

Andrew MacFaul  
Consultation Co-ordinator  
Ofgem  
9 Millbank  
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11 January 2016

Dear Andrew,

### **Extending competition in electricity transmission: arrangements to introduce onshore tenders**

Scottish Renewables is a member organisation with 275 members working across all renewable technologies, dedicated to securing the best possible environment for the growth of renewable energy in Scotland.

Renewable electricity generation expected to reach the equivalent of 100% of Scotland's demand by 2020. Our electricity network is central to this ambition and it is vital that the grid is able to transport energy from remote resource rich parts of the country to our homes and businesses where it is needed the most.

Overall we have welcomed the principles of Ofgem's 'Integrated Transmission Planning and Regulation' project (ITPR) which has sought to ensure that the network is planned in an economic, efficient and coordinated manner. However, there is some concern with the timing, transitional arrangements and potential for delay that they introduce at a time when infrastructure investment needs to be taken forward at pace. The proposals around introducing competition to onshore transmission assets are central to these concerns.

In particular there is some concern with the ambition to run the first competitive tender for onshore transmission assets by 2017. A significant number of Strategic Wider Works (SWW) projects in Scotland will be moving through the development process in this timeframe and the timing of the delivery of new transmission assets is increasingly critical as the industry moves from the Renewables Obligation to Contracts for Difference. Therefore it is vital that the gains through implementing competition far outweigh the new risks and associated costs.

We are therefore concerned with the following points.

- SWW projects within the current RIIO T1 package could face unnecessary delay if transmission owners (TO's) choose to wait for the detail of the tendering criteria

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before taking forward any pre development work. This would have a significant impact on our ability to meet our carbon reduction targets and threaten millions of pounds of investment to the UK economy.

- The process of tendering and appointing successful contracts has the potential to delay an already lengthy process for delivery and we would welcome any further clarity that can be provided on how this will be managed.
- It is important that any impacts on the wider supply chain are considered in any further cost benefit analysis.
- We are concerned with the focus on implementing the OFTO model onshore. It is our experience that implementing this model offshore has not been without its challenges – some of which still remain today. It is important to learn from this experience.
- It is vital that any proposed changes to transmission regulation are in line with national planning policies.

We therefore seek assurance from Ofgem that the introduction of competition as set out in the current consultation will not add any further delay to an already lengthy approval process for key Strategic Wider Works projects that are already under development. This includes the West Coast HVDC interconnector, Dumfries and Galloway strategic reinforcement and connections to the Scottish Islands.

We would be happy to contribute to any additional work arising from this consultation.

Yours Sincerely,

**Michael Rieley**  
**Senior Policy Manager: Grid & Markets**

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