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Dear James

North West Coast Connections – Consultation on the project's Initial Need Case and suitability for tendering – 14 December 2016

Frontier Power is an independent operator and asset manager of five OFTO assets that were competitively tendered and we are keen to participate in onshore transmission projects as soon as they are brought forward for competitive tendering by Ofgem.

Frontier Power welcomes Ofgem's assessment of the initial needs case and suitability for competitive tendering of the North West Coast Connections and offers the following responses to the specific questions raised in the consultation document.

CHAPTER: Two

Question 1: Do you agree that there is a technical need for the project if Nugen's project goes ahead?

Response: We agree that there is a technical need for the project if Nugen's project goes ahead as planned. We note however from recent press coverage that the timing of the project remains uncertain and there may well be delays that could impact on the timing of the need for the delivery of the various components of the project. If the Nugen project is delayed, we recommend that Ofgem reassesses the criteria for tendering each component.

Question 2: Do you agree that connecting the Moorside site using four 400kV circuits is appropriate and compliant with SQSS requirements?

Response: We agree with Ofgem's initial conclusion that the use of four 400kV circuits, each with a winter post fault capability of 2,550 MVA circuits is appropriate and compliant with SQSS requirements.

Question 3: Do you agree with our initial conclusions?

Response: We are generally supportive of Ofgem's initial conclusions regarding the need case, the overall technical design, and the planning considerations relating to the Lake District National Park.

Question 4: Are there any additional factors that we should consider as part of our Initial Needs Case assessment?

Response: We note that Ofgem has concluded that the cost difference between NGET's favoured option of a tunnel across Morecambe Bay rather than subsea cable alternatives appears to be relatively finely balanced and sensitive to individual cost assumptions. We agree with Ofgem's approach to reserve the right to revisit the decisions taken by NGET to reach its preferred connection option but we also recommend that if there is an overall delay to the Nugen project and/or the cost of the tunnel option rises significantly relative to the subsea cable alternative then Ofgem should reassess the criteria to tender the tunnel section or the subsea cable alternative.

CHAPTER: Three

Question 5: Do you agree with our view that:

(a) the overall project meets the criteria for tendering?

Response: We agree that the overall project meets the criteria for tendering.

(b) the potential sections meet the criteria for tendering?

Response: We agree that all of the potential sections meet the criteria for tendering.

Question 6: What are your views on our deliverability assessment for: (In particular, considering our analysis of the design, procurement, and construction timelines as submitted by NGET.)

(a) the overall project?

Response: We note the overall project timetable has an August 2025 milestone date for completion and we concur with Ofgem's assessment that this target completion date would be sufficient to enable a CATO tender process to be run to select a CATO to deliver some of the project. However, given the uncertainty over the overall project timing, we recommend that Ofgem keeps the options open for a CATO to be appointed for more than just the Southern Section, particularly if the timing of the need for site supplies slips to later than August 2022.

(b) the potential sections?

Response: Southern Section: We agree with Ofgem's conclusion that there is sufficient time for Ofgem to select a CATO to deliver the Southern Section even if the current timetable does not change.

Northern Section: We agree with Ofgem's conclusion that there is insufficient time for Ofgem to select a CATO to deliver the Northern Section unless the current timetable is delayed by more than one year (ie completion required later than August 2022).

Tunnel Section: We agree with Ofgem's conclusion that there is insufficient time for Ofgem to select a CATO to deliver the Tunnel Section unless the current timetable is delayed significantly or unless the alternative solution of subsea cables becomes the preferred solution, in which case there would be plenty of time for Ofgem to select a CATO to deliver this part of the project even if the current delivery date of August 2025 remains.

Question 7: What are your views on the need for overall coordination of the whole NWCC project if the project were to be split into packages with different delivery parties?

Response: As the "offtaker" of the transmission service provided by a CATO, we would expect the SO to provide overall coordination of the whole NWCC project, with the various packages being delivered by different parties being governed under the terms of project specific Transmission Owner Construction Agreements (TOCA), which should set out responsibilities of parties.

Question 8: If some, or all of NWCC were to be tendered, what, in your view, is the most appropriate allocation of risks across the relevant parties (TO, CATOs, and consumers)? How should these risks best be managed?

Response: We firmly support the principle that risks should be allocated to the party best able to manage the risk and where the risk is priced in the most economic manner. Following these principles, obligations for managing risks should clearly set out in the relevant contracts, interface agreements and industry code documents and licences.

Question 9: What are your thoughts on the substation modification and extension works at Harker and Middleton, in the context of efficient CATO delivery, including the options presented in this document?

Response: We agree with Ofgem that options 1 and 3 are most appropriate for further consideration as they provide the clearest boundary between the CATO and the existing TO for allocation of responsibilities and risk between the CATO and the existing TO.

Yours sincerely,



Iain Cameron
Chief Operating Officer
Frontier Power Limited

