these are reviewed and updated as necessary to reflect the evolving roles and responsibilities of relevant stakeholders. This should also consider any reviews to codes and standards that are already underway and may have been triggered by other processes, to ensure any changes made as a result of those reviews also take account of the CSNP, as appropriate.
- There is reference to 'CSNP objectives' in paragraph 3.18 in relation to "*the effective delivery of the CSNP's objectives*" and at paragraph 3.21 in the context of NESO's responsibility for "*selecting the optimal solutions that best meet the CSNP objectives as per the requirements set in chapter 7 of this Guidance*". However, there are no objectives for the CSNP in the Guidance as drafted. This Guidance provides an opportunity for Ofgem to set out the high-level objectives for the CSNP which would frame the aims of the CSNP and the development of the plan by NESO, and inform how the subsequent scenarios / options are developed and appraised, as well as how reasonable alternatives to the CSNP would be identified, described and evaluated.
- We would welcome greater clarity on the level of "detailed insights" network owners would be expected to provide on proposed options, assets, costs, delivery schedules and constraints (paragraph 3.22, bullet 3 of the Guidance), to ensure expectations are appropriate for the level of detail that would be known in the early stage of development that the CSNP will cover. So that network owners can provide the information efficiently, we believe that the requirement to provide the latest information on our assets, including condition information and site information, any planned programme of works and asset reservations, etc. should be limited to that which is necessary and appropriate for the development and finalisation of the CSNP, rather than an open-ended obligation to make data available (paragraph 3.22, bullet 5, of the Guidance).
- We agree with the reference to "*identifying wider system needs for the MITS and operational issues arising on the NETS*" being included in paragraph 3.23 of the Guidance as an area requiring effective support and engagement between the licensee and the network owners. To avoid confusion, we suggest the same reference is either removed from paragraphs 3.21 and 3.22 (to clarify that this is not done alone by the licensee and/or network owners), or the references in paragraphs 3.21 and 3.22 are updated to be made clear that these are done in partnership with the licensee/network owners respectively.
- We recognise we will need to provide support to NESO on options being developed by NESO or third parties, but the support we are expected to provide in these instances needs to be reasonable, proportionate and with sufficient time allowed in the end-to-end process for us to provide such support. Otherwise, there is a risk that the support could detract from our ability to develop our own options to the requisite maturity for input into the CSNP. We would like this to be clarified in paragraph 3.23 of the Guidance (bullet 3).
- Paragraphs 3.28 and 3.29 suggest a level of detail and engagement beyond that which is appropriate for early-stage development of options for input into the CSNP, for example:

- The “*design, location and technology of projects*” will only be known at a high-level for the CSNP, as reflected by the scope of the strategic parameters of the project being the only elements that are capable of being endorsed in planning at the stage of the CSNP. More detailed design, specific locations and specific technologies only become fixed through the detailed design phase, which comes after the CSNP.
- NGET understands the need for ‘meaningful engagement’, however when developing options for input into the CSNP process, *as a network owner, we would not expect to carry out any specific engagement or consultation with local communities, as the provisional CSNP will be consulted on by NESO, and we would only meaningfully engage and consult with affected communities when we take a project through detailed design, after the CSNP’s publication. We therefore suggest removing the reference to “network owners...must ensure genuinely meaningful engagement with all relevant stakeholders, including local communities” during the development of the CSNP in paragraph 3.29.*
- We note that paragraph 3.29 states: “*The licensee should give assurance that its plan as a whole is optimised for the key assessment criteria of environmental and community impacts, deliverability, operability, and is economical. This assurance is a key requirement for the endorsement of the CSNP in the NPS.*” Whilst the NPS will endorse the work undertaken in the CSNP and accept the strategic parameters of the proposed network infrastructure (paragraph 3.3.79 of the draft Overarching National Policy Statement (NPS) for Energy (EN-1) published in April 2025), this is not predicated on assurance of the listed activities, and therefore the final sentence “*This assurance is a key requirement for the endorsement of the CSNP in the NPS.*” should be removed to avoid confusion. We agree that the licensee should demonstrate that different assessment criteria have been balanced, explain how the CSNP has had regard to the stakeholder and community engagement undertaken by NESO and be underpinned by a SEA and HRA, however these aspects are separate to the CSNP’s endorsement in the NPS and therefore this should be made clearer in paragraph 3.29 of the Guidance.
- The section which sets out expectations on CSNP Governance (paragraphs 3.31-3.46) would benefit from the addition of a requirement for the CSNP Methodology to clarify the relevant roles and responsibilities of the governance bodies during each stage of the end-to-end process. This will ensure it is clear how the governance bodies are expected to input into or oversee the different parts of the process to support the development of high quality, evidenced based outputs and timely and efficient delivery of network infrastructure. This should also be reflected in clear terms of reference established for each body from the outset. *As the licensee retains ultimate responsibility for decision-making, it would be helpful for the Guidance to clarify what level of accountability and responsibility the governance bodies have, or if their role is purely advisory.* This section would also benefit from the addition of a requirement for the licensee to build governance activities into the end-to-end CSNP process with appropriate time provided to parties to act upon the advice or inputs from the relevant governance body.

In our review of Chapter 3 of the Guidance, we identified several areas where the current draft Methodology does not meet the requirements set out in the Guidance and will need to be updated accordingly before the Methodology is finalised. For example, the draft Methodology does not:

- plan to a rolling horizon of not less than 25 years (paragraph 3.15 of the Guidance). The current draft of the CSNP Methodology references planning electricity network requirements out to 2050 but does not look beyond that (which will provide a horizon of less than 25 years when the CSNP is finalised);
- define roles and responsibilities for contributors and key areas of cooperation (paragraph 3.16 of the Guidance) in sufficient detail;
- include an overall project plan for the production of the CSNP which identifies timescales and process cycles of CSNP inputs and outputs (paragraph 3.17 of the Guidance);
- set out in a consultation plan how and when NESO will consult key stakeholders (paragraph 3.26 of the Guidance);
- establish with sufficient clarity a robust governance framework that will support the timely and efficient delivery of network infrastructure, allow for effective checks and balances, leverage specialised expertise, and enhance transparency and accountability (paragraphs 3.33-3.35 of the Guidance), nor set out how disagreements will be managed (paragraphs 3.47-3.50 of the Guidance).

### **3. Do you agree that Chapter 4 - Stage 1: model future energy supply and demand - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.**

We agree that the Guidance meets the policy intent of undertaking robust energy supply and demand modelling to identify the system requirements to be met through the CSNP. We recognise that the December Decision expected the CSNP



to be based upon the Future Energy Pathways (FEP) as the SSEP was not expected to be available in time to inform the CSNP, but the intent is now for the SSEP to inform the CSNP.

We welcome the clarity in the Guidance on the following requirements for the CSNP Methodology:

- That the SSEP will form the basis of the future energy supply and demand modelling and the requirement for NESO to detail its approach and inputs for this modelling, as well as detail where it has utilised sources beyond the single SSEP pathway, such as the FEP, to inform the requirements. (We note that NESO refers to Future Energy Scenarios (FES) in the Methodology whereas Ofgem refers to FEP in the Guidance, and the two should ideally be aligned).
- The requirement for NESO to identify, plan and agree with Ofgem for any misalignments between SSEP outputs and other processes given the pace of wider reforms being delivered in parallel to the CSNP development, such as the reformed connection process as well as including reference to the Review of Electricity Markets Arrangements (REMA) (from which we understand Department of National Energy and Security (DESNZ) will publish a Reformed National Pricing Delivery Plan later this year).
- To detail the feedback loop between the CSNP delivery and other licensee-led strategic energy planning activities, including the SSEP and RESP processes and outputs, to inform future iterations of plans.
- To set out its modelling approach for interconnectors (including offshore hybrid assets) ahead of the development of the coordinated offshore design in later CSNP stages.

We think the CSNP Methodology would be strengthened if the Guidance also included a requirement for NESO to:

- Set out 'how' the sensitivity, stress testing and HILP resilience testing will be undertaken, as referenced in paragraph 4.5 of the Guidance, including what sensitivities will be used, how they will be modelled, what inputs they will use and if any inputs are required from stakeholders. The Methodology should also explain how these sensitivities will be utilised when considering and assessing network options and GB network designs. Specifically, the Methodology should detail how these sensitivities will be used in "Stage 2 identifying system needs" modelling framework and how they will be used in the analysis and assessment in "Stage 5 develop the CSNP".
- The time horizon of the CSNP and the future energy modelling. This should include detailing the modelling base year, the years modelled and how FES inputs will be extrapolated beyond 2050 if the modelling period goes beyond this point.
- The modelling governance and quality assurances processes for the modelling inputs and outputs. The quality of the CSNP outputs will be dependent on the robustness of the identified system requirements, which are a function of the supply and demand modelling. Therefore, it is critical that the future energy modelling is thoroughly quality assured.
- To continuously undertake horizon scanning during the CSNP to identify and assess any new interactions of any processes/reforms that have critical interactions with the CSNP.

In our review of NESO's draft CSNP Methodology, we have identified several areas where it does not yet meet the requirements in the Guidance:

- Whilst the draft Methodology refers to FES/FEP being utilised in the pathways, it does not explain how the sources will be used together in the CSNP nor how FES/FEP will be extended beyond its current data end point of 2050.
- There is limited discussion of sensitivities that NESO will use to test the plan and how and when the sensitivities will be used; further, there is no discussion of the data that will be used for this sensitivity analysis.
- There is no content in the draft Methodology against the following requirements in paragraph 4.5 of the Guidance: how additional assets, such as interconnectors, will be modelled; how uncertainty from future policy decisions will be considered within the energy modelling; how NESO will implement a feedback loop with wider planning activities such as SSEP and RESP; how NESO will identify and manage any misalignments between SSEP and other processes, such as connections reform, as part of the CSNP development.

#### **4. Do you agree that Chapter 5 - Stage 2: identifying system needs - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.**

We agree that Chapter 5 generally reflects and builds upon the policy intent of the CSNP and the Stage 2 decisions in the December Decision and we welcome the clarity in the Guidance on the requirements set out in Chapter 5 of the CSNP Methodology. Below, we have raised specific points where we think the Guidance, and in turn the Methodology,

would benefit from further clarification, and where we think the Methodology does not yet meet the requirements in the Guidance.

We think the CSNP Methodology would benefit if the Guidance was strengthened in the following areas:

- We agree that NESO must identify the CSNP system needs “*through engagement with relevant network owners*”. This should go beyond just ‘engaging’ or ‘consulting’ with the TOs, as for certain activities and information, only the TOs can and should provide the information or perform the activity. **The Guidance should be more explicit in requiring NESO to “work with” the TOs through this process in line with paragraphs 5.7 and 5.11 of the December Decision.**
- **We agree that solutions for bulk power transfers across transmission boundaries and circuits should be evaluated, including year-round thermal analysis. Additionally, operability issues such as voltage, fault levels, and stability must also be considered alongside defining solutions that achieve required bulk power transfers.** Any operability issues must be considered throughout the lifecycle of any investment, considering solutions that meet both technical and spatial requirements, not being limited to the factors included within the NESO modelling, enabling adequate future-proofing for future network needs.
- **The draft CSNP Methodology outlined some roles and responsibilities of the various parties involved; however, further clarification is necessary** in some areas before the Methodology is finalised and we have submitted feedback on NESO’s consultation to this effect. **This would benefit from being more clearly defined within the CSNP Guidance.**
- We agree that it is essential for the CSNP to “*form the backbone of a transparent, coordinated and evidence-led approach to network planning*”. **The current draft Methodology does not provide confidence in ensuring that activities are well coordinated.** This is a result of the ambiguity in roles and responsibilities, combined with the lack of clarity on the level of engagement that NESO should have with other transmission licensees to specify the wider system needs and operability issues, as well as on the different activities, inputs and stages of analysis. **We believe the Guidance should be clearer on the extent of the collaboration which NESO should have with network owners and its alignment with the overarching licence obligations of all parties, in line with paragraphs 5.7 and 5.11 of the December Decision.**
- We welcome Ofgem’s commitment in the December Decision to uphold the requirements of the SQSS and the existing licence obligations. **As noted in our response to question 3 above, the Guidance should clarify which sections of the SQSS the CSNP is expected to comply with.** We also think the Guidance would be strengthened by **including additional detail on how this decision can be implemented** through the close collaboration with licensees, especially given the flexibility inferred within the Guidance by enabling NESO to determine roles and responsibilities. Licensees need to understand and have confidence in the CSNP processes to avoid duplicative, stranded or inefficient investment being proposed.
- We agree that various scenarios and sensitivities, including SSEP, FES/FEP and interconnector flows must be considered to manage uncertainties. The draft CSNP Methodology attempts to address how the uncertainty will be managed by considering SSEP and FES; however, further clarification is needed on how multiple scenarios, as referenced in paragraph 4.5 of the Guidance, will be integrated into the CSNP, as we understand the power system analysis will be conducted based on the SSEP pathway. **We also suggest that government ambitions for large-scale strategic demand is explicitly referred to in paragraph 4.5 of the Guidance, for example, the government’s expected announcement of AI growth zones may not be published in time to be reflected in the SSEP, but should still be taken into account when determining the system needs and carrying out power system analysis for the CSNP.**
- NESO’s draft Methodology proposes to base the system requirements on draft SSEP data available from the end of 2025, but the SSEP will not be finalised until the end of 2026. **We would therefore welcome a requirement in the Ofgem Guidance for NESO to explain how the system requirements will be updated once the SSEP is finalised, and how any misalignment with broader industry processes (such as the output of connections reform) will be addressed to ensure that the system requirements and the options developed in accordance with those requirements remain suitable.**
- We agree that it is important to understand technical issues that could impact the stability of the grid. Currently the Residual Requirements proposed by NESO in the draft Methodology are trying to capture this on an annual basis and using Network Services Procurement activities to enable solutions from third parties and network owners. Whilst Residual Requirements and subsequently Network Service Procurement could be considered within CSNP, it is not the only industry process influencing investment requirements on the transmission network. The customer connections process for generation and demand and potential asset interventions required for asset health are outside the CSNP’s scope. **This creates an overlap of requirements, which risks unnecessary duplication of efforts across various industry processes. We believe this issue could be mitigated through improved data sharing and collaboration between NESO and TOs, aligning with existing obligations under the System Operator- Transmission**

Owner Code (STC). We welcome Ofgem's Guidance to address this issue to enable NESO and TOs to target effort in the right areas to enhance industry collaboration and effectiveness, as noted in section 10.34 of the Guidance and suggest similar messaging could be included in Chapter 5.

- The Ofgem CSNP Guidance recognises the interaction between emerging hydrogen infrastructure and existing gas networks, however, this is not the case for the electricity transmission network. Large demands such as electrolyzers may drive significant investment on the network to connect such demand, but we are unclear if the wider works investment is within the scope of the first CSNP and therefore taken into account as part of the CSNP decisions. These significant network investments for strategic demand connection could also impact the wider network solution for bulk power transfers identified through the CSNP, therefore if they are not included we feel they should still be identified by NESO as they may have significant and material impact on the need cases for reinforcements included in the Plan.

## **5. Do you agree that Chapter 6 - Stage 3: identifying options - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.**

We agree that Chapter 6 broadly reflects and builds on the policy intent of the CSNP and the decisions taken in Chapter 6 of the December Decision. However, there are a few areas where Chapter 6 differs to the December Decision or where the Guidance would benefit from further clarification to support the overall policy intent of the CSNP. We have set these points out against each section of Chapter 6 below and provided our initial view on the extent to which the current draft Methodology meets the requirements in the Guidance.

### **Requirements for Identifying Options**

We support the requirement for NESO to provide clarity on the timing of the process by which network owners, third parties and the licensee will be able to identify options. We think the Guidance would benefit from making it clear that the process must include suitable timing for the relevant assessments and development activities that parties will need to undertake to submit robust options into the process, which will help ensure confidence in the final plan.

The requirement for NESO to clarify how it will facilitate options development by third parties should be expanded to require NESO to ensure appropriate time for engagement with network owners, as third party options could impact existing networks and new options being developed by the network owners. Without appropriate time to properly assess potential interactions, the options being developed by third parties, and the final plan could be sub-optimal, require significant change and generally reduce confidence in the CSNP output.

The Guidance requires the CSNP Methodology to include guidance on *"mitigating environmental and community impacts ahead of option submission based on available information from desktop-based assessments"*. At this plan level stage any impact mitigation will be influenced by national policy and high-level constraints (i.e. international and national designations). Any guidance provided will be high level in nature and the Methodology should clarify that any potential benefits from high level mitigation will need careful balancing with other appraisal criteria. It is important that the Guidance included in the Methodology is sufficiently caveated so it is clear to third parties.

### **Effective Data Exchange**

We support the need for appropriate data sharing arrangements for the CSNP that are aligned to wider data exchange improvements being explored by Ofgem, government and NESO, as per the December Decision. We also recognise that appropriate data needs to be available to enable third parties to develop and submit options into the process. However, it is critical that this is done in a way that ensures confidential or commercially sensitive information is not shared with parties that either should not have access or do not need access to that information and is subject to appropriate protections and controls where it is shared, as recognised in paragraph 6.5 of the Guidance. We therefore support the requirement for NESO to establish a data sharing approach, in collaboration with network owners and third parties, that outlines data ownership, access rights and responsibilities of all parties. The Guidance should make clear that providing data access to wider audiences, as suggested in bullet 3 of paragraph 6.4, is limited to such data and shared with only such parties as is appropriate and necessary for the development of the CSNP, and the associated data sharing arrangements must ensure that any data received is only made available for the time period for which it is required and cannot be used for any wider purposes.

Paragraph 6.3 of the Guidance suggests that *"detailed information"* will be shared between network owners and third parties to produce *"accurate"*, high-quality plans that stakeholders, Ofgem and government can have confidence in. It is important that information that is required to be shared is commensurate with the level of detail appropriate for the development of the CSNP and does not go beyond the minimum data required to enable the CSNP. While the CSNP should be based on accurate data, we think describing the CSNP as *"accurate"* could suggest a level of certainty over

the whole plan which would not be appropriate given the long-term nature of the plan and the distinction between options in the delivery pipeline and the options funnel.

We support the need to review the codes, including the STC and System Operator- Transmission Owner Code Procedures (STCPs), as per paragraph 6.4 of the Guidance. This should be done before the CSNP Methodology is finalised, so that the appropriate requirements are in place before implementation of the CSNP process commences. With the CSNP Methodology currently due to be finalised by the end of 2025, ahead of implementation of the CSNP commencing in 2026, we question whether this provides enough time to carry out the relevant review and updating of the STC and STCPs. The Guidance should set out what an appropriate interim solution would be if the codes have not been updated in time.

Data provision and high fidelity of data is not an immediate process, and adequate time should be allowed for any new requirements to be met by relevant parties. The Guidance should also acknowledge that certain data can be subject to change and these changes can be material, for example, customer contractual commitments, and appropriate processes need to be put in place to ensure data can be updated as appropriate.

It is also critical that Ofgem and NESO engage with the necessary security agencies from the outset to ensure the overall integrity of the system (NETS) is not inadvertently put at risk through the provision and sharing of data.

### **Identifying environmental and community impacts within high-level option design**

We support the requirement in paragraph 6.8 for a “consistent desktop assessment process” to be established, and the expectation within paragraph 6.9 for NESO to “... work with network owners and other stakeholders in developing the guidance for identifying and assessing environmental and community impacts of high-level design options.” We suggest the Guidance is updated to include “potential” after “assessing” (“assessing potential environmental”) to reflect current practice. Subsequent detailed network design (routeing and siting) may avoid impacts (or mitigate them).

The Guidance should be clearer on expectations for the consideration of marine themes within the identification of environmental and community impacts given the proposal to include offshore connections in the CSNP, and clarity on how the governance arrangements outlined in the CSNP Methodology and the Guidance align. We note that the current Methodology does not sufficiently reflect marine themes. The Guidance should also expressly require a qualitative element. It appears that Ofgem supports this, as paragraph 7.9 specifies qualitative scoring matrices for this purpose. We support the reference in paragraph 7.9 and ask that this be replicated and strengthened in other relevant parts of the Guidance.

We have provided feedback to NESO on identifying environmental and community impacts as part of our responses to NESO’s consultations on the CSNP Methodology (the consultation on the CSNP High-level Principles in December 2024 and the consultation on the draft Methodology in July 2025). We have requested that NESO add key marine themes, including the marine physical environment and other marine users/offshore infrastructure. These themes are particularly important constraints to map and assess within the CSNP process, due to the increasingly busy nature of the marine space, and given the proposal in the Ofgem Guidance that offshore connections should now be planned within the scope of the CSNP.

We have also fed back to NESO that the examples of the indicators for each environment and community theme that options would be assessed against within the draft CSNP Methodology is not exhaustive and needs to be agreed and finalised through the relevant CSNP governance forum. It is not clear which forum this refers to when considering the proposed governance in the Guidance, nor when in the process of CSNP preparation that it will be finalised. The Guidance should be clarified in this respect.

### **Defining the minimum level of detail for high-level designs of options**

Certain aspects of option development information are only available at certain points within the process, and we support the requirement for NESO to clarify the detail required between options within the delivery pipeline and the longer-term funnel of options.

We support the overall direction of paragraph 6.13; however, we stress the importance of a transparent and easy to understand process to quantify the additional benefits noted within this section. We support the idea of a future network that can adapt to changing technologies and market structures, however quantifying and proving this adaptability doesn’t appear to be included in the current draft Methodology.

### **Electricity – specific requirements: defining minimum level of design for high-level options**

As per our previous feedback through working groups with NESO and Ofgem, the reference to indicative route corridor needs to be removed in paragraph 6.16, bullet 1, as it presents a high risk for future community engagement and



planning/consent activities. We propose 'design area' or 'study area' as alternatives. In line with our feedback to NESO on the draft CSNP Methodology, **bullet 2 should specifically reference the operating voltage e.g. "type of reinforcement and operating voltage" (e.g. is the technology High Voltage Alternating Current (HVAC) or High Voltage Direct Current (HVDC))**.

As per our feedback on paragraph 6.16, the reference to "*specialised routing tools*" in paragraph 6.19 should also be removed due to the risk it presents for future community engagement and planning/consent activities, additionally we consider **"viable route corridors and site" should be replaced by 'design areas and option' as follows: "achieved using geospatial and specialised routing tools to identify design areas viable route corridors and site and option locations"**.

Ofgem has used different terms to describe the 'options' defined within the CSNP process. The Guidance refers to both 'network option' and 'option' when defining the 'GB network option' and uses 'high-level options', 'high-level design of options' and 'options' when describing a 'reinforcement option' (as more appropriately defined in the CSNP Methodology). **We feel that consistent terminology is important to ensure Ofgem's expectations and requirements can be easily interpreted and that 'high-level' should not be used unless describing the level of detail required for less mature reinforcement options within the options funnel.** Furthermore, reference to 'projects' should be updated to 'options', as they do not become projects until they have progressed into the delivery pipeline in the CSNP which happens in a later stage (Stage 5 of Ofgem's proposed process) and received pre-construction funding. Some specific examples include paragraph 6.16 and 6.18.

### **Electricity – specific requirements for options development**

We agree that the Electricity Transmission Design Principles (ETDP) are likely to support the development of the CSNP and the high-level options, however this will need to be kept under review as the ETDP are yet to be finalised.

We understand the intent of the licensee considering the points listed in paragraph 6.23, however some of the concepts within this list are unclear or open to interpretation. Ofgem should provide more detail on each bullet to remove ambiguity. For example, we do not understand what is meant by 'asset flexibility', 'resilience to technological or regulatory uncertainty', 'long-term system value' etc. We do not believe the **final bullet of 6.23, "opportunities for coordination, both onshore and offshore, between CSNP or other known network investments, and across energy vectors and other infrastructure types such as for communication or transport, to minimise disruption to communities and ensure efficient utilisation of proposed assets for multiple drivers"**, is met by the draft CSNP Methodology and the proposed timelines may make this more challenging to achieve. Without material changes to the Methodology, the development of new capabilities and appropriate data sharing and multi-agency governance frameworks in place **we do not believe NESO can adequately consider these points in the first CSNP.**

### **Electricity – specific requirements for the high-level options identification process**

In the working groups we have participated in with NESO and Ofgem, NESO has suggested that it will not carry out any early assessment of TO options and that assessment will only be carried out when NESO develops the GB network plan. **We are not clear if the reference in paragraph 6.26 to "allowing TOs to present early-stage concepts and receive feedback on strategic alignment, eligibility under CSNP-F and consistency" would require NESO to carry out any form of early assessment**, or if the feedback at this stage would just be qualitative, for example as part of the down-selection process. We would welcome the Guidance being made clearer on this point.

We support the expectation set out in paragraph 6.27 that **"the submission process is not unduly burdensome"** and that **"timings for option submission should be feasible and appropriate in the context of the CSNP timeline, and should allow sufficient time for network owners or third parties to develop options to the required minimum level of design from the time of publication of system need"**. **NESO's proposed timeline does not currently meet these expectations, with less than six months provided for option development.** We have commented in our response to NESO's CSNP Methodology consultation that this is insufficient and could result in lower maturity options being submitted into the CSNP given the likely volume of options submitted. We have suggested that NESO reviews the timeline for option development, as well as the time required for the full end-to-end process to ensure sufficient time for relevant processes, including governance, to be undertaken.

### **Electricity – specific requirements for high-level options brought forward by the licensee**

We understand that NESO will need up-to-date asset information to support option development of their options as outlined in **6.30**. However, TO sites are dependent on limited onsite resource and access to sites could be subject to delays due to inflight work. Therefore, the Guidance should be updated to reflect that these should take place within reasonable timescales, such as **"this may require TOs to conduct site visits concerning their network at the request of the licensee, with reasonable advanced notice"**

## Electricity – specific requirements for the licensee’s support for third party participation in the CSNP

We support the policy intent to enable third parties to participate in the CSNP and we understand the need for TO data to be provided to enable this. Collation and provision of data can take time and needs to go through appropriate internal governance; therefore, the process should allow adequate time for this to occur. We support the requirement that “[t]he licensee must *coordinate closely with TOs to enable and support them to make available accurate and timely data*”. This collaboration is necessary so that NESO can take account of the current format in which TOs hold the data, thereby ensuring data requested can be supplied efficiently, as new data formats will increase the time to fulfil requests. **The Guidance should reinforce the need for NESO to protect any data provided, ensure it is used solely for tender purposes and is provided with the correct controls and systems in place.**

**We recommend that Ofgem include a requirement in paragraph 6.34 for the licensee to make available the analysis which has led to its commercial services procurement decisions,** so that all parties have a clear understanding of the necessary data and commercial considerations in order to develop and submit effective network solutions for consideration.

We do not understand what is meant by “*how TO-led infrastructure is being delivered in a way that complements flexible or service-based solutions*” in paragraph 6.35, and what evidence would be used to assess this. The Guidance would benefit from greater clarity on this point.

## Electricity - specific requirements for the Strategic Environmental Assessment (SEA) of the CSNP

We support the expectation in the Guidance for the licensee to conduct a SEA and HRA in support of the CSNP and believe this reflects the policy intent set out in the December Decision to “*conduct an SEA, including both onshore and offshore (any relevant marine environmental assessments)*” as outlined in Chapter 6, Decision 2.

The Guidance specifies that an SEA and HRA is to be undertaken on the electricity component of the CSNP and it is ambiguous as to whether there is an equivalent expectation for gas or hydrogen. It is unclear if Ofgem’s position, set out later in Chapter 8, paragraph 8.7, is that it is definitely required for electricity, but should also be undertaken for gas and hydrogen if NESO determines that this is legally required to “*ensure that the CSNP is fully compliant with the Strategic Environmental Assessment (SEA), the Habitats Regulations Assessment (HRA)*”. If this is the case, this should be explicitly set out in the Guidance. We expressed our concerns in our response to the draft CSNP Methodology Consultation regarding NESO’s position that the SEA/HRA would only cover the electricity transmission system. We do not believe the draft CSNP Methodology provides sufficient clarity on NESO’s position and rationale as to why gas and hydrogen was excluded from the SEA and HRA.

**We are concerned about the risk of legal challenge that could arise as a consequence of not carrying out a SEA and HRA on the gas and hydrogen aspects of the CSNP.**

Based on the current draft Methodology and the Guidance, it is our understanding that the intention is for the CSNP to be a single “whole-system” plan for electricity, gas and hydrogen. Regulation 5 of the Environmental Assessment of Plans and Programmes Regulations 2004 (the “SEA Regulations”) requires the likely significant effects on the environment of implementing the relevant plan or programme, and reasonable alternatives to it, taking account of its objectives and geographical scope, to be identified, described and evaluated. This requirement is not limited by the SEA Regulations and therefore applies to the whole of the relevant plan or programme (in this case, the “whole-system CSNP”).

Regulation 63 of The Conservation of Habitats and Species Regulations 2017 (the Habitats Regulations) requires that before deciding to undertake, or give any consent, permission or other authorisation for, a plan that is likely to have a significant effect on a European site or European offshore marine site (whether in combination with other plans or projects), this must be subject to an appropriate assessment. This requirement is similarly not limited by the Habitats Regulations and applies to the whole of the relevant plan.

**As such, we do not consider that it would be lawful to carry out a SEA or HRA on only part of the plan. We believe the ‘relevant plan or programme’ in this case would be the ‘whole system CSNP’, and this is what must be assessed under the SEA Regulations and subjected to appropriate assessment under the Habitats Regulations. We are concerned that undertaking a SEA and HRA on only the electricity transmission part of the plan may increase the risk of a successful judicial review of the plan.** This may delay or prevent the relevant parts of the plan from being endorsed in planning.

If NESO’s rationale for not extending the SEA/HRA to gas and hydrogen is because it is planning to prepare and publish separate and distinct plans for each vector, or if there is some other reason for this, this position needs to be made clear in the Methodology, with the rationale explained in more detail. This also requires clarity in the Guidance from Ofgem. We would like the opportunity to comment further on this issue should this be the case.

We recommended that NESO seek appropriate legal advice regarding this matter and advise Ofgem similarly seek advice to ensure that the approach adopted is robust, clearly defined, and minimises exposure to the risk of a successful legal challenge against the CSNP.

**6. Do you agree that Chapter 7 - Stage 4: decision-making framework - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.**

We agree that Chapter 7 - Stage 4: decision-making framework broadly reflects and builds on the policy intent of the December Decision. However, we identified one area where we feel the Guidance does not align with the December Decision and several areas where the Guidance would benefit from further clarification to support the overall policy intent of the CSNP. We have outlined those below along with our initial view on the extent to which the draft Methodology meets the requirements in the Guidance.

We have assumed that Decision 6 (CSNP decision-making framework to assess and recommend investments for near and long-term operability needs) and Decision 7 (CSNP CBA approach to assessing options with different lifespans, to thermal and operability needs) in Chapter 7 of the December Decision, have been combined into paragraphs 7.27-7.32 within the Guidance. On this basis, we believe that the Guidance does not fully meet the policy intent of the December Decision as it does not specifically set out Ofgem's expectations of NESO to address the shortcomings of its CBA approach to assess options to resolve network operability constraints in the near-term, nor the requirements for NESO to "continue to review the approach over time".

It is therefore not clear if Ofgem assumes that a review of the CBA approach to support short-term operability solutions has already been undertaken. If so Ofgem should state this within the Guidance along with their expectations for how NESO should incorporate the findings into the CSNP process.

The Guidance sets out a broad framework for NESO to develop its approach to resolving operability needs ('residual requirements' as termed by NESO), but the Guidance does not mention the publication of a CSNP annual product (which we understand to be the output of the residual requirements process) as previously set out in the December Decision (paragraph 3.4 and Appendix 3). To strengthen the Guidance, Ofgem should clarify its expectations for the CSNP annual product in the Guidance and how it expects the approach to continue to be reviewed and improved going forward, or specify if this will be set out separately.

With respect to the residual requirements, the Guidance should also be updated to:

- Require NESO to explicitly detail the level and type of collaboration with TOs and Distribution Network Operators (DNOs) which will be required to ensure that the whole system aspects of network investment are appropriately considered. The CSNP is only one of several industry and network owner-led processes that shape investment requirements for the transmission network. Other important processes, such as customer connections (both generation and demand) and asset health are managed outside of the CSNP, but it is crucial that the network analysis within the CSNP that drives system requirements, including the residual analysis component, requires NESO to actively collaborate in a transparent manner with a broad range of industry stakeholders, including TOs and DNOs. We believe that the Network Services Procurement approach has the potential to foster innovation, enhance efficiency, and deliver the best value for consumers. To maximise the benefits for consumers, it is essential to have greater collaboration and appropriate reciprocal data sharing between NESO and TOs. For instance, NESO may not be aware of long-term asset replacement needs if the TO has not finalised its asset intentions, which could lead to missed opportunities for coordinated investments, maximising value for consumers. Additionally, optimising future generation and demand connections, and the network investments that is required, falls outside the CSNP's scope and cannot be effectively managed by NESO in isolation. The Guidance should reinforce the need for this appropriate collaboration between NESO and TOs.
- Acknowledge the significant expertise that network owners possess in managing interacting, complex network investment drivers, offering valuable system-level insights and strategic oversight and expect NESO to work with network owners to support and complement NESO's initiatives and help mitigate the risks associated with isolated decisions. By considering the broader context and the temporal and geospatial requirements of the system, cross-industry working can assist in ensuring that the decisions made by NESO and other stakeholders are aligned with long-term network goals and regulatory commitments. Failure to do so could result in inefficient or sub-optimal investment decisions.

Elsewhere in Chapter 7, further clarity and details in the Guidance would be welcome on the following:

- Paragraph 7.2 states that, in the CSNP Methodology, NESO must: "consider how to utilise the Green Book guidance issued by HM Treasury, including for environmental and community impacts". We are concerned this could imply that environmental and community impacts should be quantified for direct comparison with economic factors, which

is not the approach agreed through CSNP working groups nor in NESO's draft CSNP Methodology. It is important that environmental and community impacts are assessed qualitatively within established policy and assessment frameworks (the National Policy Statements; Strategic Environmental Assessment; Habitats Regulations etc.). Whilst this is not inconsistent with HMT Green Book, we suggest that explicit reference to environmental and community impacts in this requirement is removed to avoid ambiguity on this issue. We also recommend that the Guidance explicitly states that the Green Book is not applicable to the spatial planning aspects of the CSNP and it is not required for further option development and selection by TOs as part of the detailed design process.

- The section 'Appraising combinations of energy system and network' (paragraphs 7.4-7.6 on the Guidance) does not provide any guidance on how NESO should combine options into different 'plans' nor how those combinations should be assessed to select the optimal 'plan'. We would like to see further clarity of Ofgem's expectations here.
- The descriptions in paragraphs 7.4-7.5 of the Guidance require the licensee to set out what whole energy system and network optimisation the CSNP will consider, and look at opportunities for co-optimising whole system demand and supply; however, it is unclear as to whether this is a requirement for the CSNP or SSEP. NESO's draft CSNP Methodology notes that these system trade-offs will take place within the SSEP rather than the CSNP. NESO will have the capability to look for opportunities for co-optimisation between subsequent SSEP and CSNP cycles, but within the first CSNP the co-optimisation decisions are likely to be very limited and could add unnecessary complexity to the electricity transmission network decision making framework. This section would also be more relevant in Chapter 10 given it relates to inter-plan decision making.
- We feel that the inclusion of 'agricultural land' in the sentence "*impacts on local communities such as, on agricultural land*" in paragraph 7, bullet 2 is misleading given it is typically considered a land use impact rather than a community impact. We recommend replacing this with a more suitable example.
- Paragraph 7.11 of the Guidance seems incomplete and is not entirely clear. We think it would benefit from being updated to clarify the requirement or expectation for the Methodology.
- The Guidance does not currently describe the investment signals the CSNP is expected to provide for options in the options funnel and the delivery pipeline. While the implications and regulatory framework for an option progressing into the delivery pipeline is relatively clear, due to the interaction with the CSNP-F, the expectations on the network owners of an option being included in the options funnel is not clear. We would like to see further clarity in the Guidance on this point, so it can in turn be reflected in the final Methodology.
- We believe the Guidance should include a requirement for NESO to develop an approach to undertake probabilistic analysis of potential uncertainties on the cost and duration of network development, alongside that which is required for network drivers (such as from the generation and demand scenarios taken from the SSEP and FEP). Both wider construction industry and NGET's own experience shows that this uncertainty is significant and that to not fully consider it is highly likely to result in a sub-optimal and possibly even undeliverable network plan, likely at significant cost to consumers.
- Paragraph 7.22 of the Guidance refers to the Methodology deriving the "*Optimal Delivery Date*". As discussed further in our response to Question 8 below, the Guidance needs to be clarified on delivery date assumptions and must align to the approach being taken for the RIIO-T3 framework, furthermore consistent definitions and approaches to timelines should be agreed and understood by NESO, Ofgem and TOs. The draft Guidance refers throughout to the NESO Optimal Delivery Dates (ODD) as being synonymous with the target date. However, in separate discussions we have had with Ofgem in relation to RIIO-T3, Ofgem has clarified that references in the Guidance to Optimal Delivery Date (ODD) should be read as the NESO's Recommended Delivery Date (RDD), which is expected to be the later of the Estimated Delivery Date (EDD) – that is, what is considered probabilistically 'deliverable' by the TOs – and the economically 'optimal' date. Ofgem should update the draft Guidance to reflect this position so there is no ambiguity. This also means that the reference to "*estimated earliest delivery dates*" (para. 7.26) is misaligned with our understanding of the current CSNP approach, since the risk-adjusted 'deliverable' date will not take into account appropriate risk adjustment.
- Confirmation as to whether the detailed information requirements for each recommended project and the plan as a whole (paragraph 7.26 of the Guidance) must be supplied to Ofgem as part of the final CSNP submission or if this will be through a separate non-public facing deliverable. Ofgem should outline when and how this evidence should be submitted so that NESO can build this into the Methodology.

From our review of NESO's draft Methodology, we identified areas where it does not meet the requirements set out in the Guidance and will need to be updated accordingly before the Methodology is finalised. For example:



- As detailed in our response to Question 5, the marine environment is not adequately incorporated into the assessment of Environment and Community impacts (paragraph 7.7 of the Guidance) and should be included as a separate impact category.
- It does not explicitly define an assessment approach to select the options to take forward in the funnel of options (paragraph 7.13 and 7.17), instead the Methodology provides an assessment approach for option developers to follow and implies that all options submitted into the CSNP, and which meet the minimum requirements, will automatically form part of the options funnel.

**7. Do you agree that Chapter 8 - develop a CSNP – adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.**

Although ‘Stage 5: develop the CSNP’ was identified in the December Decision, it was not defined in detail and no specific decisions were taken in respect of stage 5. It was only explicitly mentioned in Figure 1 - Stages of the CSNP in the December Decision. In its previous July 2023 Consultation<sup>3</sup> Ofgem stated “*We partially consider stage 5 in this consultation which draws together the analyses from the previous stages into the CSNP development plan for the transmission system. However, further thinking in this area is needed alongside work to consider the handover of the CSNP to a delivery body (stage 6)*”. This Guidance is the first time we have seen further detail from Ofgem on this stage of the CSNP process, therefore there is limited ‘policy intent’ to refer to in answering this question.

The description of Stage 5 in Figure 1 of the December Decision differs from the content of the Guidance set out in Chapter 8, which instead sets out the requirements for consulting on the draft CSNP and submitting the final CSNP to Ofgem for approval. Our response to this question focuses on the content of Chapter 8 of the Guidance and outlines areas where we feel further clarity is needed to strengthen the Guidance as well as where the NESO Methodology does not currently meet the Guidance.

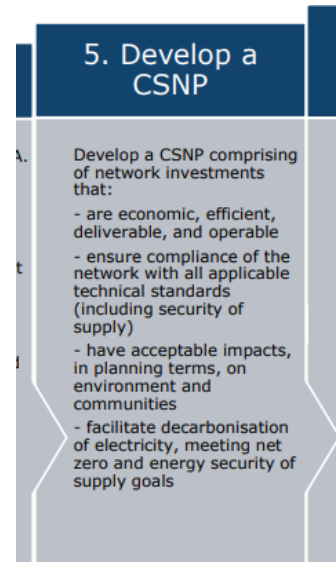


Figure 1 - excerpt from Figure 1, December Decision

The following areas would benefit from further clarity or present opportunities to strengthen the Guidance:

- Paragraph 8.1 states that Chapter 8 “sets out the steps required to bring together the selected options from Stage 4 into a finalised CSNP”, but there is no content in this chapter which describes how the ‘CSNP’ will be brought together into a ‘plan’ and how the programme of network development recommended in the plan will consider GB’s capacity and capability to deliver the plan. For example, paragraph 8.5 focuses on the down selection and assessment of individual options, rather than the ‘plan’. This also appears to be missing from Stage 4, Chapter 7, and so there is no content in the Guidance at the moment that describes how NESO should compile the different options submitted to meet the system needs into a comprehensive GB network plan, nor how the different permutations of that plan should be assessed and compared to select the ‘optimal’ plan. This should be added to the Guidance to ensure Ofgem’s expectations for how this part of the process should be actioned is clear.
- In paragraph 8.4, it states that the “Methodology must explain how the provisional CSNP aligns with the SSEP, and where appropriate, FEP and RESPs.” We do not think it will be possible for the Methodology to explain how the provisional CSNP so aligns with the SSEP, etc. Instead, we think the Methodology should ensure that when NESO goes out to consult on the provisional CSNP, that provisional CSNP includes an explanation as to how it aligns with the SSEP, and where appropriate, FEP and RESPs. It will only be possible to provide this explanation once the CSNP has been developed, and the preferred plan selected for consultation.
- Paragraph 8.5 should reference the need for the options to be coordinated – “options presented are coordinated, technically viable and represent the most efficient and effective solutions to meet future system needs”.
- Paragraph 8.6 requires the licensee to explain how “each option compares against scenario tests” and “the rationale for selecting or rejecting options...with an explanation of the trade-offs made”. We are unclear how this might be achieved, as we understand that the sensitivity and scenario testing will be carried out to assess the different GB network plans, not carried out at the individual option level, and that the trade-offs will be made between GB network

<sup>3</sup> [Centralised Strategic Network Plan: Consultation on framework for identifying and assessing transmission investment options](#), July 2023

plans, not at the individual option level. We think this paragraph should be focussed on the GB network designs/plans, not individual options and would welcome the Guidance being made clearer as to the intent.

- We welcome the requirement in paragraph 8.7 for the licensee to ensure the CSNP is fully compliant with the SEA and HRA. The document would benefit from providing further clarity on how this should be achieved, which we believe requires the full CSNP (electricity, gas and hydrogen) to be within the scope of the SEA and HRA.
- It would be helpful if Ofgem clarify whether it expects there to be more than one consultation document, for example, one for the general public and one for a technical audience, as implied by the reference to ‘consultations’ in the plural in paragraph 8.12: “The licensee should ensure that its consultations are suitable for the variety of different audiences”. The Guidance should be clarified so it is clear if the intent is for a single consultation, which meets both the plain language and technical content requirement, or if different consultations are expected to be produced and carried out targeted at different audiences. If the latter approach is intended, then this should be clearly set out in the Guidance as it will require additional deliverables to be built into the CSNP governance and assurance process and would be more challenging to develop retrospectively if the expectation is not clear from the outset.
- Paragraphs 8.17 and 8.18 should outline in terms of months, how long Ofgem expect to need to undertake “thorough regular scrutiny” so that this can be transparently built into the CSNP’s development timeline and planning cycles set out in paragraph 8.19.
- Paragraph 8.22 refers to the need for NESO to provide a “structured breakdown of each project within both the delivery pipeline and options funnel detailing their component parts and intended outcomes” in the final CSNP. To avoid ambiguity this paragraph should instead refer to the “strategic parameters and needs cases” which are recognised terms in the Guidance and Methodology.
- Paragraph 8.24 currently suggests that the provisions of pre-construction funding (PCF) will be linked to the strength of a project’s needs case, whereas, we understand that PCF will be provided to all projects that are progressed into the delivery pipeline. We think this paragraph should either be removed, or updated so it is clear that the provision of PCF is triggered by an option being progressed into the delivery pipeline.
- We agree with paragraph 8.25 and think that consultation can only be meaningful if sufficient time is allowed for the consultation, but also for the feedback received from the consultation to be properly considered before the CSNP is finalised. This will require sufficient time being allocated in the end-to-end process for both the consultation process, and for the responses to be considered and, where appropriate, reflected in the final plan. We note that footnote 42 in paragraph 8.13 also requires NESO to send Ofgem a proposed version of the CSNP for approval “by the date set out in ESO C17 and GSP C12”. At the moment, those licence conditions would require the draft CSNP to be submitted to Ofgem by 30 June 2027. There are a significant number of activities that need to be carried out for the CSNP Methodology to be updated and finalised and for the first CSNP to be developed to a sufficient quality and standard, including allowing appropriate time for the public consultation to be carried out and the responses properly considered. We believe Ofgem should work with NESO and DESNZ (with engagement with key stakeholders) to map out the various activities required and ensure that relevant dates in NESO’s licence conditions are updated to allow sufficient time for a quality and robust CSNP Methodology and CSNP to be produced.
- Ofgem should set out within the ‘Finalising the CSNP’ section the implications if the CSNP is not approved and what expectations Ofgem would have in terms of parties undertaking further development/delivery of the associated options.

In our review of Chapter 8 of the Guidance, we identified several areas where NESO’s current draft CSNP Methodology does not meet the requirements set out in the Guidance and will need to be updated accordingly before the Methodology is finalised. For example, the draft Methodology:

- Would not achieve full compliance with SEA and HRA legislation, as it currently only proposes to carry out these assessments on the electricity transmission elements of the plan, rather than the whole plan (including gas and hydrogen).
- Does not define a consultation process for the provisional CSNP. It should set out the “different stages, components and timings; the channels to be used to reach different stakeholder groups; and how feedback will be used” as required by the Guidance (paragraph 8.10).
- Fails to explain the process for evaluating, prioritising, and incorporating stakeholder and consultation feedback, nor how decisions will be communicated back to stakeholders either in a separate publication or within the final CSNP publication.
- Does not outline what the final CSNP publication will consist of such as its document structure, nor does it define the interim deliverables such as the ‘provisional CSNP’ published for consultation. As per our feedback to NESO on the

draft Methodology and through the working groups it would be helpful to understand the structure of the proposed CSNP publication so that we can understand the inputs and processes necessary to develop it.

**8. Do you agree that Chapter 9 - Stage 6: handover to a delivery body - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.**

Ofgem's December Decision did not set out any specific decisions in relation to Stage 6 of the CSNP process however, it did note that Stage 6 should set out a clear process for passing required investments to an appropriate delivery body to undertake detailed design and delivery. The December Decision also confirmed Ofgem's position that projects in the delivery pipeline should not be re-evaluated unless the project has significant changes to parameters such as delivery dates and costs, or where there are significant changes to the system need. We broadly agree that Chapter 9 of the Guidance reflects this policy intent.

For onshore projects, we agree it is necessary for the CSNP Methodology to set out the following:

- **CSNP Outputs:** We agree that it is necessary for NESO to detail the project specifics at the point of handover, this includes clearly setting out the strategic parameters and needs case for projects included within the delivery pipeline. It is important that the delivery bodies are involved in the setting of these parameters given the linkage between CSNP outputs, NPS endorsement and change control triggers.
- **Needs case and pre-construction funding:** we agree that the CSNP will set out the needs case for projects that are eligible for PCF under the RIIO-ET3 'CSNP-F' mechanism. This should be clarified that it refers to projects that have been progressed into the delivery pipeline and will enable Ofgem to provide timely PCF decisions. It is important to note that the needs case for certain projects may include drivers beyond the CSNP system requirements and could include connection and asset health drivers.
- **Delivery dates:** To ensure that the CSNP assessment process is carried out on sound assumptions and drives efficient outcomes for consumers, robust delivery dates need to be provided for all recommended projects. It is critical that the process for the development and confirmation of these dates is closely aligned with the wider RIIO regulatory framework, given that Ofgem intends that the dates will be used as inputs into the CSNP-F output delivery incentive (ODI-F) during T3. It is critical that the approach to define and confirm these dates is closely aligned with the probabilistic analysis (discussed in our response to Question 6) and with the wider RIIO framework and CSNP process. In the T3 Draft Determinations process, Ofgem has clarified that references to Optimal Delivery Date (ODD) should be read as the NESO's Recommended Delivery Date (RDD), which is expected to be the later of:
  - the Estimated Delivery Date (EDD) – that is, what is considered 'deliverable' by the TOs, risk-adjusted with "probability risk analysis at the 50th percentile" (i.e. at P50); and
  - the ODD – that is, what is considered by NESO to be economically optimal.
- The Guidance also refers to ODDs in a similar way, which we assume to be an error (as per the T3 Draft Determinations clarification referenced above). The CSNP Guidance provides an opportunity to bring clarity to the terminology in use in the CSNP process to avoid ambiguity. Any target date based on the outcome of the CSNP should be underpinned by probabilistic analysis and to ensure a fair balance between TOs and consumers, considering deliverability risk, and using NESO's economic analysis to aid Ofgem's calibration of the incentive strength. It is therefore important that the economically optimal date is kept separate from the risk-adjusted delivery date. As discussed in response to Question 6 above, this also means that the reference to "estimated earliest delivery dates" (para. 7.26) is misaligned with the current CSNP approach, since it does not properly take into account appropriate risk adjustment.
- **Indicative project cost:** We welcome the intention in paragraph 9.19 that a common methodology for determining indicative project costs should be developed. NESO committed in the draft CSNP Methodology to working with TOs and Ofgem to ensure consistent and transparent processes for definitions, asset types, project costs, and delivery timelines. However, we are concerned that the current wording in this Guidance ("*the licensee must provide us with high-level costs for the projects within the plan*") could suggest NESO is responsible for costing options from TOs or third parties. We believe the developer of each option should submit its own cost estimates, consistent with the draft CSNP Methodology, which asks developers to provide capital and lifetime costs in the specified format (e.g., in Table 9 (Required information), which refers to "*capital and lifetime costs in the form requested by NESO*"). Paragraph 9.18 appears to indicate that indicative project costs are necessary to determine eligibility for a delivery incentive (i.e., the RIIO-T3 CSNP-F Delivery ODI-F), and the level of cost scrutiny required. However, the RIIO-T3 Draft Determinations propose that the ODI-F would be applied to all CSNP outputs, and that no materiality threshold would be applied (in both cases at variance from the RIIO-3 Sector Specific Methodology Decision). **We suggest that the Guidance needs to be updated to reflect the current policy position.**

- **Change control process:** recognising that the CSNP will provide a baseline which may be subject to change for various factors, such as demand or supply changes, we support the level of detail that NESO will be required to set out for the change control process. However, given this process may trigger the need for a SEA (unless it is in relation to a “minor modification” to the plan) or HRA (screening for likely significant environmental effects and/or likely significant effects on a European site or European offshore marine site) these assessments should be listed in paragraph 9.24. **It is essential that the Guidance requires NESO to set out clearly the change control process timelines and when information would be expected from TOs. It should also clarify the level of assessment required from Ofgem and the associated governance arrangements so that Ofgem can make any associated funding decisions at an appropriate level and within a reasonable time.**
- **Competitive tendering:** We agree that the outcomes of the competition-specific cost benefit analysis performed by NESO should be included in the CSNP output. This aligns with our feedback to NESO’s draft CSNP Methodology consultation where we flagged the importance of clarity on whether incumbent TOs or third parties are expected to continue to develop projects or if this will be done by a third party, once appointed. It is important that Ofgem acts upon any recommendations from NESO quickly to confirm delivery body status to avoid delays to delivery. A transparent process for assessing projects’ suitability for competition is essential to build trust and understanding. We would welcome further transparency on how the criteria for projects in the legislation<sup>4</sup> are applied by NESO in developing its recommendations for competitive tendering, **as well as any additional guidance from Ofgem on other factors that NESO should consider when identifying suitable projects for competitive tender**, particularly in the early stages of rolling out the framework. It is also important the strategic parameters leave flexibility for innovation in the detailed design and delivery stages.

**We note that the Guidance does not currently detail how NESO should set out its approach to identify the delivery organisations for the offshore projects. We think this should be added.**

Recognising the role of the Independent Technical Adviser (ITA) is being developed for RIIO-3, we believe the Guidance should **clarify the role of the ITA as part of the CSNP Methodology, specifically its role in supporting NESO to determine the indicative costs** to ensure alignment between the CSNP Methodology and the wider regulatory framework.

In our review of the draft Methodology, we have identified several areas where it does not yet meet the requirements set out in the Guidance. For example, the draft Methodology does not provide information on:

- **Cost:** How NESO will determine indicative project costs.
- **Change control process:** the trigger thresholds, the timeline for change control assessment or the process, tools and requirements for re-evaluation that will be used during the process.
- **Competitive tendering:** how NESO will integrate the design of the detailed competition model and set out how the CSNP will recommend appropriate projects for competition.

## **9. Do you agree that Chapter 10 - Other planning roles in CSNP - adequately reflects the policy intent of the CSNP? Please provide the reasons and any alternative suggestions if you disagree.**

Given their general alignment with decisions taken in Chapter 8 of the December Decision, we have answered this question with respect to the ‘Climate and Broader Resilience’, ‘Onshore Competition’ and ‘Customer Connections’ sections of the Guidance. As part of our comments on each section, we have provided our initial view on the extent to which the current draft Methodology meets the requirements set out in the Guidance.

We have captured our feedback related to the ‘Interconnectors’ and ‘Offshore Network planning in the CSNP’ sections in our response to Question 10.

### **Climate and Broader Resilience**

We agree that the Guidance supports and expands on the policy intent in Decision 5 of Chapter 8 from the December Decision. NESO is best placed to consider both climate resilience and broader resilience issues at a whole system level, considering the interdependencies between TOs’ networks and the wider energy infrastructure system, whilst **TOs remain best placed to determine and specify the asset level vulnerabilities regarding climate-related risks, including likelihood and impact on their respective networks.**

In principle, we support the suggestions for NESO to develop its own capability to evaluate resilience at a system level to complement the capabilities of network owners. However, we believe NESO’s development of these capabilities may extend beyond the first CSNP cycle. Therefore, **the Guidance should clearly outline Ofgem’s minimum expectations for**

<sup>4</sup> [The Electricity \(Criteria for Relevant Electricity Projects\) \(Transmission\) Regulations 2024](#)



the capabilities NESO is expected to develop for the first CSNP. We recommend that Ofgem consider whether to define these expectations more explicitly, rather than offering suggestions as currently implied by the phrase “this could include...”.

Additionally, we suggest adding a new bullet to the list in paragraph 10.2 that asks NESO to consider “*interdependencies with other critical infrastructure sectors, such as telecommunications, transport, and water*”.

We support the suggestion to “*align with approaches being developed across the wider sector*” (paragraph 10.2, bullet 4). NGET is an active member of the Energy Networks Association Climate Change Resilience Workgroup, which is developing climate resilience metrics for electrical network operators, such as the ETR138 standard for flood risk. Although the development of these metrics is still in its early stages, as highlighted in our Climate Change Adaptation Report to Ofgem, we recommend that NESO incorporate assessments against these metrics into their ‘capability development’.

In our review of NESO’s draft CSNP Methodology, we find that it does not currently address climate change risks at a system level effectively, nor does it consider the implications of failing to adapt. While this is not a formal requirement, we believe that the consequences of failing to adapt are critical factors that could be considered in the CSNP, particularly in defining the system need and selecting the recommended GB plan.

### Onshore Competition

We agree that the Guidance reflects the policy intent of Decision 3 in Chapter 8 of the December Decision, to integrate the competition delivery model into the CSNP.

As outlined in the ‘Competitive tendering’ part of our response to Question 8 above, a transparent and robust process for assessing projects’ suitability for competition is essential to build trust and understanding with stakeholders and potential tenderers. We would welcome further transparency on how the criteria for projects in the legislation<sup>5</sup> will be applied by NESO in developing its recommendations for competitive tendering, as well as any additional guidance from Ofgem on other factors that NESO should consider when identifying suitable projects for competitive tender, particularly in the early stages of rolling out the framework.

### Customer Connections

In respect of onshore electricity customer connections, we agree that paragraph 10.34 of the Guidance reflects the policy intent of Decision 6 in Chapter 8 of the December Decision, that individual connections should be outside of the scope the CSNP. However, as noted elsewhere in the Guidance, connection enabling works (and other relevant drivers) should be considered within the CSNP process where they interact with options being proposed to meet the CSNP system requirements (i.e. boundary capability or operability), so that a coordinated solution is put forward. If there is no such interaction, individual customer works should continue to be developed outside of the CSNP, driven by project progression and customer contract.

Paragraphs 10.35-10.38 of the Guidance introduce new proposals that were not reflected in the December Decision. These paragraphs suggest that the CSNP also has a role to play in informing where and how connections should be made, in coordinating necessary reinforcements to avoid inefficient or piecemeal infrastructure development and in ensuring feedback loops from the impact of delayed or cancelled connections are factored into the CSNP. We agree that the CSNP provides an opportunity to bring industry processes closer together and could play a role in identifying strategic, coordinated investments that would provide capacity for customers to connect without triggering further (connection-specific) major reinforcement on the network.

If this is Ofgem’s intent, the Guidance would need to be updated to include appropriate requirements on NESO to ensure the CSNP Methodology is set up properly to enable this type of investment, including by:

- identifying the need on the system for strategic connection capacity,
- updating the necessary connections codes and processes to include this strategic consideration,
- enabling strategic and coordinated solutions to be developed and put forward by network owners to deliver this connection capacity, and
- ensuring the assessments carried out by the NESO, including the cost benefit analysis (CBA), can recognise and give account to the benefits of this type of strategic investment so that it can be prioritised over incremental alternatives, where appropriate.

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<sup>5</sup> [The Electricity \(Criteria for Relevant Electricity Projects\) \(Transmission\) Regulations 2024](#)

We do not agree with the reference in paragraph 10.36 to the CSNP “*identifying access to limited infrastructure, like substation bays*”. It would not be appropriate for this level of granularity to be managed through the CSNP. It would also rely on parties having a clear view on priority for specific customers and other works, which as paragraph 10.38 notes, is unlikely to be achieved through the first SSEP and reformed connections process.

We agree that feedback loops between the connections process, SSEP (and RESP) and CSNP will be important. The timing of the first SSEP pathway being selected by the Secretary of State means it is unlikely to be fully aligned with the final reformed connections queue. The impact of this misalignment on the CSNP may be reduced given connections reform focuses on the period out to 2035, and the CSNP will focus on a longer-term horizon, however, reducing instances of misalignment such as these would be more optimal. In addition, neither the SSEP nor the reformed connections queue currently cover demand projects (including major strategic demand), which also has the potential to significantly impact on the system needs and network investments required. We think it is important that any new policy decisions in this space, for example the Government’s expected announcement on AI growth zones, are also factored into the system requirements and the CSNP process. Going forward, it is important that greater coordination and appropriate sequencing between the various processes and inputs is achieved, as a disjointed approach makes it harder for effective coordination and efficient network development to be achieved. **The draft Methodology does not currently set out a feedback loop between connections processes and the CSNP.** Though we acknowledge that the mechanics of such feedback loops are challenging to align and coordinate given the different timescales and industry processes, **it would be helpful to understand how NESO intend for the customer connections processes to feed into the CSNP planning cycles (and vice versa) and this should be set out in the CSNP Methodology.**

**10. We’re proposing that offshore connections should be planned within the scope of the CSNP. We set out our requirements on the licensee with regards to this additional scope (see chapter 10: Electricity - offshore network planning in the CSNP). What are your views on this proposal?**

We agree that offshore connections should be part of the scope of the CSNP but the specific design of the offshore network cannot be fixed at the CSNP stage. We support the confirmation at paragraph 10.16 that “*offshore network designs must ... remain adaptable to evolving system constraints and technological advancements to ensure optimised whole-system efficiency*” and that NESO “*should consider how best to enable this in its process*”. **Offshore wind farm siting is the most important consideration in offshore network development** and this requires whole system thinking across sectors involving NESO, TOs as well as the Crown Estate, the Marine Management Organisation (MMO) and other consenting organisations. If done well, and accompanied by the right policies and market arrangements, the SSEP should help provide more stability in where wind farms will locate.

**Lessons from HND and HND FUE**

We welcome Ofgem’s expectation at paragraph 10.14 that the CSNP process will “*build on lessons from the HND and Holistic Network Design Follow-up Exercise (HND FUE), while also addressing the limitations of those exercises*”. The HND and HND FUE processes have provided a number of lessons learnt:

- Wind farms should be strategically sited to allow for least cost connection for the consumer;
- Onshore and offshore designs need to be done concurrently and iteratively, not sequentially;
- Determining suitable interface points is complex and may require a considerable amount of time;
- Technology readiness needs to be taken into account when designing solutions;
- The interactions between the different business models of onshore transmission, OFTO and wind developers need to be accounted for;
- The recognition that wind developers need to be able to make an investment viable and that any investment that cannot be insured, or is prohibitively costly to insure, is unlikely to be viable from a developers’ perspective;
- It is critical to properly account for delivery risk and ensure cost assumptions have properly accounted for governance and technical developments (e.g. a first of a kind offshore platform with multiple key delivery stakeholders is likely to be subject to greater uncertainty than well-tested conventional asset types).

**Implications for CSNP**

**Chapter 10 of the Guidance is not clear on how any offshore design should be incorporated into the CSNP. For example, whether it is expected that the design would be included in the options funnel and/or delivery pipeline, and whether strategic parameters would be fixed in the same way as for onshore reinforcement options.** NESO has currently proposed that the offshore design is an input into the CSNP process and developed first, then frozen to allow the onshore design to be developed, but has not provided clarity on how that offshore design is then progressed. **If Ofgem has clear**

expectations for when and how the options developed through the indicative offshore design process should be considered as part of the options funnel, and if they should progress into the delivery pipeline through the same appraisal process as the onshore boundary reinforcement options, the Guidance should set out these expectations. Alternatively, if Ofgem is proposing that NESO develops this detail and approach as part of the Methodology, this should be clarified in the Guidance. Either way, it is critical that the final Methodology provides the necessary clarity on how the offshore design will be incorporated into the end-to-end CSNP process.

We think it is critical that the offshore design reaches equivalent maturity to the onshore design at the relevant stage of end-to-end process, and with equivalent information and data points to be assessed alongside the onshore options on a comparable basis. This will help to give sufficient certainty and confidence to develop onshore reinforcements, and identify the preferred coordinated GB network design, enabling reinforcement options to progress into the delivery pipeline with confidence.

It is important the process also allows a level of iteration between the onshore and offshore options before the offshore design is 'frozen', to support a holistic consideration of both the onshore and offshore impacts of the offshore network design. For example, the proposal of a specific coordinated offshore solution may reduce the number of landing points, but trigger more onshore infrastructure, which may reduce the desirability of that coordinated offshore solution.

It is also important to recognise that the process for developing the offshore design may evolve and change in future cycles of CSNP development – for example, to account for the introduction of a competitive process for offshore network delivery, and so the methodology for future CSNPs may need to adapt to reflect any changes in this space. It is important that any such changes do not unnecessarily undermine the onshore and offshore design that is 'fixed' through this first CSNP, as subsequent changes to the offshore design would likely necessitate change to the onshore design (and vice versa).

No analysis was done as part of the HND or HND FUE on how offshore hybrid assets (OHAs) or interconnectors could play a part in connecting those wind farms or even reducing the overall cost to consumers in GB and in the European Union (EU). We agree that interconnectors and OHAs need to be a part of the solution and that market alignment with the EU to deliver reduced cost for the GB end consumer should be a driver in determining what solutions are recommended.