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North West Coast Connections Consultation on the Project Initial Needs Case and suitability for tendering.

I am writing in response to the above consultation. Although Northern Powergrid is not a UK transmission asset owner or operator, our wider group, Berkshire Hathaway Energy, has extensive experience of running transmission networks across North America. We also have an interest in this project, given the potential read-across into similar issues associated with distribution networks. In that spirit, **Annex A** sets out our high level comments to the questions posed in this consultation. I would like to stress a number of points:

Firstly, competition in building networks should happen when there are clear benefits to consumers from doing so. The North West Coast Project certainly has the potential to be an opportunity to achieve this at a scale that is likely to attract a range of serious international investors. For that reason it seems to be a good project to test this model.

Secondly, it is important to establish sensible criteria for considering the use of the competitive model. The ones being proposed here (new, separable and high value (>£100m)) seem appropriate. They give network operators the scope to be able to get on with the job of running, maintaining and optimising their networks but recognise that when a significant expansion is required, then it is appropriate to test the market in certain circumstances.

Lastly we think this project both in part, but particularly as whole, is a strong candidate for tendering; however, given that a key part of the project is managing the planning risk, we think consideration should be given to restructuring the approach to include the planning phase in the tendering process.

A handwritten signature in black ink that reads "Patrick Erwin".

Patrick Erwin
Policy and Markets Director

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Annex A: NPg Responses to consultation questions

Question	NPg Response
Question 1: Do you agree that there is a technical need for the project if Nugen’s project goes ahead?	Assuming the Nugen project goes ahead, there is a clear technical need for this project.
Question 2: Do you agree that connecting the Moorside site using four 400kV circuits is appropriate and compliant with SQSS requirements?	In principle we believe that NGET’s assessment methodology and work is sound. However, the planning challenge for this project will be significant and the balance between overhead lines and underground cables will be tested; this could lead to some significant variations to what is presented.
Question 3: Do you agree with our initial conclusions?	At a high-level, yes; however, given the planning challenges, it may make more sense to package this work differently such that those challenges can be shared with new partners.
Question 4: Are there any additional factors that we should consider as part of our Initial Needs Case assessment?	The work on the distribution network as a consequence of these works should be designed and planned carefully so as not to reduce the resilience of the distribution system nor make it overly reliant on the Transmission network. Similarly, as part of this process and project, it would make sense to take opportunities to enhance the physical resilience of the impacted networks (e.g. to flooding)
Question 5: Do you agree with our view that: (a) the overall project meets the criteria for tendering? (b) the potential sections meet the criteria for tendering?	Subject to our other comments, we believe this project in its entirety meets the criteria for tendering.
Question 6: What are your views on our deliverability assessment for: (a) the overall project? (b) the potential sections? In particular, considering our analysis of the design, procurement, and construction timelines as submitted by NGET.	At a high level the project time is reasonable, although there is limited scope for contingency. However, the likely delays to the Nugen Project arising from Toshiba’s recent announcement would mitigate that potential concern.
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?	In principle, NGET and Ofgem have the capacity to coordinate this project. However this approach might work against innovation; very careful consideration should be given to letting third parties into the planning and DCO process to ensure that opportunities to deliver benefits to customers are not missed.
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?	The two largest risks to this project would be execution capacity and financing risk. The tendering exercise should put a premium on being able to demonstrate both capabilities.
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?	This is a complex issue and more detail will be required to form a firm conclusion. The principle that a CATO asset should be clearly separate and definable should be applied; that would suggest some variation to Option 3.