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20<sup>th</sup> September 2012

**Open letter: Offshore Transmission – Update on Coordination policy developments**

Dear Sir,

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, combined heat and power plants, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including both residential and business users.

EDF Energy is also in a joint venture to develop Offshore Wind capacity at Navitus Bay off the Isle of Wight. The Navitus Bay project is to deliver between 900MW and 1200MW of capacity in a site which covers 76 square miles.

EDF Energy welcomes the opportunity to respond to Ofgem's open letter on coordination policy developments relating to offshore transmission.

Our response can be found as page two of this letter. If you have any queries on this response, please do not hesitate to contact me directly, or my colleague Hannah McKinney on 0203 126 2652.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely

Mark Cox  
Head of Transmission and Trading Arrangements

## Attachment

### Offshore Transmission: update on Coordination policy developments

#### EDF Energy's response to your questions

- System Planning and Coordination: page 2

EDF Energy believes that the NETSO is in a key position to identify and make coordinated connection offers via the existing connection process.

We support review of the connection process and its continued application to facilitate coordinated connection offers in line with current policy targets. An important factor may be increased sharing of information between parties regarding connection offers which will have implications in terms of time frames. The coordination process in itself requires assessment of a much more complex interaction of parties to deliver optimal solutions and therefore it is important that the connection offer process should have sufficient time flexibility where needed.

- Wider Network benefits: page 4 and 5

Given their important role in planning and operating the transmission system, the NETSO has the ability to identify where necessary wider network reinforcements may be best delivered and this can be recognised in connection offer(s). The extent that the NETSO could or would be willing to further identify and in particular undertake the associated pre construction works for these wider assets is not clear. This sort of pre-construction work is more normally associated with Developers and TOs and it is they who would have the skills and experience to be able to undertake this work effectively and with the right incentives. Currently the NETSO is not appropriately incentivised to do this work.

One solution is to require onshore TOs (or OFTOs) to undertake the pre construction works provided there is a suitable mechanism to fund any efficiently incurred costs associated with this activity, whether the project goes ahead or not to the procurement and construction phase.

Equally any third party could undertake these works with the appropriate incentives in place to manage this effectively. However, by decoupling the pre-construction activities from the procure-and-build process, risks are introduced which will need to be managed. In the instance of wider network investment not taken forward by the developer it is critical that Ofgem develop a process that sufficiently incentivises parties to undertake the pre-construction work in an efficient manner to ensure timely completion of this stage but that also delivers effective outcomes for all segments of the transmission infrastructure delivery chain. This means that where a third party is selected to undertake this work there needs to be sufficient transparency in this process, adequate engagement with affected



developers and potentially other third parties through this pre-construction phase and clear and measurable outputs defined.

**EDF Energy**  
**September 2012**