

Sheona Mackenzie  
Senior Policy Manager  
Electricity Transmission  
Ofgem  
3<sup>rd</sup> Floor  
Cornerstone  
107 West Regent Street  
Glasgow  
G2 2BA

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### **Consultation on the needs case for the proposed Kintyre-Hunterston transmission reinforcement under the RIIO-T1 Strategic Wider Works process**

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, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We welcome the opportunity to comment on SHE Transmission's proposed Kintyre-Hunterston transmission reinforcement under the RIIO-T1 Strategic Wider Works (SWW) process. We are generally supportive of Ofgem's approach to the assessment of SHE Transmission's project needs case submission.

Our main comments centre on the need for robust needs case submissions from TOs, and clarity as to when Ofgem will issue its decision on funding the project.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Mark Cox on 01452 658415, or me.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Angela Pearce'.

**Angela Pearce**  
**Corporate Policy and Regulation Director**

## Attachment

### Consultation on the needs case for the proposed Kintyre-Hunterston transmission reinforcement under the RIIO-T1 Strategic Wider Works process

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

#### **Q1. Do respondents consider that there is a need to reinforce the transmission system in the Kintyre peninsula in line with SHE Transmission's proposal?**

EDF Energy believes that the need to reinforce the transmission system in the Kintyre peninsula has been identified and tested against the relevant scenarios within the ENSG led studies. SHE Transmission's proposal reflects the ENSG project assessment and it will accommodate the connection of new renewable generation in the Kintyre Peninsula and relieve growing pressure on the local network.

#### **Q2. Do respondents consider that we (and our consultants) have identified and are considering the relevant factors? Are there other factors respondents feel we should consider in order to form a view on whether there is a need for the reinforcement?**

EDF Energy believes that Pôry's assessment has identified the key benefits of SHE Transmission's proposed reinforcement which includes facilitating the connection of renewable generation. It also identifies that SHE Transmission could have undertaken a 'more thorough assessment' given the scale of renewable activity on the Kintyre peninsula. In addition, Pôry has indicated that it would have been beneficial if SHE Transmission had investigated different renewable scenarios.

We believe that when TOs provide need case submissions for Ofgem to assess, these submissions should always robustly justify its preferred option. The justification should include detailing the alternative options that were also considered by the TOs and the reasons for why these options have been subsequently discarded. Pôry's overview of its assessment<sup>1</sup> clearly indicates that SHE Transmission's initial needs case submission did not fully meet three of the four key aspects of the needs case for the proposed Kintyre-Hunterston transmission reinforcement and a further Q and A review was required

The SWW framework is not a new concept introduced via the RIIO-T1 price control. SWW is a continuation of the Transmission Investment Incentives (TII) framework which enabled TOs to apply for funding for critical infrastructure investments within the previous transmission price control period (TPCR4 2007-2013). We would therefore expect that the TOs' needs case submission should not require extensive Q and A review in order for the nominated consultant to be able to undertake a full assessment and produce a report to Ofgem. Needs case submissions must be robust, so that Ofgem can undertake assessments and make a decision within a shorter timescale and that the industry has greater certainty of where and when new infrastructure developments will occur. The TOs' needs case submissions should also provide very clear rationale as to why the TO has selected its preferred option.

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<sup>1</sup> Pôry's report to Ofgem, March 2013: Table 1 – Overview of Pôry assessment, p6.

We believe that the TOs' needs case submissions should contain analysis of potential future renewable generation scenarios and not be limited to only considering renewable generation that exists, are under construction, or at an advanced stage of development. Whilst not necessarily appropriate for the proposed Kintyre-Hunterston transmission reinforcement, over-sizing for potential future renewable generation should always be factored into the analysis. SHE Transmission has factored over-sizing for potential future renewable generation in its consideration of the Shetland HVDC link<sup>2</sup>. We consider that taking into account analysis and where appropriate accommodating potential future renewable generation is a positive approach.

**Q3. Do respondents have any other comments on our proposed approach and timetable?**

Ofgem's proposed approach appears to be consistent with the SWW project process as detailed in the RIIO-T1 final proposals for all TOs. EDF Energy welcomes Ofgem's decision to undertake its SWW project assessment concurrently with this consultation period and with consultation responses feeding into its final decision. This approach should enable Ofgem to reach a decision within a shorter timescale than if the two assessments were undertaken consecutively.

The consultation does not detail when Ofgem intends to issue its decision. Ofgem note that it will conclude its needs case submission and provide an update on its project assessment this summer. According to SHE Transmission's project summary<sup>3</sup>, it expects Ofgem's decision to be issued in summer 2013 which would be consistent with SHE Transmission's earliest delivery date of the proposed Kintyre-Hunterston transmission reinforcement in late 2015.

Ofgem's consultation letter indicates that the reinforcement would be completed in 2016. EDF Energy would welcome confirmation from Ofgem, in its planned update this summer, as to when it intends to publish its decision and the corresponding SHE Transmission licence consultation. It is anticipated that at this point Ofgem would be in either the final stages or have completed the SWW needs case and project assessment.

**EDF Energy  
June 2013**

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<sup>2</sup> Scottish Islands Renewable Project , p22

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/199038/Scottish\\_Islands\\_Renewable\\_Project\\_Baringa\\_TNEI\\_FINAL\\_Report\\_Publication\\_version\\_14May2013\\_2\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/199038/Scottish_Islands_Renewable_Project_Baringa_TNEI_FINAL_Report_Publication_version_14May2013_2_.pdf)

<sup>3</sup> [http://www.sse.com/uploadedFiles/Z\\_Microsites/Kintyre-Hunterston/Controls/Lists/Resources/KintyreHunterstonSummaryAmend.pdf](http://www.sse.com/uploadedFiles/Z_Microsites/Kintyre-Hunterston/Controls/Lists/Resources/KintyreHunterstonSummaryAmend.pdf)