

Introduction

This response is issued by Liverpool City Region Combined Authority (LCRCA) in relation to the OFGEM consultation on the proposed regulatory funding and approval framework for onshore transitional Centralised Strategic Network Plan 2 project. Response due by 30 August 2024.

[Consultation on the proposed regulatory funding and approval framework for onshore transitional Centralised Strategic Network Plan 2 projects \(ofgem.gov.uk\)](#)

Background

LCRCA have a published five-year climate action plan (5YCAP) approved in July 2022, and targeted attaining Net Zero by 2040. Our current Corporate Plan (link attached) following Mayoral elections in May 2024 is now aspiring to meet 2035 decarbonisation of our building, industrial and transport sector activities.

[Corporate-Plan-2024-28.pdf \(liverpoolcityregion-ca.gov.uk\)](#)

The Liverpool City Region (LCR) is at the centre of the North-West Plans for decarbonisation that were summarised in the £208 Bn Net Zero North West Investment Prospectus (linked attached) and shared with Government

[NZNW Economic Investment Prospectus \(netzeronw.co.uk\)](#)

LCRCA ambition to attain Net Zero is based on aligning to the Customer Transformation scenario of the Future Energy Scenarios, with a bias toward electrification, and assumes early adopter actions across the region. Net Zero will be attained by halving overall energy use – eradicating the use of [unabated] fossil fuels.

Our regional clean energy supply pathway includes significant portfolios of development:

- tripling offshore wind production off Liverpool with the addition of Awely Mor, Mona, Morgan and Morecambe Offshore Wind Farms – these will add to the 13 operational wind farms off the North-West coast.
- Establishing the UK's leading industrial decarbonisation cluster through the HMG Track 1 HyNet scheme and then expanding low carbon Hydrogen and CCuS through Track 1 Extension schemes.
- Exploring the potential for around 250 MW of Green Hydrogen to accelerate transport and industrial decarbonisation in areas of LCR that will not be served by the HyNet production, transport and storage system in the next ten years.
- Developing the giga-watt scale Mersey Tidal (range) project to serve the growing demand for electrical of heat and transport in the port city region of Liverpool.

The current LCR electrical demand is around 6 TWh annually and this is expected to double to around 12 TWh, with a corresponding significant decrease in fossil fuel use from current level of c 23 TWh

Response to Consultation

Q1. Do you agree with our assessment of the tCSNP2 and the risks that we have identified?

Section 3 of the consultation offers a narrative around the extent and maturity of transmission projects included in the ESO tCSNP2 report. This includes the strategically important upgrade of the Mersey Ring circuit upgrades (currently operating at 275 kV) and identified as MRU1 and MRU2.

The case for the Mersey Ring circuit upgrades is related to technical operational constraints and the need for increased capacity both as part of the National Transmission System, to handle North – South flows from ScotWind, and to recognise the lack of capacity for electrification at the three Grid Supply Points (GSP) that feed the northern side of the Mersey (Kirkby, Rainhill and Lister Drive) and the ability then to release capacity on the south side of the Mersey at Birkenhead GSP.

The significant addition of Offshore Wind capacity in the North-West, around 4GW, through projects that are well developed and will be part of the forthcoming CFD Allocation Rounds to achieve Final Investment Decisions. The four projects are imminent for Investment and construction start in next two years and hence demonstrate significant additional supply that will come on-line by 2030. The programme for Scot Wind and the need for an additional 4GW of onshore transmission capacity on the west of the UK – through the North-West – is also expected.

Recent studies have also indicated around 2 GW of solar capacity could be developed in next 5-10 years in North West. The first project is now identified at Frodsham at 100 MW.

We recognise that the ESO published plan indicates that MRU1 and MRU2 projects were deemed low maturity but feel that this is now significantly out of date, and that the understanding on the need for change has progressed significantly, given the discussions LCRCA have held with ESO, NGTO and SPEN MANWEB, to demonstrate the evolving development and deployment situation in LCR and the North-West. A sample of the evidenced projects is attached as Table 1.

Summary

To attain the rapid growth in clean energy supply and growth of electrification in transport, buildings and industry to support the economies of the North West then we urge the acceleration of plans for upgrading the Mersey Ring to 400 kV at the earliest opportunity.

Table 1. – Indicative major projects in North-West - Liverpool City region.

NZNW Theme	Marine Technology (Others)	Project	Developer	Scale Turbines / MW /MT (Estimate)	DCO status	Status Date
13	Offshore Wind	Awel y Mor	RWE	Up to 50 - 750 MW	Granted	Sep-23
13	Offshore Wind	Mona	BP - EnBW	Up to 96 - 1500 MW	Statutory Consultation	Jun-23
13	Offshore Wind	Morgan	BP - EnBW	Up to 96 - 1500 MW	Statutory Consultation	Jun-23
13	Offshore Wind	Morecambe	COBRA - Flotation	Up to 35 - 480 MW	Statutory Consultation	Jun-23
13	Offshore Wind	Mooir Vannin	Orsted	Up to 1400 MW	Scoping Submitted	Oct-23
11	Tidal Range	Mersey Tidal	LCRCA	Up to 28 - 700 MW	Early Development	May-24
11	Tidal Range	Mostyn Sea Power	Mostyn Sea Power	Up to 16 - 300 MW	Early Development	May-24
11	Tidal Range	Wyre	Natural Energy Wyre	Up to 8 - 150 MW	Early Development	May-24
11	Tidal Range	Morecambe	Northern Tidal Power Gateway	Upto 132 - 4,000 MW	Early Development	May-24
11	Tidal Range	North Wales Coastal Lagoon	North Wales Tidal Energy & Coastal Protection Ltd (NWTE)	Up to 100 - 2500 MW	Early Development	May-24
1	CCUS	HyNet	ENI		Pipeline DCO Granted	Mar-24
1	CCUS	Peak Cluster	Spirit / Progressive		Early Development	Apr-24
13	OSW FLOW#1	TBC	TBC	500 MW	PDA Site Not identified	May-24
Grid	Grid Onshore Connector	Western Link 3	NG - routed on land through Mersey Ring	4,000 MW	Early Development	May-24
Grid	Grid Offshore Connector	Western Link 2	NG / SHE	2,000 MW	Early Development	May-24
Grid	Interconnector	Maresconnect	Irish Private Co	750 MW	Early Development	May-24
Grid	Offshore Wind Decom	Burbo Bank	Orsted	90 MW	Decom c. 5 years or P2X	May-24
	Solar	Frodsham	Cubico	100 + 50 MW		May-24

Q2. Do you agree with our proposals for the “Development track”?

Section 4 identifies the opportunity for large regional projects such as Mersey Ring Upgrade (MRU1 and MRU2) to be treated as a Development Track project, requiring development work to advance scope, definition, pre-FEED or FEED, and cost/schedule to at least a maturity rating of 3 by 30 June 25.

We understand that where a project is above £100m capital investment ,and potentially in the multi-billion range that additional development work is required for OFGEM to then consider and approve. The development track appears appropriate.

Q3. Do you agree with our proposals for the “Delivery track”?

We generally agree with the proposals for the Delivery Track but highlight the clear need for Investment decisions to be made in a timely manner to enable the continued regional transition, whether very large projects are approved through these proposals or through RIIO-T3 settlement.

Q4. Do you agree with our proposals for the “Small / Medium Sized Project Delivery track”?

We have no opinion on the proposals for smaller projects, less than £100m

Section 5

Q5. Do you agree with our categorisation of tCSNP2 projects?

The inclusion of the Mersey Ring projects, MRU1 and MRU2 in the development track process is accepted as the projects are large projects and above the threshold for small/medium projects.

We would ask for urgent development action to be authorised to advance the maturity of works as described in the response to Q2.

LCRCA are concerned that the stated EISD date of 2031 and 2033 may be too late and therefore the delay in works completion to address technical issues, and to upgrade from 275 kV to 400kV may be delayed and restrict regional plans for decarbonisation. We are also concerned that the period of construction work will require specific outages that are not yet visible to our regional industry.

Q6. Do you agree with our proposed approach for the tCSNP2 asset classification projects?

No specific response on this theme.

Q7. Do you agree with our approach to identifying a project for early competition?

LCRCA wish to better understand how the early completion of Mersey Ring Upgrade work to an earlier Delivery Date than the current EISD forecast for this critical regional capacity work.

Q8. Do you agree with our approach to identifying a first project for early competition?

LCRCA understand that the potential for competition is useful to enable cost effective delivery of certain onshore assets, but generally these need to be separable.

In the case of the primary area of our interest, the Mersey ring Upgrade then this is an extremely complex project enhancing the current transmission network and is likely to re-use significant equipment and assets that are part of the current Transmission system. We would welcome the assurance that the Mersy Ring Upgrade and the complex interfaces around the North-West are managed by the best teams available to achieve a secure upgrade as early as possible.

Q9. Do you agree with our expectations for the TOs and ESO?

LCRCA expect the ESO, TO and JDSO/DNO to work together to ensure that the requirements and horizons for capacity change are well scoped and understood by all parties.

LCRCA have now started to meet directly with the NG TO. with SPEN MANWEB present, to ensure that the Spatial Development Strategy (SDS) for Liverpool City Region and major development projects (clean energy supply, new residential to 100,000) etc are visible.

We would welcome increased visibility of the development and design process to ensure that the clarity of regional development priorities and interventions are well understood and translate to a system development plan.

Our regional plan for decarbonisation is developing with discrete areas of new development and of retrofit and these will impact directly to the capacity of Primary substations, 132 kV and current 275 kV substations in a way that so far has not been anticipated by the ESO, TO or DNO.

We also continue to be concerned in the ability to manage seasonal loads as we increase electrification – given that gas loading in winter is currently 4-5 times higher than summer load and when we electrify there will be new peak electrical loads during winter season.

Q10. Do you agree with our proposals to introduce a scope change governance process for onshore transmission projects?

We support the concept of a scope governance process and would highlight the need for early identification of the role of Regional Government, as we still wait for details of the NESO arrangement.

General

LCRCA welcome the opportunity to respond to this OFGEM consultation but remain concerned at the pace of change to enable greater electrification in line with our ambitions to be one of the first regions in the UK to decarbonise, largely through electrification.



28 August 2024