

ESO RIIO-2 Updated Delivery Schedule Addendum – Offshore Deliverables

In recent discussions with Ofgem, we received a request for more information on the connections related deliverables from the Offshore Co-ordination Project to be added to our RIIO-2 Delivery Schedule. This is not the full suite of deliverables associated with the Offshore Co-ordination Project and these will be developed following further scoping work. We therefore provide below a latest and best view of the activities relating to ongoing work as part of the Offshore Coordination Project but stress that these may be subject to change following further development and stakeholder engagement, and the outcomes of BEIS's Offshore Transmission Network Review (OTNR). These deliverables were not included as part of our Final RIIO-2 Business Plan in December 2019 and so we will work with Ofgem to determine any additional funding arrangements to achieve these outcomes.

Given the timescales in which we have been requested to provide this update to the Delivery Schedule that we submitted on 9 October, the specific milestones for each deliverable have yet to be determined. We will provide further detail as we approach the RIIO-2 period. The 'Offshore Integrated Grid' deliverables (referenced A15.10 Develop a regime for an integrated offshore grid) in our December 2019 Business Plan have been superseded by the project currently being progressed within the ESO and we will work with Ofgem to develop next steps for that project and how they will be progressed in advance of and during RIIO-2. To maintain linkage with the original Business Plan activity, the new sub-activities below have been referenced using the format A15.10.x.

Role 3 – Offshore Grid Co-ordination

Sub activity	Deliverable	Related IT investment	Project or continuous	RIIO-1 end point	2021/2022 Milestones	2022/2023 Milestones	First year success	Second year success	Expected final delivery date and what success looks like.	Notes on changes to Dec 2019 Business Plan
A15.10.1 Review the Connections and Infrastructure Options Note (CION) process	D15.10.1 Drive improvements to the CION that encourage co-ordination	None	Project	Initial review conducted of how we undertake the CION currently with options identified and published for coordination; undertake a CION assessment for the latest leasing round and review outputs.			Full CION review complete. Stakeholders engaged in the process and conclusions published. Process designed, with a process map published, to carry out single CION assessments for specific geographical regions.	New CION process developed that will work for coordinated offshore projects. Revised CION becomes BAU. The process is more efficient with greater collaboration and communication between parties. Evidenced through positive customer feedback.	Facilitate coordination in a clear, transparent and defined way, allow easier access to connection sites for project developers, and enhance the capacity to connect more customers in the future. Positive feedback from stakeholders on the revised CION approach.	This is a new deliverable that was not in our December 2019 Business Plan. Any additional resourcing requirements will be communicated through ongoing regulatory engagement.
A15.10.2 Formalise the CION process	D15.10.2 CION formalised within the CUSC to provide certainty and transparency	None	Project	Initial CION review undertaken in D15.10.1			Taking the outputs from D15.10.1 , a formal process developed for CION assessments and the resulting connection offers. Where the review in D15.10.1 concludes to codify the CION within CUSC, Code modification is drafted and raised through formal governance.	Review the success of any projects going through the process and refine as appropriate.	Greater transparency and certainty for customers whose offer is subject to the CION process. Ensure that the CION process is fit for purpose for the projected increasing levels of offshore wind.	This is a new deliverable that was not in our December 2019 Business Plan. Any additional resourcing requirements will be communicated through ongoing regulatory engagement.
A15.10.3 Package or coordinate connection offers	D15.10.3 Investigate, in conjunction with The Crown Estate and Crown Estate Scotland, whether it would be possible to package a connection offer with the seabed lease agreement to encourage greater coordination. This would focus connection applications on a specific time window as far as possible and would therefore also potentially facilitate the management of applications as a group.	None	Project	Agreed scope with Ofgem and other stakeholders on the extent to which packaging connection offers should be explored e.g. should this just be seabed leases or include other aspects such as Contracts for Difference (CfDs) and consents.			Scope for deliverable is agreed with key stakeholders; Work is progressed in line with scope. Agreement on whether it is possible to award seabed leases that have connection agreements attached. Through engagement with Crown Estates and wind farm developers determine whether a packaged seabed lease and relevant connection agreement are key milestones that would enable a more coordinated approach. Identify corresponding pre-requisites for Crown Estates to change their relevant processes.	If agreed to proceed, a combined leasing and connection offer process designed ready for implementation in the next leasing round.	A coordinated approach is embedded from the very first stage in wind farm development. Packaging of connection offers leads to reduced timescales in the process, improved decision making and information provision throughout the process. It will help to prioritise the projects with higher certainty of progressing. Considering connection applications together as part of the zone would allow more coordination with interested parties onshore.	This is a new deliverable that was not in our December 2019 Business Plan. Any additional resourcing requirements will be communicated through ongoing regulatory engagement.
A15.10.4 Review where the risk	D15.10.4 Undertake a review of financial liabilities risk and	None	Project				An understanding of the liabilities framework if	An agreed way forward on the approach to take on liabilities	Clear agreement reached on how offshore project liabilities	This is a new deliverable that

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sits for financial liabilities for offshore connections	ensure that this is optimal for encouraging coordination						<p>someone is building a coordinated offshore network i.e. whether it increases or decreases the risk.</p> <p>If a coordinated design approach is established and this is seen to increase the risk for developers, it will be necessary to identify options.</p> <p>Options therefore identified for reducing the risk, in conjunction with BEIS/Ofgem.</p>	and how it fits with the wider work of the BEIS-led Offshore Transmission Network Review (OTNR).	will be managed and ensure that this is done in a way that balances the needs of projects, to gain appropriate funding, while ensuring that one party does not penalise another, and also ensuring that incentives are in place to drive coordination.	was not in our December 2019 Business Plan. Any additional resourcing requirements will be communicated through ongoing regulatory engagement.
A15.10.5 Improve the efficiency and customer focus of the CION decision making process	D15.10.5 Formalise developers' roles in the CION process within the System Operator-Transmission Owner Code (STC), dependent on the outcome of the OTNR.	None	Project				Understanding the direction of travel of the OTNR and the implications for this deliverable. The actions required will depend on the delivery model taken forward.	Progression of agreed actions to implement the intended model. This would ideally be a holistic approach to code changes, covering all the required changes to implement the OTNR direction of travel. Code change process timings will dictate how far this can be progressed during the period.	Gives developers more direct control over the works that they are reliant on and therefore allow them and others up to coordinate more when the certainty is increased.	This is a new deliverable that was not in our December 2019 Business Plan. Any additional resourcing requirements will be communicated through ongoing regulatory engagement.