

To all holders of an electricity
transmission licence and other
interested stakeholders

Email: NTIMailbox@ofgem.gov.uk

Date: 19 November 2020

Dear licensees and stakeholders

Notice under Section 11A(2) of the Electricity Act 1989: statutory consultation on proposed licence modifications for the Hinkley-Seabank project under the Strategic Wider Works (SWW) arrangements

This letter is a statutory consultation on proposed licence modifications to National Grid Electricity Transmission plc's ("NGET") electricity transmission licence (the "licence"). This consultation follows on from our¹ decision of 22 May 2020 (the "May decision")², our subsequent informal licence-drafting consultation of July 2020 (the "July consultation")³ and our previous statutory consultation of 28 August 2020 (the "August consultation")⁴.

In our May decision, we approved £514.7m of additional allowed expenditure (in 2009/10 prices) for the Hinkley-Seabank project, NGET's technical solution for connecting EDF's Hinkley Point C nuclear power station in Somerset to the GB transmission network (the "Hinkley-Seabank project").

To implement the May decision, we propose to modify NGET's licence by inserting an SWW output and allowed expenditure for the Hinkley-Seabank project into Special Condition 6I (Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure) of the licence ("Special Condition 6I"). We also propose to modify Part B of Special Condition 6I to reflect changes related to Cost and Output Adjusting Events ("COAE") set out in our May decision.

The August consultation, held from 28 August 2020 to 28 September 2020, covered the same proposed modifications to the licence as those which are set out in this cover letter and accompanying Notice, save for certain differences in relation to technical deliverables. For the reasons set out in this letter, we decided not to make the modifications proposed in the August consultation and we are now consulting on the updated proposed modifications to the licence described in this letter and set out in the accompanying Notice.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² [Decision on our project assessment for the Hinkley-Seabank electricity transmission project](#)

³ [Consultation on a proposal to modify Special Condition 6I of National Grid Electricity Transmission's RIIO1 electricity transmission licence to implement the Hinkley-Seabank decision](#)

⁴ [Statutory consultation on a proposal to modify the special conditions of the electricity transmission licence held by National Grid Electricity Transmission](#)

A Notice under section 11A(2) of the Electricity Act 1989 (the Act) including the proposed modifications to Special Condition 6I is published alongside this letter.

Further details of the project and the determination of the SWW output and allowed expenditure are set out in our October 2019 consultation ("**October 2019 consultation**"),⁵ our subsequent May decision and our July consultation. However, the main points are summarised below.

If you wish to respond to this consultation, please do so on or before 21 December 2020. Please email your response to NTIMailbox@ofgem.gov.uk, or, if you are unable to email your response, please post your response to New Transmission Investment, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU.

Background on the Hinkley-Seabank project and summary of our May decision

The Hinkley-Seabank project comprises:

- 49km of 400kV overhead lines – mostly using 'T-Pylons' rather than traditional lattice towers;
- 8.5km of underground cabling through the Mendip Hills Area of Outstanding Natural Beauty (AONB);
- construction of a new substation and a reconfiguration of two existing substations; and
- a reconfiguration of the local 132kV network.

In November 2018, NGET made a cost assessment submission ("**Project Assessment submission**") to us for consideration under the SWW arrangements in Special Condition 6I for the Hinkley-Seabank project.

We consulted on our views on the Project Assessment submission in our October 2019 consultation. Having considered the responses to our October 2019 consultation we published our May decision. Our May decision sets out the reasons for our decision on cost allowances for the Hinkley-Seabank project.

Summary of our licence-drafting consultations and responses

The July consultation

We published our July consultation to seek the views of stakeholders on our proposed licence modifications, implementing our May Decision.

After reviewing the responses to the July consultation, we decided to proceed to a statutory consultation on the proposed licence modifications, and we published our August consultation.

The August consultation

The purpose of this statutory consultation was to seek the views of stakeholders on the updated proposed licence modifications. The licence modifications that we proposed in the August consultation included some amendments that we had made following our review of the responses to the July consultation.

We received one response to our August consultation. This was from NGET.⁶

⁵ [Hinkley - Seabank: Consultation on cost assessment](#)

⁶ This response is non-confidential and is published on our website, alongside our [August consultation](#).

NGET said in its response that there were errors in Table 5 of the proposed licence text. NGET said that three of the rows (which represent different circuits) within Table 5 were not outputs for the Hinkley-Seabank project. NGET said that these circuits had either been funded under RIIO mechanisms other than SWW, or were the subject of applications for funding under RIIO mechanisms other than SWW.

We engaged with NGET following their consultation response and NGET proposed further amendments to Table 5 of the proposed licence text. We discuss these below.

Our proposed licence modifications

As detailed within this letter, we are proposing to make amendments to Table 5 following the August consultation. However, the remainder of our proposed licence text changes remain the same as that which we set out in the August consultation. Further detail on our rationale for these amendments are set out in the August consultation.

The following proposals are based on our review of the consultation response to the August consultation, as well as the additional information and proposals that NGET communicated to us following its consultation response.

Changes to Table 5 compared to the August consultation

Following our review of NGET's consultation response, as well as further information that NGET provided to us, we are proposing the following amendments.

Updating circuits

We have removed four circuits from the previous Table 5 proposal. The circuits that we have removed are: Hinkley Point to Shurton; Tower VQ1 to Tower VQ43; Tower VQ43 to Bridgwater; and Shurton to Taunton. We did this for the following reasons:

- In relation to Hinkley Point to Shurton and Shurton to Taunton – these do not form a part of the Hinkley-Seabank project as they are already covered by other RIIO-T1 funding mechanisms.
- In relation to Tower VQ1 to Tower VQ43 and Tower VQ43 to Bridgwater – the vast majority of these circuits do not form a part of the Hinkley-Seabank project as they were removed from the project at the time of our July 2018 delivery model decision (see further information below).⁷

The Hinkley Point to Sandford circuit in our previous Table 5 proposal is now listed as Loxton Sealing End Compound to Sandford. This is because not all of the Hinkley Point to Sandford circuit was related to the Hinkley-Seabank project so we have now listed only the part of the circuit that does relate to the Hinkley-Seabank project.

As explained further below, we have added two new circuits to Table 5. These are Huntspill to Loxton Sealing End Compound and Tower VQ43 to Tower VQ44, the latter of which is a short section of the VQ route called the Bridgwater Tee Cable.⁸

Tower VQ1 to Tower VQ43 and Tower VQ43 to Bridgwater Tee

As referred to above, we removed Tower VQ1 to Tower VQ43 and Tower VQ43 to Bridgwater Tee from Table 5 because the vast majority of these circuits were removed from the Hinkley-Seabank project at the time of our July 2018 delivery model decision. We did this because we determined that this section of the project did not meet the criteria for competition.

⁷ [Hinkley - Seabank: Decision on delivery model \(July 2018\)](#)

⁸ The VQ route covers the route from Shurton to Bridgwater.

In line with our recommendation within our July 2018 delivery model decision, NGET included this section in its RIIO-T2 business plan submitted in December 2019. Following our May 2020 updated delivery model decision,⁹ where we confirmed our decision to fund the Hinkley-Seabank through the RIIO price control, we did not re-include this section of the route within the scope of the Hinkley-Seabank project. NGET had already submitted the associated costs for our review within its RIIO-T2 business plan. We do not consider re-including the works within the Hinkley-Seabank project scope would have provided consumers with any additional benefits compared to its inclusion in the RIIO-T2 business plan.

The works at the node between the VQ Route and the Huntspill to Bridgwater Tee circuit is within the scope of the Hinkley-Seabank project. These works are identified in Table 5 as Tower VQ43 to Tower VQ44.

Conclusion

Having considered NGET's response to the August consultation, and all other relevant considerations, we propose the updated licence modifications to implement our May decision which are set out in Schedule 1 to the Notice accompanying this letter.

For the avoidance of doubt, the changes compared to our August consultation described above do not affect the project assessment that we undertook to inform our May decision, nor do they affect the allowed expenditure that we decided to provide for the Hinkley-Seabank project.

NGET has told us that National Grid Electricity System Operator (NGESO) acknowledges the updated Table 5 as correct and accurate.

Next Steps

If you wish to respond to this consultation, please do so on or before 21 December 2020. Please email your response to NTIMailbox@ofgem.gov.uk, or, if you are unable to email your response, please post your response to New Transmission Investment, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU.

Yours faithfully,

James Norman

**Head of New Transmission Investment
Systems & Networks
10 South Colonnade
Canary Wharf
London E14 4PU**

⁹ [Hinkley - Seabank: Updated decision on delivery model \(May 2020\)](#)

Annex 1 – Privacy Notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk.

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest i.e. a consultation.

3. With whom we will be sharing your personal data

Your personal information is never shared with anyone outside of Ofgem. However, we will publish your response to our consultation on our website. If your response includes information that constitutes personal data, we will remove this information prior to publishing your response.

4. For how long we will keep your personal data, or criteria used to determine the retention period.

We will only retain your personal data for as long as:

- it is needed for the purposes set out in this document
- law requires us to

In general, this means that we will only hold your personal data for a minimum of 1 year and a maximum of 7 years.

5. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data

- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

6. Your personal data will not be sent overseas.

7. Your personal data will not be used for any automated decision making.

8. Your personal data will be stored in a secure government IT system.

9. More information

For more information on how Ofgem processes your data, click on the link to our "[Ofgem privacy promise](#)".