

FAO: James Dunshea

Email: RIIOElectricityTransmission@ofgem.gov.uk

14 November 2023

Dear James,

OFG1163 - Yorkshire GREEN: Consultation on Early Construction Funding

Transmission Investment (TI), as one of the UK's leading independent transmission companies, manages one of the largest offshore electricity transmission portfolios. We have successfully participated in the NG ESO Pathfinder programme, securing contracts to provide stability services at four sites in the two recent stability tenders. We are a strong advocate of introducing competition into the delivery of transmission and we continue to support the development of the required arrangements.

We would highlight two areas where Ofgem should reconsider its minded-to decision: the allowance for Contingency and potential double funding of Type Registration costs.

In the ASTI decision¹ Ofgem noted that the “*This ECF funding should be seen as an ‘advance’ to accelerate project delivery ahead of the full PA under ASTI where we will set efficient costs allowance for the project*”. The ASTI mechanism allows for future true-up of these allowances through the Project Assessment mechanism. It is therefore unclear why Ofgem would advance an allowance for “Contingency” as this increases bills now for consumers. An alternative, which better protects consumers would be for the TO to bear this risk (it would appear best placed to manage it) and use the Project Assessment mechanism to adjust in the future for any of these risks that then occur.

We disagree with providing explicit project funding for “Type registration of OHL conductor and SGT units” as it would appear to risk duplicating funding in the RIIO settlement. These type-approval activities appear in the RIGs² under “Business Support Overheads & Closely-Associated Indirects”). These are not project-specific costs, but costs that provide wider benefits (to the supplier and TO), and should not be included upfront. The Project Assessment mechanism can be used to adjust for project specific costs that are clearly over and above those reasonably expected in the RIIO settlement.

The consultation document provides insufficient information for respondents to make any other informed judgement on the TO's proposed actions and the degree to which they are appropriate to mitigate the project's programme delivery risks.

I would be happy to discuss any of the points in the response.

Yours faithfully,



Mark Fitch
Corporate Development Director

¹ “Decision on accelerating onshore electricity transmission investment” 15 December 2022

² Regulatory Instructions and Guidance