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Request for direction under Standard Licence Condition (SLC) C27(5)(b) to delay the submission of the Network Options Assessment (NOA) Methodology and C27(12)(b) for the NOA report

Dear Konark,

The Electricity System Operator (ESO) as per the *Transmission License - Standard Conditions*, Condition C27 has a requirement to submit the next NOA methodology to Ofgem by 1 August 2024 having consulted with interested parties. The licence also obliges the ESO to publish the NOA report by 31 January 2025. We would like to seek Ofgem's direction to delay the submission of the methodology to March 2025 and subsequently defer the NOA report to January 2026.

In March 2024, we published the "Beyond 2030" report recommending a coordinated offshore and onshore network design that could connect up to 86GW of offshore wind. Concurrently, Ofgem have been progressing their *Electricity Transmission Network Planning Review* (ETNPR), aiming to enhance the network planning processes to implement enduring arrangements for the *Centralised Strategic Network Plan* (CSNP). The CSNP is envisaged to take a GB-wide holistic view to develop an optimised plan for taking forward network investment, a significant evolution of the NOA process.

Since the publication of the Beyond 2030 report, Ofgem have indicated in our regular calls that several projects submitted by the Transmission Owners (TOs), and recommended in the report (especially the projects that have their delivery dates beyond 2030) are of low level of maturity of design to allow a full funding decision. In parallel, we have been in regular conversation with the TOs through the fortnightly NOA teleconference. The TOs broadly agree with these timelines and have said that they would provide more appropriately developed reinforcement option proposals, hence achieving better maturity if they are given more time.

At present, there is significant uncertainty in the future strategic energy planning landscape, as we transition to the full CSNP. This includes any change in Government Policy following the general election, the Clean Power 2030 Mission Control recently announced by DESNZ, the timing and scope of the Strategic Spatial Energy Plan (SSEP) as expected in the Commission from DESNZ, the ongoing development of the CSNP methodology and assessment for offshore coordination for INTOG and the Celtic Sea. This uncertainty is causing significant challenges in the sequencing of work in the near term, and we look forward to continuing to work with Ofgem to agree the future sequencing of plans. Delaying the NOA report would:

- give the TOs time to develop reinforcement option proposals to the maturity levels that we and the TOs have been discussing with Ofgem.

- allow time for other regional assessments that will impact the output of the GB-wide outcomes and it is best to wait for all or as much of them as is appropriate to conclude before we can analyse the whole GB network for the NOA-type process.
- help build towards the enduring CSNP methodology as per Ofgem's ETNPR.

We believe that these better support Ofgem's decision-making in releasing funding for the reinforcements.

Our proposal for the intermediate analysis and report

Our proposed approach is to deliver analysis as a follow-on from the Beyond 2030 publication. We have been considering and discussing with you potential approaches for this analysis and associated report. In the light of these discussions, we recommend an approach based on an **initial delivery pipeline assessment** ahead of CSNP.

The CSNP needs a baseline of transmission projects that will form the "delivery pipeline". These are projects typically between 9-12 years in the future. The scope of the analysis is to incorporate the pre-2030 options and any other options from Beyond 2030 that require further development as they mature and to assess them against an updated set of system needs. From this analysis, we will then identify, those projects that are sufficiently mature to enter the *delivery pipeline*. However, if the options require further development, they can be identified as requiring further development in the subsequent CSNP. In this way, the approach would establish the foundations for the first CSNP by assessing which projects should be in the delivery pipeline for the next 9 to 12 years.

Furthermore, we will use the Future Energy Scenarios (FES) updated with any other requirements identified in the year-round analysis as the generation and demand background. Ahead of the analysis, we expect other assessments to have concluded such as INTOG, Celtic Sea and the impact assessments (East coast - EGL3/EGL4, GWNC and LRN6, and west coast - PSNC, AC6 and WCD4). We would incorporate the outputs from these assessments by updating the FES into our analysis. At present, the impact assessments for both onshore and offshore design changes affecting east and west parts of the network are currently underway, with the scope currently being agreed.

As a result, we plan to develop the NOA methodology, together with TOs and Ofgem until the end of this year, while incorporating lessons learnt from the analysis within the Beyond 2030 publication. This will allow us to run our public consultation on the revised NOA methodology in January 2025 ahead of the proposed submission date of the 1 April 2025 for approval. We intend to use this updated methodology in 2025 and provide the outcomes of the analysis in the NOA report by January 2026 as a backstop date. The methodology and report will also include the analysis for NOA for Interconnectors (NOA IC) as well.

We will continue to work with Ofgem to understand if and how any variations of our proposal could meet the requirements to ensure timely regulatory decisions are made for key electricity Transmission projects.

In line with our discussions with you since May, we request that Ofgem directs the ESO under SLC C27(5)(b) to submit the methodology by 31 March 2025 instead of 1 August 2024 and under SLC C27(12)(b) the NOA report to 31 January 2026 instead of 31 January 2025. This is a backstop date and depending on the sequencing of work to be confirmed, we may be able to deliver earlier.

Please would you agree to these changes and confirm your response to me. Please contact Griffin John (Griffin.John@nationalgrideso.com) within my team if you'd like to discuss this further.

Yours sincerely

Dr Paul Wakeley
Strategic Network Development Manager