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Sent to Ofgem via [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk)

## Ocean Winds' response to Ofgem's open letter on reform to the electricity connections process following proposals from the ESO

Ocean Winds is one of the largest offshore wind developers in the UK with over 6GW of projects representing over 10% of the UK's 2030 offshore wind targets. Ocean Winds' 882MW Moray West Wind Farm is currently under construction and we expect first power this year. This is adjacent to our Moray East project that has been operational since 2022 and provides clean power for over 1 million homes. We have a further 4GW of offshore projects in Scotland currently under development, namely our Caledonia (2GW) and Arven (2.3GW) projects.

The Caledonia project has been recommended a connection date of 2030 into New Deer substation as part of the Electricity System Operator's (ESO's) Holistic Network Design (HND), and it continues to wait for an Agreement to Vary that reflects the ESO's recommendation. The project will submit its planning application this year, expects to obtain planning consent by 2025 and begin construction as early as 2027, therefore delivering ahead of the 2030 recommendation.

The Arven project welcomed the publication of the ESO's Beyond 2030 report that provided confirmation that Arven will be offered a connection directly to Shetland. The Arven team looks forward to engaging with the ESO over the coming months to agree the Transmission Interface Point (TIP) and Completion Date for the project. Data gathering to inform the environmental impact assessment (EIA) is already underway. It is important for the TIP and a timely Completion Date to be defined as soon as practicable, ideally by the end of Q3 2024, to allow the project's programme to be baselined, the onshore scoping report to be completed, and to enable time critical surveys to commence.

Ocean Winds welcomes the opportunity to respond to this open letter on proposed changes to the electricity connections process. Timely connection of renewable, low-carbon generation is paramount to achieving the UK's legally binding net zero commitments and near-term 2030 clean energy targets. We applaud Ofgem's efforts to apply a 'first ready, first connected' approach to the connections queue and the expeditious timeline for implementing these changes. These proposals could be particularly impactful for our Caledonia project and sends a welcome message to our sponsors and investors. We look forward to further engaging with the ESO through this process and through the upcoming CUSC workgroups.

Sincerely,

 (by email)

Engineering Associate Director

## 1. Ofgem's Position (including Reference to Annex A)

In general, Ocean Winds is supportive of Ofgem's position on connection reform as outlined in this letter, subject to seeing specific details through the CUSC modification process for the recently introduced CMP434 and CMP435 modifications. We are supportive of the urgency classification granted to these two modifications in recognition of Ofgem's intended implementation timeline.

Regarding the specific Connection Action Plan (CAP) action areas, we have the following comments:

### CAP 3.1 – Raise entry requirements

Ocean Winds thinks Gate 2 criteria should be developed to be technology specific. We agree with the ESO's proposals that a deadline for the submission of applications for planning consent should be set for projects at Gate 2. However, this deadline will need to vary by technology type, with the timescales for onshore projects—such as Battery Energy Storage Systems (BESS)—being significantly shorter than those for offshore wind (which require a lengthier period of time for data gathering to feed into the EIA to support the application for planning consent). There needs to be clarity that Offshore Transmission System Development User Works are excluded from any milestones to ensure parity between offshore wind and other technologies.

Additionally, application of the Gate 2 criteria to staged projects will need to be considered. A clear process will need to be defined as to what happens if a project fails to meet milestones for the first stage (for example, will later stages be terminated?). This is to ensure that a developer does not take advantage of a staging mechanism to maintain a queue position for later stages of capacity if they miss a milestone on the first stage capacity of a project.

### CAP 3.4 – Better utilise existing network capacity

Ocean Winds thinks that Ofgem needs to consider whether the proposed Gate 2 criteria go far enough to achieve this goal. Given the large number of ScotWind projects off the north/north-east coasts of Scotland, how will the current proposals ensure the available network capacity is correctly allocated to the projects that are needed to meet 2030 and net zero targets? Capacity should be allotted to projects that can deliver in the timescales required to keep pace with national commitments around the sixth carbon budget.

### CAP 3.6 - Develop longer term connections process models aligned with strategic planning and market reform

Ocean Winds agrees with Ofgem that it is essential for these efforts to reform the connections process to be carried out in alignment with the ongoing Strategic Spatial Energy Plan (SSEP) development and other strategic initiatives that are forthcoming.

For example, for Arven and Shetland, this should mean wider planning around a Just Energy Transition; shore-to-platform oil and gas connections; providing a catalyst for strategic power to offtake considerations; providing additional redundancy in strategic security of supply in Shetland—all of which should feature in overall planning towards delivering a “timely and efficient transition to a net-zero energy system.” Arven will underpin and drive a second Shetland HVDC link (1.8GW) which should bring all of these additional strategic benefits.

## 2. Ofgem’s views on next steps (including reference to Annex B)

Ocean Winds agrees with the next steps as outlined in Annex B, subject to seeing specific details of the changes through the CUSC modification process.

In relation to point 8, we think the ESO/Ofgem should reconsider the timescales presented in CMP434. We think that the first application window for new applicants should be delayed until Gate 2 has been applied to the whole existing queue. This is to manage workload and resourcing availability within the Transmission Owners (TOs) and the ESO. It would also be a more efficient way of undertaking the exercise as the existing queue will be modified into the new connections reform queue before any new applications are assessed.

Additionally, we believe that the ESO needs to demonstrate what impacts and reduction the proposed modifications are expected to have on the existing queue before any modifications are implemented to ensure that the desired outcome is realised. The ESO has stated in seminars that they expect these proposals to halve the size of the existing queue – this should be demonstrated.

## 3. Whether this proposal goes far enough

- a. Are there any other proposals you would like to see brought forward as part of, or alongside, this reform to achieve the aim of significantly reduced connection timescales?

Gate 2 criteria must be carefully considered to ensure they go far enough to have an impact on reducing the existing queue. Gate 2 criteria should be developed to be technology specific.

We agree with the ESO’s proposals that a deadline for submission of applications for planning consent should be set for projects at Gate 2. However, this deadline will need to vary by technology type, with the timescales for onshore projects such as BESS being significantly shorter than those for offshore wind (as we note in our response to 1 above). The CMP435 working group should develop proposals for Gate 2 criteria that significantly raise the bar for

entry. One potential criterion could be the need for generators to have obtained a generation licence.

Ocean Winds welcomed the publication of the Connections Action Plan and Transmission Acceleration Action Plan, within which there are commitments that require focus to reduce connection timescales. Significant attention is required:

- To ensure the Accelerated Strategic Transmission Investment (ASTI) projects are delivered in line with Licence Conditions and that Ofgem holds the TOs to account for delivery to the committed dates without any premature changes to those conditions.
- To reassess the Construction Planning Assumptions (CPAs). The review that has recently been undertaken has not been carried out in a transparent manner and has not had a material impact to connection timescales.
- To undertake a review of enabling works versus wider works with particular attention on the scope of enabling works for offshore wind projects given the long lead times, capital intensive nature of projects and the financing of projects at this scale. We believe that the enabling works for the HND (Pathway to 2030) projects should be reduced to ensure they can be connected in the timescales required to keep pace with national commitments around the sixth carbon budget.

Onshore planning will remain a challenging environment for development and delivery of transmission infrastructure in England, Scotland and Wales. Reform to the planning system in each jurisdiction is needed to enable critical infrastructure to be delivered at pace, which is a pre-requisite for reduced connection timescales.

- b. What obligations and incentives for the ESO and network companies would you like to see introduced alongside, or a part of, the TMO4+ proposal, to ensure the intended outcomes of better customer experience and timely connection dates are delivered? (See Annex A, point CAP 3.5)

As part of this TMO4+ proposal, it is important to provide greater transparency around the ESO's activities and the publication of the connections queue. Greater clarity is needed around how the ESO determines queue positions, assesses dates and enabling works, and maintains the register and order of projects post-Gate 2. This information should be publicly available and accessible through this reform process.

Additionally, there should be more transparency of the queue across transmission and distribution, including consolidation into one queue for all post-Gate 2 connections.

Ocean Winds urges there to be more transparency around the interaction between firm and non-firm connections, where some generators accept non-firm connections to enable them to connect ahead of the date offered by the ESO. It is currently not clear how the queue of projects

with non-firm connections interacts with the queue of firm connections and this should be made clearer through these reform efforts.

There also needs to be better allocation of risk between the ESO/TOs and offshore wind generators if there is failure to deliver connections on time, e.g. if 2030 and net zero targets cannot be met due to lack of ESO/TO delivery. Ocean Winds would support a proposal that would require the ESO to offer “bankable” connection products (i.e. connection access commercially protected for late delivery by ESO/TO) when the ESO/TO have failed to deliver connections on time.

Once Gate 2 criteria has been applied to the existing queue, the list of current ASTI projects should be reassessed to ensure it will enable the delivery of 2030 targets, with consideration given to assigning other transmission network reinforcements ASTI status.

- c. Do you believe additional criteria beyond readiness are needed to deliver (i) security of supply; (ii) system efficiency; (iii) strategic network plans; and (iv) the energy mix GB needs to meet net zero? (See Annex A, point CAP 3.6)

Yes, there will need to be a mechanism to specifically link the SSEP to the connections queue. As the details of the SSEP are still forthcoming, it is difficult to recommend specific pathways to achieve this coordination. However, there is the potential to align connections with targets based on generation and the optimal energy mix as defined by the SSEP. This should include consideration of connections that are positioned to deliver large, GW-scale projects that will contribute to meeting the UK’s 2030 and net zero targets.

Oceans Winds believes that the recent review of the CPAs was not carried out in a transparent manner and that the CPAs do not reflect a realistic scenario for the delivery of offshore wind projects. More accurate modelling by the ESO and TOs of the impacts of all connections to the transmission network needs to be completed, for example by applying realistic assumptions on offshore wind technology type (fixed versus floating), supply chain constraints (HVDC versus HVAC), attrition rates (put in context of Crown Estate Leasing Round 3) and projects with connection agreements and associated delivery dates (put in context of Crown Estate Leasing Round 3). This will result in a more realistic view and timing of the transmission network reinforcements that are required to accommodate contracted connections, creating the opportunity for some projects to be given accelerated connection dates. The work completed to date on the CPAs does not appear to have had a material impact on connection dates or enabling works for generators and we believe this needs further investigation by Ofgem.

The ESO, with the TOs, need to urgently review the scope of enabling works for offshore wind projects to enable earlier connection dates for HND projects to keep pace with national commitments around the sixth carbon budget.

