nationalgridESO

Offshore Coordination project
Consultation feedback form

We launched our consultation on **30 September 2020** and it closes on the **28 October 2020.**

Please use this form to send in your written feedback If you would like to feedback via this route. We are also working with stakeholders to receive verbal feedback. Please contact us if you would prefer to provide feedback verbally.

We would like to publish responses to our consultation following its closure. Please can you confirm whether you would like us to treat your response confidentially by selecting one of the options below: (delete those that do not apply)

- **Non-confidential – you can publish the full response**

Throughout the consultation document we have asked some questions on our three reports that we would like your feedback on to shape our final documentation. These are below and do not need answering if you do not have views. If you would like to provide any other feedback, please feel free to do so.

Introduction

Floating Energy Allyance is a partnership of three leading European energy businesses with the ambition of developing offshore wind projects around the Scottish coastline.

The partners are BayWa r.e., a leading global renewable energy business, renewable energy company Elicio, and floating wind technology developer Ideol. The group is now working to progress a joint bid for the ScotWind leasing round launched by Crown Estate Scotland in June 2020.

The alliance brings together three companies with highly significant, relevant and complementary expertise, which has the potential to accelerate the development of floating wind and bring significant levels of employment to Scotland through its commitment to local manufacturing of the wind turbines' concrete foundations.

Overall, we are supportive of the aim of a more coordinated approach to the development and management of offshore connections, but have identified a number of risks to developers like ourselves from the transition to a new regulatory regime. We have set out our responses to the relevant questions in the consultation below, but we would also be happy to discuss any of these areas in greater detail with National Grid ESO where that would be helpful.

Holistic Approach to Offshore Transmission Planning Report

Q1. Do you agree with our assessment of the key technology and system risk barriers coming from the Holistic Approach to Offshore Transmission Planning Report?

Q2. Do you have any proposals on how to most effectively bring the technology to market for when needed?

Q3. Do you have any additional evidence to inform the assessment we have made?

Q4. Do you have any further feedback on the report?

Given the nature of these questions and our business we do not have any comment on this section of the consultation, other than to highlight the obvious risks from the early adoption of new technologies.

We would argue that risks to developers from this approach should be no greater than is currently the case with the existing OFTO regime and developers should not be exposed to technology risk, or any greater risk of system failure as a result of a more complex system architecture. Guidelines regarding any delays caused by factors emanating from other projects impacting the integrated offshore point-to-point connection would then seem to be required. It raises the question as to whether in such cases penalties (production loss) shall be introduced to the TSO if delays in commissioning were due to restricted Grid availability. Similar compensation mechanisms have been seen in other countries in Europe, e.g. Germany. It must be highlighted that, in such countries, the period of adaptation has proven to be longer than expected resulting in fewer connections compared to individually planned connections controlled by developers

In addition, maintaining the current radial HVAC approach may still be more efficient for some project areas as not all developments will necessarily benefit from the holistic approach, particularly where there is no cost and environmental advantages in doing so. Retaining an option on the current OFTO, or similar process, will undoubtedly be a consideration for some developers.

Additional information on the Security of Supply highlighted by National Grid would be welcome, particularly on redundancy and mitigations planned in case of outages or faults that would affect multiple sites connected to one point of connection.

Cost-benefit Analysis Report

Q1. Do you agree with our assessment of the costs and benefits?

Whilst not clear from the report, we believe that it is possible that the status quo scenario used for the CBA modelling over-states the level of capacity which could practically be connected under the existing OFTO regime due to environmental and physical constraints. This may lead to the analysis under-stating the benefits of a more coordinated approach.

Q2. Do you have any other evidence to support or challenge the assessment made?

Q3. What do you see as the potential impact on the environment of these proposals, particularly the reduction in the number of assets and landing points?

We agree that this is potentially one of the main benefits of the proposed approach, though it should be borne in mind that smaller numbers of larger assets and landing points may bring their own consenting challenges.

Q4. Do you have any further evidence on the potential social and community impacts of these proposals? We would particularly welcome responses from local authorities on this question.

Q5. Where do you see value for further work to build on and test these findings? Either from the proposed list or beyond?

Offshore Connections Review Report

Q1. Do you think that if the areas we are highlighting were improved, that the ability to coordinate projects would be significantly increased?

Yes, however, the medium- to long-term changes outlined do not appear to be compatible with the current OFTO arrangements and this should be stated explicitly, even if the delivery model for a more coordinated offshore grid is beyond the scope of the present consultation.

We also wish to highlight new potential risks to developers from a more coordinated approach where further thinking is required, and which are ultimately likely to define developers' views on greater coordination:

- *Given the additional complexity of a more coordinated approach to both grid infrastructure and the connections process, there would appear to be a greater risk of delays to the delivery of medium-term connections. This could have a significant impact on developers if this impacts on other processes, such as eligibility to bid in CfD allocation rounds or meeting milestones in option agreements or seabed leases.*
- *A more coordinated approach is likely to lead to smaller numbers of larger onshore substations and transmission lines. Whilst that may reduce planning risk overall, there are potentially challenges in consenting larger onshore infrastructure projects than those currently required to support individual developments, and this again presents the potential for delays to the development and delivery of grid infrastructure.*

With coordination voluntary in the short-term, and time to plan for the longer-term, we believe the greatest risks from the transition to a more coordinated approach will be to medium-term projects already in the early stages of development but which will not be seeking to connect until late in the decade or in the early 2030's.

We believe that steps should be taken to remove or mitigate any new risks, and that no project seeking to connect in the medium-term timescales set out in the consultation should be worse off than it would be under the current regime. Clearly this is a topic for subsequent phases of the project but, for example, this could be achieved in part through amending the eligibility criteria for CfD allocation rounds to allow projects to bid where their commissioning date would fall outwith the relevant delivery years if this was due to a change in connection date by NG ESO.

Q2. Do you think we have missed anything in our offshore connections review that would add value and increase coordination?

It is maybe too early in the process to develop meaningful estimates, but it would be useful to understand that potential impacts that the proposals could have on the costs of offshore connection for developers.

Understanding how the grid connection point-to-point links will evolve over time compared to the development of the coordinated approach will certainly be of interest to developers. The sizing of offshore hubs to cater for future increased capacity and the resulting financial mechanism will have an impact on the planning of projects in development.

Additional details on the increased efficiencies and benefits of the direct connection of offshore wind to interconnectors, given that it would be re-exported without having to be routed onshore would also be of further interest.