

**Sent via email:**

**To:** Julie Black, Programme Director, Network Price Controls, Ofgem  
**cc:** Fintan Slye, Director, National Grid ESO  
Dan Monzani, Director, Energy Security, Network, Markets, BEIS  
Fiona Mettam, Director, Clean Energy, BEIS

## OWIC response to National Grid ESO business plan for RIIO-2

Dear Julie,

Thank you for the opportunity to comment on National Grid ESO's final business plan for RIIO-2. This plan, which sets out key actions for the ESO in the 2021-2026 time period is important to the offshore wind industry due to the role of the ESO in determining the dates and locations of the grid connections that we will need in the years ahead to meet the UK's net-zero commitments. We have concerns about the timings for proposed reforms to offshore transmission planning currently set out in the plan and detail these below.

In partnership with BEIS, the Offshore Wind Industry Council (OWIC) oversees and drives the implementation of the Sector Deal for offshore wind, a commitment by Government and industry to deliver 30GW by 2030, which was recently increased to 40GW after the Queen's speech<sup>1</sup>. In addition to this, the Committee on Climate Change (CCC) net-zero report stated that GB will need at least 75GW of offshore wind by 2050 to achieve the Government's net zero ambition<sup>2</sup>. This will require deployment of circa 2-3GW/p.a.

To do this, GB will need a more coordinated, integrated onshore and offshore approach to grid connections. OWIC is therefore pleased to see a commitment from the ESO in the 2021-23 business plan to work with stakeholders on *"a review and the development of an integrated offshore regime considering technical, commercial and regulatory aspects for efficiently connecting large scale offshore wind power"*.

However, we are concerned that the timetable set out by ESO in the RIIO-2 business plan does not provide the timescales required to deliver the required offshore wind capacity under a new framework. The programme as currently set out would prevent realisation and access to the most efficient whole system costs, as it would delay GB consumer access to the cheapest form of generation<sup>3</sup>. There is a strong case to establish a new framework that reflects the growing nature of offshore wind and to connect under a fit-for-purpose offshore transmission regime.

The ESO has set out a 5-year work plan for offshore transmission that delivers late into 2025/26<sup>4</sup>. Whilst we welcome funding from Ofgem to start this work immediately under RIIO-1, OWIC has consistently advocated that in order to impact the 2030 targets, the new transmission connection arrangements should be implemented and useable in time for The Crown Estate's Leasing Round 4 projects to be developed under these new rules. This requires the integrated offshore regime to be implemented by 2022. This is within the timescales of ESO's RIIO-2 business plan – which concludes in March 2023.

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<sup>1</sup> GOV.UK (2019) [Queen's speech 2019](#)

<sup>2</sup> CCC (2019) [Net-zero – The UK's contribution to stopping global warming](#). Page 191

<sup>3</sup> [Results from CfD Allocation Round Three](#) in 2019 for offshore wind were as low as £39.65/MWh in 2012 prices.

<sup>4</sup> National Grid ESO (2019) [Final Business Plan](#), item 7.3.3.5, A15.10. Page 111-112

To deliver a new framework by 2022 would require continuous partnership with National Grid (ESO and TO), Ofgem, BEIS and other key stakeholders – including OWIC - such that any required changes to legislation, regulations and licences for delivery of new arrangements are made in order to enable Round 4 projects to be developed under a new framework. A delay to implement in later leasing rounds would result in a missed opportunity in connecting at least an additional 7GW of offshore wind that Round 4 would provide under a new framework and push the solution for the issues and opportunities below into delivery beyond 2035.

Under the existing framework, the UK is already seeing examples of physical and grid congestion, particularly around the nearshore area, landfall and onshore, creating significant concerns to local communities and other stakeholders. A new offshore wind farm applying for a grid connection to day will wait ten years or more before a firm connection is secured. These delays and issues stem from a framework that did not foresee the success of offshore wind. The lowering cost of delivering offshore wind means that we will now be delivering more zero-carbon power than what this framework envisaged, and in ever tightening timeframes as the UK accelerates towards a net-zero 2050.

The lowered cost of projects also created opportunities to explore a more coordinated approach which also creates options for innovations, such as co-location and hybridisation via the use of interconnectors. These are options that the present framework does not readily cater for, despite a lot of the technologies and innovations being present in other areas of the sector and economy.

Lastly, the scope of the work to be done by the ESO is unclear. Unanswered questions include:

- *Who will take overall responsibility for the delivery of the integrated offshore grid regime?*
- *How will the ESO work with BEIS and Ofgem, and other stakeholders, to develop a suitable regime and ensure that all statutory legislative changes required are delivered on time?*
- *How will the development of the onshore grid infrastructure fit into this to transport the power coming ashore to demand users most efficiently?*

In all instances, OWIC would like to offer its support to work with all stakeholders to deliver against a timeline of 2022. We see this as an opportunity to bring further value to consumers by creating a fit for purpose framework that meets the challenges ahead.

I have attached an OWIC publication “Enabling efficient development of transmission networks for offshore wind targets” for further information regarding OWIC’s thoughts on the task ahead, and please do not hesitate to get in touch should you have questions

Yours sincerely,



**Benj Sykes**  
Industry Chair,  
Offshore Wind Industry Council

## **About OWIC**

*The Offshore Wind Industry Council (OWIC), is a senior Government and industry forum, which was established in May 2013 to drive the development of the world-leading offshore wind sector in the UK. It is comprised of members drawn from the leading UK and global firms in the offshore wind industry, including developers and original equipment manufacturers*