

Date: 22<sup>nd</sup> October 2018

Email: [NTIMailbox@ofgem.gov.uk](mailto:NTIMailbox@ofgem.gov.uk)

## Invitation to participate in an ECIT Industry Group

### Overview of this invitation

We are calling for expressions of interest to participate in a new Extending Competition in Electricity Transmission (ECIT) stakeholder group – the **'ECIT Industry Group'** (Group).

We are looking for participants to join a Group made up of interested and suitably skilled stakeholders in order to provide advice and guidance on the development and delivery of the Special Purpose Vehicle (SPV) model of competition.

We are anticipating the Group meeting for the first time on 19<sup>th</sup> November 2018. Interested stakeholders should respond to [NTIMailbox@ofgem.gov.uk](mailto:NTIMailbox@ofgem.gov.uk) by 5<sup>th</sup> November 2018.

We set out below further detail on the background, proposed scope, and proposed structure of the Group.

### Background to the SPV model

As part of the RIIO-T1 price control we created the 'Strategic Wider Works' mechanism (SWW), which allows Transmission Owners (TOs) to propose additional large electricity transmission projects not accounted for in the original price control (RIIO-T1) settlement. We also previously set out that we would consider applying competition to new, separable and high value SWW projects that came forward for approval during RIIO-T1. In January 2018 and September 2018 we set out that we would consider whether projects submitted to us by a TO for a needs case assessment could be delivered through our SPV model. In September 2018 we published a consultation on the SPV model, considering in more detail the commercial and regulatory frameworks underpinning the model.<sup>1</sup>

We are now convening this Group to provide advice and guidance during the next phase of the development of the SPV model and its potential application to future new, separable and high value onshore electricity transmission projects.

### Scope of the ECIT Industry Group's activities

We consider that, at least initially, the Group would provide views on a wide range of areas relating to the SPV model. This could include, but need not be limited to providing:

- Independent scrutiny of the deliverability of the SPV model for specific projects;
- Input into the general structures of a Delivery Agreement through the development of our Delivery Agreement Guidance, such as the terms of SPV delivery and any incentives.

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/extending-competition-electricity-transmission-commercial-and-regulatory-framework-spv-model>

- Expert input into the general design of an SPV tender through the next stage of our policy work. This is likely to include input into the development of our overarching Procurement Guidance, which will be the procurement principles that the TO must take into account when developing its SPV tender documentation and running the competitive tender to appoint the SPV.

We consider that the Group may, in the future, take on additional roles. For example, we will consider how the Group could play a role in our approach to competition during RII02 in due course, and the Group could also consider our CATO proposals in the event of enabling legislation coming forward.

### **Structure of the Group**

Initially we expect the Group to be composed of 10-15 members, depending on the extent of interest. In particular, we want to ensure that a broad range of interests and competences is represented on the Group. Where there is more interest than spaces available, we would ensure that the members represent a broad mix of technical, commercial, and regulatory experience. We are seeking only one member per interested organisation.

We are specifically looking for senior level experts, rather than simply representatives from a particular organisation or sector, who can provide leadership and play an active role in shaping the work of the Group. We want representatives who can actively participate in the group and can commit to attend meetings personally when arranged, although suitably experienced substitutes will be permitted. Indicatively, we would expect to hold meeting every 1-2 months at first, and then when required for a particular project.

We expect that the exact scope, membership, and terms of the Group would be set following an initial meeting of interested parties hosted by Ofgem. As such, the above descriptions represent only our initial view on the possible activities and structure of the Group.

### **Next steps**

Interested stakeholders should contact us at [NTIMailbox@ofgem.gov.uk](mailto:NTIMailbox@ofgem.gov.uk) by 5<sup>th</sup> November to express an interest in joining the Group. We are also happy to answer any further questions you may have about the proposed Group.

We are planning for the Group's first meeting to be on 19<sup>th</sup> November, and would look to schedule further meetings shortly after in line with the forward plan agreed at that meeting. We will provide an agenda, relevant papers, and draft terms of reference for the Group prior to the first meeting. We expect the first meeting to primarily focus on determining the overall scope and function of the group, and the timings for future work of the Group.

Yours sincerely



James Norman  
Head of New Transmission Investment  
Ofgem