

24th February 2017

James Norman
New Transmission Investment
Ofgem
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Dear James,

North West Coast Connections – Consultation on the Project’s Initial Needs Case and Suitability for Tendering

Energy Networks Association (ENA) represents electricity and gas network companies across Great Britain (GB) and Ireland, covering Transmission and Distribution. This letter is on behalf of our electricity distribution and electricity transmission members¹.

Summary

ENA welcomes the opportunity to respond to the proposals set out in the consultation. This response sets out some project specific areas that Ofgem may wish to take into account when considering next steps.

Initial Need Case Assessment

The ENA agrees that should the power station be progressed then transmission circuits are required. This is because of the size of the nuclear power station connection at Moorside.

Applying Onshore Competitive Transmission Tendering

Our members are supportive of competition for building new onshore transmission network assets where there are benefits to consumers. There are some areas our members have highlighted with respect to the proposed onshore tendering regime to ensure it maximises the delivery of benefits for consumers.

In the case of the NWCC project, the driver is the proposed Moorside Nuclear Power station. This will bring significant environmental and energy security benefits to consumers, as well as provide a stimulus for local and regional employment, skills & training, the development of UK industrial capability and substantial overseas inward investment.

Therefore, the benefits of onshore transmission tendering for this project need to be weighed against any additional risks to the successful delivery of the transmission and power station project and consider the additional costs of competitive tendering as well as any potentially detrimental delays to developers and/or consumers. Care should be taken to ensure that any additional interfaces and complexity in the delivery approach through the introduction of transmission competition deliver benefits in the wider context for consumers including the power station.

¹ These are Electricity North West Limited, Northern Powergrid, Scottish Power Energy Networks, UK Power Networks, Scottish & Southern Electricity Networks, Western Power Distribution, National Grid.


Conclusion

ENA members welcome the development of the CATO tendering framework, support the principles that underpin it and recognise that this type of approach should be considered where it is in the interest of consumers.

Our members' experience in delivering network projects suggests project specific issues such as increased interfaces and co-ordination complexity should be considered in the case of this potentially tendered project. In addition, there are still a number of aspects of the regime that need further development and the network companies are committed to working constructively with Ofgem and all other stakeholders to develop these so we can deliver for our customers.

If you have any questions on the points raised in this letter, please contact Kieran.McGirr@energynetworks.org.

Yours sincerely,



David Smith
Chief Executive

CC: Jeremy Pocklington, DG Energy & Security, BEIS