

Offshore Transmission Coordination Project (OTCP) Measures – Implementation Progress Update April 2014

BARRIER	MEASURE	LEAD	ACTIONS TAKEN SINCE MARCH 2012	PLANNED FUTURE ACTIONS AND ESTIMATED TIMINGS
Planning an efficient and economic network	Enhancing National Electricity Transmission System Operator (NETSO) role in connection offer process	Ofgem	<p>Coordination Framework activity</p> <ul style="list-style-type: none"> • Consultation on potential measures to support efficient network coordination, including asking whether NETSO’s role in the connection offer process is sufficient to ensure that network development needs are addressed (March-June 2012). • Publication of consultation responses, suggesting a greater role for NETSO in offshore system planning (July 2012). • Further Ofgem consultation on Coordination Framework, including considering potential improvements to the Connections Infrastructure Options Note (CION) process (December 2012 – March 2013). Consultation included a stakeholder workshop (January 2013). • Consultation responses, including those on possible CION improvements, published on Ofgem website (March 2013). Ofgem produced a policy statement on two categories of potential investment identified under the Coordination Framework, Generator Focused Anticipatory Investment (GFAI) and Developer-led Wider Network Benefit Investment (WNBI)¹ (July 2013). • NGET has initiated a project to consider improvements to the CION process (ongoing). • Ofgem Consultation on non developer-led WNBI and the role of TOs and NETSO under different tender models² (January 2014, consultation closed March 2014). <p>ITPR</p> <ul style="list-style-type: none"> • Ofgem’s Integrated Transmission Planning and Regulation (ITPR) project, which is considering system planning arrangements and NETSO’s role in the connections offer process), published a call for evidence on the materiality of potential issues (November 2012). • Ofgem published an ITPR “Emerging Thinking” consultation (June 2013). • Ofgem published an Open Letter Update (November 2013) 	<ul style="list-style-type: none"> • Ofgem continues to work on the arrangements required to implement a Gateway Assessment on developer-led WNBI as set out in the policy documents, including the potential role of the NETSO in supporting this process and any necessary licence amendments. • Ofgem to consult on draft conclusions in ITPR in Summer 2014

¹ GFAI is Investment led by a developer which would enable the later connection of specific future offshore generation, e.g. through oversizing. Developer-led WNBI is investment led by developers providing wider network benefit, e.g. reinforcement of the wider network (onshore or offshore) through, for example, boundary transfers via offshore links).

² Non developer-led WNBI is investment in wider network benefit assets not related to a specific connection offer or where the developer(s) do not have the appetite to develop the project.

	Improvements to network documents	Ofgem/ NGET	<ul style="list-style-type: none"> • Ofgem consultation on potential measures to support efficient network coordination, including whether network planning documents should be consolidated and enhanced (March-June 2012). • NGET publication of feedback on its proposals for improvements to network planning documents (the Offshore Development Information Statement (ODIS) and the Seven Year Statement (SYS)) (July 2012). • NGET published streamlined network planning document, the Electricity Ten Year Statement (ETYS) 2012 (Nov 2012). • NGET conducted stakeholder engagement/industry consultation on development of Future Energy Scenarios (FES) for use in (among other things) the ETYS 2013 (February – March 2013). • NGET published the Future Energy Scenarios (July 2013). • NGET published the ETYS 2013 (November 2013). • Ofgem consulted upon changes to the NGET licence in respect of SYS/ODIS becoming the ETYS (December 2013). 	<ul style="list-style-type: none"> • NGET to publish FES in 2014 including the use of additional scenarios and axioms (the premises which underpin FES analysis) to support the analysis following stakeholder feedback. • NGET to publish ETYS 2014 with continuing improvements expected following stakeholder feedback.
Anticipatory investment (AI)	Consultation on Coordination Framework, including Anticipatory Investment for generators and investment route for wider network benefit	Ofgem	<ul style="list-style-type: none"> • Consultation on potential measures to support efficient network coordination (March-June 2012), including definition, types, process and high level principles and objectives of developer-led Anticipatory Investment and investment to allow for wider network benefit investment works offshore. • Consultation on investment routes for non developer-led WNBI (Jan 2014, closed Mar 2014). • Consultation responses on developer-led AI and investment to allow for strategic wider works offshore published (July 2012) • Publication of policy proposals and further consultation on framework for investment needed to support coordination (December 2012 – March 2013). • Ofgem produced a policy statement on GFAL and developer-led WNBI (July 2013). • Ofgem Consultation on non developer-led WNBI and the role of TOs and NETSO under different tender models (Jan 2014, consultation closed Mar 2014). 	<ul style="list-style-type: none"> • Changes to licences and/or tender regulations, subject to outcomes of policy decisions and further work on what is necessary to implement them, as well as changes to Industry codes through normal governance procedures (throughout 2014/15). <ul style="list-style-type: none"> - Ofgem set out in the July 2013 policy statement that for GFAL they would expect the risk of consumer stranding to be addressed by extending current user commitment arrangements. This will require a CUSC modification. NGET has indicated its willingness to work with industry to take this forward in due course. - In the same July 2013 statement, Ofgem set out that the way forward for Developer-led WNBI would be the implementation of a gateway assessment process, Ofgem continues to develop the necessary (internal) processes to support gateways and will assess whether any supporting framework changes are required to support, - In January 2014 Ofgem sought stakeholder input to different project development models for non developer led WNBI. Ofgem is currently considering responses and undertaking further policy development considering the project pipeline and interaction with the Integrated Transmission Planning and Regulation project.

Consenting	Anticipatory consenting	CLG	<ul style="list-style-type: none"> • Consultation on revised 6 guidance documents underpinning the Planning Act 2008 regime for major infrastructure (April-July 2012) This included clarification that transmission infrastructure of an anticipatory nature (such as additional onshore ducts for future cables or additional circuit breaker bays on offshore platforms) may be considered as associated development. • All 6 guidance documents had been published by September 2013, including guidance setting out the requirements and procedures for the pre-application process and consultation for major infrastructure projects (January 2013), and associated development guidance with examples of offshore transmission infrastructure (April 2013). • Review of the major infrastructure planning regime. A consultation document sought views on ways in which the regime could be improved further (December 2013-January 2014). 	<ul style="list-style-type: none"> • The Government response to the consultation on reviewing the major infrastructure planning regime will be published in spring 2014, for implementation where possible by spring 2015.
Risk-reward profile	Development of offshore charging	NGET, industry	<ul style="list-style-type: none"> • Creation of Offshore Coordination Transmission Working Group, facilitated by NGET, to develop offshore integrated charging proposal (May 2012). • Progress of the group presented to industry through Transmission Charging Methodologies Forum (September 2012). • NGET published a report from the working group setting out progress and analysis to date (Jun 2013). 	<ul style="list-style-type: none"> • Integrated charging methodology proposal expected to be submitted to Connection and Use of System Code (CUSC) Panel (Spring/Summer 2014), once a decision has been concluded on the Project TransmiT modification.
	Decision on proposed user commitment arrangement changes	Ofgem/ NGET & industry	<ul style="list-style-type: none"> • Ofgem approval of industry proposal on user commitment arrangements (CMP192) to codify the enduring arrangements. The proposal sought to reduce liabilities for onshore and offshore generators whilst also seeking to minimise risks of stranded assets to consumers (March 2012). • NGET publication of guidance on CMP192 (May 2012). • NGET issued indicative security requirements to developers (September-October 2012). • Ofgem published an open letter consultation on interim user commitment arrangements for non-generation network users i.e. interconnectors and large demand customers (October 2012). • Ofgem consultation outlining possible changes needed to user commitment to support generators developing anticipatory or wider work investments (December 2012). • NGET issue finalised security requirements to developers (January 2013). • Developers provide security (February 2013). • NGET progressed a further CUSC (housekeeping) modification to finalise implementation of the CMP192 User Commitment Arrangements (ongoing). • Ofgem published a policy statement which set out the policy position that changes to the User Commitment arrangements would support GFAI being taken forward (July 2013). 	<ul style="list-style-type: none"> • Change to implement User Commitment-type arrangements for GFAI can be initiated by industry parties/National Grid by proposing a modification to the Connection and Use of System Code (CUSC). • Ofgem would be required in due course to make a decision on any such CUSC modification proposed.

Regulatory boundaries	Clarification of regulatory interfaces as necessary	Ofgem/ DECC	<ul style="list-style-type: none"> • Ofgem’s Integrated Transmission Planning and Regulation (ITPR) project, which is considering system planning arrangements and NETSO’s role in the connections offer process), published a call for evidence on the materiality of potential issues (November 2012). • Ofgem published an ITPR “Emerging Thinking” consultation (June 2013). • Ofgem published an Open Letter Update (November 2013). 	• Ofgem to consult on draft conclusions in ITPR in Summer 2014.
	Engagement with North Seas Countries’ Offshore Grid Initiative (NSCOGI)	DECC/ Ofgem	<ul style="list-style-type: none"> • Reports published on offshore transmission technology, trading arrangements for integrated offshore networks, high level principles for the development of cross-border infrastructure, procedural guidelines with recommendations for national planning authorities, and costs/benefits of a meshed or radial grid configuration in 2030 (December 2012). • Agreement that NSCOGI acts as Regional Group for identification of projects of common interest (PCIs) under the Infrastructure Regulation (April 2012). 	<ul style="list-style-type: none"> • Continuation of work on the following: <ul style="list-style-type: none"> - arrangements for trading renewables across interconnectors in different time frames - allocation of costs and benefits of joint infrastructure, in order to incentivise hybrid (offshore generation and interconnection combined) assets in the North Seas. - impact on trading across hybrid assets of national renewable support schemes - regulatory approach to anticipatory investment, further sensitivity analyses for possible offshore grid configurations and updating of input data - testing of emerging solutions using case studies.
Technology	Monitor progress on production of standards for interoperability	DECC/ Ofgem	<ul style="list-style-type: none"> • Offshore Wind Cost Reduction Task Force (CRTF) report published, including recommendations on standardisation (June 2012). • Renewable UK produced paper on potential role a Design Authority could play in authorising the design of certain elements of offshore transmission to promote standardisation and project de-risking (end 2012). • Renewable UK produced a paper on the potential for standardisation in offshore grid (February 2014). • Offshore Wind Programme Board (OWPB) grid workstream group established (December 2013), focusing on grid assets from turbine into the mainland transmission grid. • The Institution of Engineering and Technology publish report advocating the establishment of an electricity “System Architect” (December 2013) 	<ul style="list-style-type: none"> • OWPB grid group workstreams focus on design standardisation and improving the way industry shares knowledge and best practice. • The Offshore Renewable Energy Catapult continues project to explore using standardisation to drive cost reduction.
	Consider proposals for funding innovation	DECC	<ul style="list-style-type: none"> • DECC Offshore Wind Component Technologies Development & Demonstration Scheme: Four calls held since November 2011 leading to grant awards totalling more than £15m to 19 projects: projects supported including those looking at reducing costs of cables for offshore wind operation (November 2011 onwards). 	<ul style="list-style-type: none"> • Monitor relevant offshore wind and energy storage innovation projects and help to disseminate project outcomes and learning. • Consider need for future innovation funding; prepare business case to bid for future funding for further innovation schemes.
	Consider proposals for easing the supply chain	DECC	<ul style="list-style-type: none"> • CRTF report published, including recommendations on innovation and the supply chain (June 2012). • Building on the CRTF report, the Offshore Wind Industrial Strategy was published, (August 2013) establishing the Offshore Wind Investment Organisation (OWIO) to coordinate supply chain activity across Government. 	• OWIO is prioritising key inward investment targets across the supply chain to support the development of a UK based supply chain.