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FAO: Jon Sharvill

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Nadara | Bluefloat Partnership Response – Ofgem ASTI: Material Scope Change and Early Construction Funding – EGL3, EGL4, and GWNC

Dear Jon,

Please find below our response to your consultation on Accelerated Strategic Transmission Investment: Material Scope Change and Early Construction Funding - EGL3, EGL4 and GWNC[1].

Q1 - Do you agree with the revised network design in the Lincolnshire area?

We recognise the presented benefits outlined by the TOs of the revised design, including the increased connection capacity, mitigation of potential constraint costs, reduction of environmental impacts and construction and consenting risks. We also acknowledge the independent legal advice that was obtained by NGET, NESO's Cost Benefit Analysis that the revised design provides value to consumers and Ofgem's minded -to position to support the revised design. We do not challenge the benefits and agree with Ofgem's assessment of the revised design.

Q2 - Do you agree with the TOs' proposal to set ODI Target Dates at the end of 2034 based on their Quantified Schedule Risk Analysis?

Notwithstanding our response above, we do not agree with setting ODI Target Dates at the end of 2034. While we acknowledge the TOs' QSRA analysis and the complexity of these projects, the proposed 2034 dates would represent an unacceptable delay that undermines the fundamental purpose of the ASTI framework to accelerate critical infrastructure delivery for Net Zero objectives.

We note Ofgem's assessment that outlines that reverting to P50 2034 dates would "unfairly tip the balance of the overall ASTI regime in favour of TOs at the disbenefit to consumers". The delay would expose consumers to additional constraint costs and introduce greater uncertainty to projects required to delivery capacity under the government's Clean Power 2030 Action Plan. We note NESO's CBA analysis that shows that delivery by 2033 provides the greatest consumer benefit, and we see no

[1] https://www.ofgem.gov.uk/consultation/accelerated-strategic-transmission-investment-material-scope-change-and-early-construction-funding-egl3-egl4-and-gwnc

reason to deviate from this analysis and introduce additional delay which would only introduce unnecessary risk to CP30 targets.

Q3 - Do you agree with moving the EGL3 PCF allowance from the LOTI PCF condition to the ASTI PCF condition?

Whilst we acknowledge Ofgem's assertions that moving the allowance between frameworks provides some benefits, ie substitutability and the ability to trigger re-openers, we have concerns about the additional risks of applying less stringent requirements regarding planning consents (requiring submission of planning consent applications rather than obtaining actual consents). Should this be approved we would expect robust assurance that this change would not compromise delivery certainty or consumer protections.

Q4 - Do you agree with our proposal to set revised ODI Target Dates at the end of 2033?

We support Ofgem's proposal to set ODI Target Dates at the end of 2033 rather than 2034, but remain concerned about this additional delay considering the original 2031 target dates. This represents an improvement over the TOs' proposed 2034 dates and better balances the need for realistic delivery planning against maintaining strong incentives for timely completion, but nonetheless introduces additional risk and uncertainty for wider industry in the context of CP30 ambitions. The extended timeline represents a significant departure from the ASTI framework's original 2030 ambitions, and we expect TOs to pursue every opportunity to accelerate delivery ahead of these target dates to support urgent decarbonisation objectives.

Q5 - When setting a new date as part of a material scope change should we prioritise ensuring that the new date represents a "fair bet" for the TOs delivering the project, or the date maintains an overall fair balance of risk across their portfolio of projects?

We accept that target dates must be realistic and technically achievable but emphasise that they should not be overly relaxed at the expense of maintaining appropriate delivery pressure. The approach should prioritise maintaining overall portfolio balance while ensuring individual project dates remain sufficiently challenging to drive innovation, potential for earlier delivery and increased efficiency. Overly generous project dates would undermine the ASTI incentive structure and disadvantage consumers and wider industry. Sufficient delivery pressure must be maintained to ensure delivery against ambitious Net Zero timelines, and regulatory frameworks should reflect this urgency. Projects connecting to the transmission system typically operate under demanding milestone requirements, and transmission infrastructure delivery should be subject to comparable expectations.

Q6 - Do you agree with our proposal to update PCF allowances to reflect updated forecast project costs?

We support the proposal to update PCF allowances as we acknowledge the materiality of the scope changes which justifies reassessment of PCF requirements, particularly given the significant design modifications and increased complexity.

However the updated allowances should be subject to regular scrutiny to ensure they reflect genuine efficient costs rather than inefficient process or delivery. We would expect transparency in cost reporting and clear demonstration that additional funding closely aligns with the revised scope and delivers commensurate benefits in terms of reduced delivery risks and timescales.

Q7 - Do you agree with our minded-to position to provide ECF for the EGL3 project as set out in chapter 4?

We agree with the minded-to position to provide ECF funding for the EGL3 project provided it remains within forecast budget parameters and supports timely delivery objectives. We acknowledge the rationale behind the stated early procurement commitments, referencing supply chain constraints and in particular regarding HVDC components. We also acknowledge the benefits of the strategic land acquisition approach for Netherton Hub and the southern converter and landfall site, including protective contractual arrangements and preference for option agreements over outright purchases. The funding should accelerate delivery while maintaining strong accountability for cost-effective project management and successful completion.

Q8 - Do you agree with our minded-to position to provide ECF for the EGL4 project as set out in chapter 5?

We agree with providing ECF for EGL4 under the same conditions as EGL3, ensuring it supports timely delivery within appropriate budget constraints. We acknowledge that the coordinated approach with EGL3 for southern infrastructure, including shared costs for common facilities, seeks to demonstrate efficient project management and appropriate risk allocation. The ECF should facilitate the earliest possible project completion consistent with the government's Clean Power 2030 objectives.

Yours sincerely

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