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Email to: NTIMailbox@ofgem.gov.uk

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Dear James

Ofgem consultations on assessment of capital costs and updated delivery model minded-to position for the Hinkley-Seabank electricity transmission project

EDF Energy is the UK's largest producer of low carbon electricity. We operate low carbon nuclear power stations and are building the first of a new generation of nuclear plants. We also have a large and growing portfolio of renewable generation, including onshore and offshore wind, as well as coal and gas stations and energy storage. We have around five million electricity and gas customer accounts, including residential and business users. EDF Energy is committed to building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

The Hinkley-Seabank (HSB) electricity transmission project is crucial to delivery of the transmission infrastructure needed to support the connection of the new Hinkley Point C nuclear power station. We therefore welcome this opportunity to respond to your two consultations on assessment of capital costs and the updated delivery model minded-to position for the HSB electricity transmission project.

Hinkley Point C is a very significant project for GB consumers, delivering much needed reliable, synchronous, low-carbon generation. Construction of the new power station is well underway. It is important that the transmission infrastructure necessary for the export of power from the station is delivered on time and that the regulatory framework to support funding for HSB is robust. In particular there should be no issues arising from the funding of the Hinkley-Seabank line or the delivery model that could impact the delivery of HSB and consequentially delay the connection of the Hinkley Point C project.

Regarding the proposed costs allowed around the use of T-pylons; we have previously noted that the T-pylons were a key part of the planning process and the solution without T-pylons is unknown, so it feels appropriate that efficient costs should be allowed at this stage.

Additionally, with regard to capital cost, we consider that the proposal could be clearer on the extent of any materiality threshold related to ex post funding of HILP events, as this could adversely affect the delivery of HSB.

Our position has always been that we support Ofgem's efforts to bear down on the cost of capital, subject to ensuring that projects are financeable. We are not aware of any factors, which would contradict the revised minded-to position to fund delivery of the HSB project through the Strategic Wider Works (SWW) mechanism, under the electricity transmission price control framework (RIIO), rather than through the Competition Proxy Model (CPM), as previously intended. Any potential higher risk to delivery from use of the Competition Proxy Model rather than the SWW mechanism should also be considered when making the final decision on the delivery model for HSB.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact me on 0208 1861460.

I confirm that this letter may be published on Ofgem's website.

Yours sincerely

Mark Cox
Head of Transmission & Trading Arrangements