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North West Coast Connections – Consultation on the project’s Initial Needs Case and suitability for tendering

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 NWCC’s Initial Needs Case and suitability of tendering under the Competitively Appointed Transmission Owner (CATO) framework. As a major developer of generation projects, including Hinkley Point C – the first new nuclear power station in the UK for a generation, we have a strong interest in the development of the arrangements to introduce onshore tenders for transmission assets.

We are supportive in principle of Ofgem’s intention to bring greater benefits to consumers through the introduction of onshore tenders for electricity transmission but these benefits must be weighed against Government’s broader objectives. Development of transmission infrastructure is a critical part in facilitating the Government’s objectives to move to a low carbon and secure energy system. It is therefore vital that the arrangements to introduce competition into electricity transmission balance the incentives to drive down costs of new transmission infrastructure with the need to ensure its timely delivery.

While we cannot comment on the specifics of NuGen’s Moorside project, it is critical that Ofgem supports funding for the Grid connections that impact new generators in a timely manner (through the needs case process) and does not create unnecessary risk through delays. We also consider that, while in principle Grid connections can be separated into packages, the complexities and the new interfaces created in doing so should not be underestimated. These additional risks must be considered and addressed.

Running the CATO tender process will add additional time, cost and risk to the overall connection process which means that the overall benefits from the competitively run tender process would also need to outweigh the costs developers could potentially incur as a result of the delay. We continue to believe Ofgem’s criteria for project selection should reserve competition to non-enabling works except with explicit generator agreement and/or tender only constructed projects (like the existing OFTO regime).

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 may be published on Ofgem’s website.

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Yours sincerely,

A handwritten signature in black ink that reads "Angela Hepworth".

Angela Hepworth
Corporate Policy and Regulation Director