

FAO Jon Sharvill, Head of ET Investment Strategy

**Re: Consultation on the proposed regulatory funding and approval framework for onshore transitional Centralised Strategic Network Plan 2 projects**

Dear Mr Sharvill,

I am writing on behalf of Suffolk Energy Action Solutions (SEAS) to comment on and object to this proposal and consultation, in which we believe Ofgem is ignoring its own statutory obligations. The consultation seems clearly aimed at industry and commercial stakeholders rather than the consumers and residents who will be greatly impacted by these rushed and lightweight proposals. SEAS represents thousands of East Anglian consumers and others from around the country who support our work and arguments for more strategic energy solutions. SEAS answers 'No' to each of your consultation questions, so it made more sense to provide qualitative feedback in the text below.

Our significant concerns regarding this proposal and Ofgem's consultation include:

**1. Poor Consultation Accessibility:**

Whilst on the first page of your consultation document you say, *"We would like views from people with an interest in development of the electricity transmission network and Net Zero"*, the consultation is too technical and industry-focused, making it difficult for consumers and residents, who will be directly impacted. According to the Gunning Principles information needs to be *"available, accessible and intelligible"* so that consultees can make an *"informed response"*. This consultation fails Gunning Principle 2 – There is sufficient information to give 'intelligent consideration' The information provided must relate to the consultation and must be available, accessible, and easily interpretable for consultees to provide an informed response.

**2. Lack of Time and Relevant Information:**

The consultation period is too short and there is a lack of sufficient information regarding the overall system context in which this will happen e.g. a complete and coherent national Strategic Spatial Energy Plan, which makes it impossible for respondents to assess the cumulative local impact of these proposals to accelerate funding and approvals. This consultation fails Gunning Principle 3 Principle 3 - There is adequate time for consideration and response. There must be sufficient opportunity for consultees to participate in the consultation. Whilst there is no set timeframe for consultation, it is widely accepted that twelve-weeks should be a minimum consultation period (as opposed to 29 days / 4 weeks in this case).

**3. No Justification for Acceleration:**

There is no convincing rationale behind Ofgem's decision to fast-track investments in network upgrades before a clear and detailed overall system plan for achieving

Net Zero by 2050 is established. Ofgem admits that there is considerable uncertainty about what a Clean Power 2030 network would even consist of and the strategic and practical actions required to deliver it, so logically it must be premature to commit to wholesale acceleration. In paragraph 3.29 of your consultation document, it mentions the risks of locking in “designs that have not been thoroughly tested and may not be the optimal option. In the worst case, this could lead to excessive costs, poor routing choices, and poor design choices for the network”, we agree.

Whilst Government’s public rhetoric requires talking about a zero-carbon electricity industry by 2030, Government, Ofgem and industry know that a date of 2032-2034 is more realistic and therefore any current acceleration is foolhardy, it only benefits the shareholders of developers not consumers. This proposed acceleration of as yet undecided plans is potentially harmful to communities and environments (one of Ofgem’s new statutory obligations to consider) and surely cannot possibly allow Ofgem to ensure value for money for consumers.

#### **4. Sustainable development and Ofgem’s statutory obligations:**

With the increased importance of sustainable development, Ofgem is now obliged to consider societal and environmental impacts alongside ensuring value for money for consumers. This requires the regulator to not only focus on economic efficiency but also to take into account broader impacts on society and the environment. This wider remit is part of Ofgem’s statutory duties, which have been updated to reflect the importance of sustainability and environmental considerations in the context of the UK’s Net Zero goals. Therefore, while ensuring that consumers get value for money remains a core responsibility, Ofgem must also consider how its overall decisions impact the environment and society as a whole.

Ofgem continues to adopt a project-by-project, piecemeal evaluation approach which does not ensure overall consumer value for money or take into account cumulative environmental or societal impact. Relating to Ofgem’s new wider statutory duties and the current lack of a clear overall system design, Ofgem needs to take into account the cumulative system costs, benefits and impacts of different transmission network design scenarios in combination, i.e. overall holistic network design costs, benefits and impacts. These holistic costs benefits and impacts must be evaluated by assessors/consultants that are independent of commercial developers, e.g. even the regulated parts of National Grid (NGET) answer to shareholders and therefore have a conflict of interest in the provision of any data, figures and pricing. Furthermore, to fulfil its statutory obligations, Ofgem needs to work with ESO/NESO to consider alternative transmission network design solutions (beyond developer-led designs), if these can offer reduced system costs to consumers in the medium term (not the typical 10-20 year investment return required by shareholders), taking into account cumulative societal and environmental impacts.

## **5. Need for Thorough Planning and Consultation:**

The energy transition requires system and network design independent of undue developer distortion, and it requires joined-up, strategic, transparent planning involving genuine consultation with affected communities. The current approach appears rushed and dismissive of local concerns, particularly in Suffolk, where multiple energy projects have already demonstrated similar lack of genuine community consultation about significant issues. This is part of a pattern of poor consultation practices from developers and now Ofgem, including the timing of consultations e.g. during school holiday periods, the length of consultation periods, ignoring community feedback, and deferring honest impact assessments, which has led to suboptimal decisions.

## **6. More detail is required:**

The proposed regulatory and funding approval framework aims to give transmission operators more flexibility to explore options that might be quicker or cheaper than the option originally included in the 'Centralised Strategic Network Plan 2' and in principle we support this move, as long as overall cumulative system costs, benefits and impacts are considered by Ofgem and NESO.

The consultation also sets out expectations that transmission operators' project development processes should be improved which is a positive initiative. What's missing is more detail from Ofgem as to how TO's should improve which we believe should include:

- Alignment with the Treasury Green Book
- Full project costs transparency
- Publication of risk registers and worst-case scenarios
- A common evaluation methodology for all TOs
- Evidence that the upgrading of existing grid infrastructure has been explored before proposals involving the building of new infrastructure (in keeping with National Policy Statements)
- Removal of the use of 'least worst regret' methodology

In conclusion, this consultation fails key Gunning Principles and proposes acceleration to an approval and funding system where unacceptable uncertainties remain. In combination with a lack of holistic approach to project evaluation, this compromises Ofgem's ability to properly evaluate overall system costs & benefits to consumers and to assess environmental and societal impacts, with the result that Ofgem cannot fulfil its statutory obligations.



On behalf of SEAS

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