

OTNR UPDATE

REGULAR UPDATE NEWSLETTER FOR THE OFFSHORE TRANSMISSION
NETWORK REVIEW PROJECT



ONE YEAR OF OTNR

Welcome to the second OTNR newsletter. This last quarter marks the first anniversary of the launch of the Review. We would like to thank all of our stakeholders and partners for engaging with us this past year, and hope to continue the positive advances we have begun together.

What have we achieved since the launch?

- The Expert Advisory Group was formed, assisting the Review with invaluable expert insight.
- We have built strong relationships across all of our partners, helping to ensure coordination in the delivery of the OTNR.
- 16 developers have opted-in with pathfinder proposals under the Early Opportunities workstream which we are now discussing.
- We have launched policy consultations across all workstreams of the Review – on Early Opportunities, Pathway to 2030, MPIs and the Enduring Regime.
- Through the Pathway to 2030 workstream and our proposed changes to the National Policy Statements, we have set a clear expectation of coordination by default.

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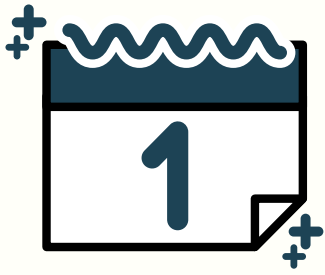
ENGAGEMENT

EARLY
OPPORTUNITIES

PATHWAY TO 2030

ENDURING REGIME

ENVIRONMENT,
NPS & NSIP



- We have begun the Holistic Network Design work, to be delivered in January.
- Through the Enduring Regime workstream, we have engaged extensively with industry and established the need for more upfront strategic planning of offshore wind and onshore join-up.
- We have delivered several major stakeholder webinars, updating all major groups on the Review's progress.
- The cross-cutting Environment & Planning workstream was established, ensuring that environmental, planning and consenting issues are integral to the Review and other workstreams.

Consultations

Interconnector Policy Review Consultation

Ofgem

The Ofgem [interconnector policy review](#) was launched in August 2020, to review the regulatory approach to new electricity interconnectors. The objectives of the review are to establish whether there is a need for further GB interconnection capacity beyond those projects currently with regulatory approval, and to consider Ofgem's approach to the regulation of future GB interconnection.

The Review is also considering whether the regulatory approach for point-to-point (P2P) interconnectors, the cap and floor regime, could potentially be used for the regulation of MPIs. This is being considered alongside the work on offshore coordination with government, National Grid ESO (NG ESO) and others through the OTNR.

The interconnector policy review consultations have closed in July, and Ofgem are considering the responses received.

BEIS Late Summer Consultation

On 29th September we published a consultation on Enduring Regime and Multi-Purpose Interconnectors. This is a second consultation under the Review, and it seeks stakeholder views on possible approaches for a new regime to plan, develop and deliver future offshore transmission as well as changes required to enable an enduring framework to support future MPI projects.



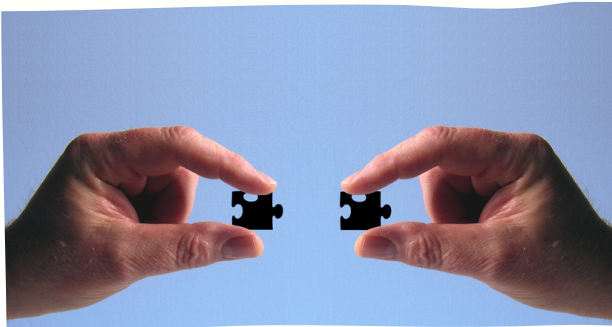
This consultation covers projects which will come through future seabed leasing rounds and ScotWind rounds that can be expected to connect from the early 2030s. For a summary of consultation proposals please see the later Enduring Regime section in this newsletter.

The consultation will be open until 23rd November and responses can be submitted [here](#).

Early Summer Consultations

Ofgem

On 14th July 2021, Ofgem published a consultation on changes intended to enable greater coordination in the development of offshore networks. The consultation set out Ofgem's initial thinking and proposals to better facilitate coordination through three of the OTNR's workstreams – Early Opportunities, Pathway to 2030 and Multi-Purpose Interconnectors.



This is the first major consultation through the Offshore Transmission Network Review, followed by the recently-released separate BEIS-led consultation.

Over the summer months, Ofgem engaged with interested parties in a series of bilateral meetings specifically on the content of the consultation. These meetings provided an opportunity for them to clarify points of the consultation document to assist stakeholders in preparing their responses. They also enabled Ofgem to hear first-hand on topics of interest and areas of concern.

The consultation is now closed, and Ofgem have received 75 responses. Ofgem provided some additional time for stakeholders that requested an extension. All of the non-confidential responses to the consultation will be available to download on [this page](#) in the coming weeks and our full response to this consultation will follow in due course.



Ofgem are currently carrying out policy analysis based on specific feedback received from stakeholders and this will inform their approach to proposals and further policy consultation in the autumn.

Ofgem would like to thank all stakeholders for their engagement so far. They are keen to continue to hear your views on the possible improvements to the OTNR policy going forward, how the policy is meeting your needs, and to gather further evidence.

Engagement Update



Across the OTNR, we have provided many opportunities for engagement over the last few months. BEIS held a second public webinar in July, to provide an update on the progress of the Review and answer questions. We were joined by Ofgem, ESO and representatives of the Expert Advisory Group. Over 500 stakeholders registered to attend. If you were unable to attend, you can [watch it back here](#), and find the slides on the [OTNR webpage](#). In July, BEIS also held a webinar for developers potentially in scope of the Pathway to 2030 workstream, to update them on our progress.

Our former Energy Minister, Minister Anne-Marie Trevelyan, hosted roundtables with MPs from across East Anglia to share the Review's progress and listen to local concerns. We will also be holding a ministerial roundtable with Devolved Administrations in the winter, to discuss concerns and opportunities relating to Scotland and Wales.

BEIS have engaged in regular discussions with officials from East Anglian councils, including the Local Economic Partnership, to increase our understanding of the local impacts and opportunities around offshore wind transmission and the possibilities for coordination under the OTNR.



We encourage communities to engage with their local representatives (MPs and councils) to ensure their views and suggestions are heard and taken into consideration. BEIS and Ofgem have also begun discussions with the East Anglian Alliance, a group formed of a number of local amenity groups. These conversations have been valuable to gain insight into the views of local communities around offshore wind infrastructure. We have provided additional support around the consultation process and how they are best able to contribute to the Review.

The best way to stay up to date on the OTNR is to [join our newsletter mailing list](#), and by keeping an eye on [our webpage](#). Responding to our consultations is the best tool through which to provide input to the Review.

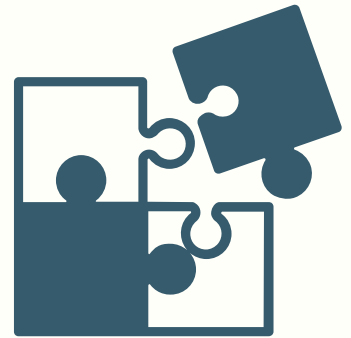
National Grid ESO to launch Offshore Coordination Autumn Progress Publication and webinar in October

The ESO is set to release its Offshore Coordination Autumn Progress Publication in late October, to provide stakeholders with a consolidated view of the latest activities across the ESO offshore coordination project, explain how these activities align with the wider OTNR, and signpost upcoming project milestones and opportunities for stakeholders to engage. A supporting webinar will be held with the opportunity for questions and answers. Registrations for the webinar are open, via the [National Grid ESO Offshore Coordination website](#).

Early Opportunities

The Early Opportunities workstream aims to facilitate coordination for in-flight projects by making changes to the current regulatory framework.

Throughout this quarter, we have continued to engage with developers to assess pathfinder proposals that were submitted to us earlier in the year. We believe there are steps which can be taken to assist in establishing more offshore coordination, even for those projects that are already well-advanced in their development, either by leveraging flexibility within the existing regime or by making changes within the current overall regulatory framework. Ofgem's early summer consultation focused on concepts for delivery.



In parallel, however, work is ongoing to consider what can be done to facilitate Pathfinder projects. In the [joint open letter by BEIS and Ofgem](#) on 24 August 2020, we invited developers of well-advanced, in-flight projects to express their interest in early opportunities for coordination. A number of developers have since submitted project-specific proposals for consideration. Discussions between BEIS and developers on their proposals are ongoing so it is not possible to comment on specific projects at this stage, however a key factor in the assessment will be the environmental and social benefits each proposal can offer. We are also working together with National Grid ESO to explore other regional, coordinated solutions with developers and what would be needed to make these solutions possible.

Informed by these discussions, Ofgem's proposals are focussed on facilitating coordination of offshore transmission infrastructure with an opt-in for developers, rather than enforcing coordination. We recognise that these projects are at an advanced stage of development where much of the detailed design and planning work has already been completed.

We believe that the mechanisms we have highlighted in the consultation and which we intend to put in place through the Early Opportunities workstream would allow developers to be more ambitious and expand on their proposed levels of coordination. We would strongly encourage developers to proactively consider opportunities for coordination with others in the same region where they have not already done so.

Finally, we understand that coastal communities will host a significant proportion of future development of offshore wind and that local stakeholders are understandably concerned about the disruption that projects cause whilst they are in construction. We are keen to address this issue and have held discussions with industry about the steps they are taking to mitigate against this and what more can be done to further limit the impact of projects on communities through the coordination of construction activities.

Pathway to 2030

Generation Map

National Grid Electricity System Operator are currently developing a Holistic Network Design (“HND”) to connect offshore projects covered by the Pathway to 2030 workstream. This design brings together onshore and offshore network planning to set out a coordinated layout for transmission infrastructure. The design should be efficient and deliverable, but also minimise the impact new coordinated infrastructure has on communities and the environment.

To inform the development of the HND, The Crown Estate (“TCE”) has used its marine spatial expertise to generate a bespoke Generation Map which combines both the location of existing and planned offshore wind generation sites in UK waters with data from the ESO’s list of projects that hold contracts for Transmission Entry Capacity (TEC Register). The resulting Generation Map provides a temporal perspective on when projects in development might connect to the transmission system during the 2020s/early 2030s and will be used in conjunction with other information to inform the HND. The Generation Map also shows a broader spatial context for offshore developments by including data on the onshore transmission system (overhead lines and substations), offshore cable routes (where known), other offshore assets such as aggregate production areas and Carbon Capture and Storage sites, and a number of environmental designations in the offshore area. It is due to be published shortly.

ESO: Holistic Network Design: Pathway to 2030 progress



The ESO has been asked by BEIS and Ofgem to deliver a Holistic Network Design (HND) to provide a coordinated National Electricity Transmission System (onshore and offshore) to connect 40 GW of offshore wind by 2030. In order to deliver the HND, the ESO has formed and is leading a Central Design Group (CDG) and a number of subgroups (Commercial, Stakeholder and Communications, and Environment) to consult with stakeholders to inform the delivery of the HND. Further details will be shared through the National Grid ESO Offshore Coordination Autumn Progress Publication and Webinar.

National Grid ESO has appointed Imperial College Consultants to provide specialist engineering support. RPS Consultants has also been appointed to provide offshore cable routing and environmental support. Work by both parties on delivering the HND has now commenced with the aim of delivering the design in early 2022. Supported by Imperial College Consultants and the National HVDC Centre, the ESO has also developed an offshore design planning tool for the calculation of network design costs, which will feed into the HND.

Open Letter



The ESO recently published an Open Letter which provides an update to offshore project developers on how the OTNR could impact on their current offshore connection contracts or any future offshore applications or modifications. To support this, the ESO will shortly be hosting a webinar for offshore developers, providing an overview of the Holistic Network Design (HND) process within the Pathway to 2030 workstream of the OTNR, and opportunities for developer engagement as it's being developed over the coming months. The webinar also provides an opportunity for developers to hear more from the project team and to answer questions about the content outlined in the Open Letter. The Open Letter and a link to register your interest for the webinar are available [here](#).

Enduring Regime

Summary of consultation proposals

The [Enduring Regime and MPIs consultation](#) sets out the case for developing a new enduring regime that takes a more strategic approach to windfarm development and considers the offshore transmission system holistically with the onshore network to deliver a more coordinated approach and reduce the cumulative impacts of transmission.

This will retain the competitive elements that have made the UK a leader in offshore wind and have contributed to the reduction in costs but will seek to apply them to a more strategically designed network to deliver consumer benefits and reduced local impacts. We are also considering how best to facilitate Multi-Purpose Interconnectors, which offer benefits by combining market-to-market interconnection and offshore generation.



In the consultation we ask stakeholders:

1. Whether they agree with our minded-to position that
 - a. there is a need for a more strategic approach to the planning and development of offshore wind and
 - b. there is a need for a Holistic Network Design that plans offshore transmission in the long term as an integrated part of transmission network offshore and onshore to achieve the Review's objectives
2. To share their views on possible broad approaches for an Enduring Regime, possible delivery models as well as to comment on timing for detailed design and delivery of transmission
3. To provide feedback on what may be required to enable Multi-Purpose Interconnector projects i.e. whether the existing framework is fit for future, whether there is a need to define a new MPI asset class or whether further changes may be needed to align with developments in other jurisdictions.



Our proposals seek to achieve common policy objectives across GB. Although energy is a reserved matter, some elements of the development pathway for offshore wind are devolved (seabed leasing and planning) and changes will require agreement and buy-in from Devolved Administrations. We are working collaboratively with Welsh and Scottish stakeholders to agree the best way forward that recognises the devolution implications.

What's next - detailed policy development

In the consultation we ask stakeholders for their views on broad, fundamental questions, the answers to which will inform further development of possible approaches for an enduring regime. We will also be progressing detailed policy development in parallel and will combine it with consultation responses to derive a preferred enduring regime model(s). This twin-track approach is intended to bring about change as soon as possible.

The consultation will be open until 23rd November. Following this, we will work to incorporate the responses into our policy thinking and define the detail of a preferred model(s). We will consult again on the policy detail and a preferred option next year.

The Crown Estate, Crown Estate Scotland and National Grid ESO announce partnership, to improve coordination of offshore wind transmission infrastructure

The Crown Estate

The Crown Estate, Crown Estate Scotland and National Grid Electricity System Operator (ESO) have committed to working closely together to support the development of a more coordinated approach to the delivery of transmission infrastructure for offshore wind projects.



As key partners of the Offshore Transmission Network Review (OTNR), all three organisations recognise that a coordinated approach to seabed leasing and planning, development and construction of transmission infrastructure related to offshore wind is required if the UK is to realise its clean energy potential offshore, while minimising impacts on the marine environment, and on coastal communities.

nationalgridESO

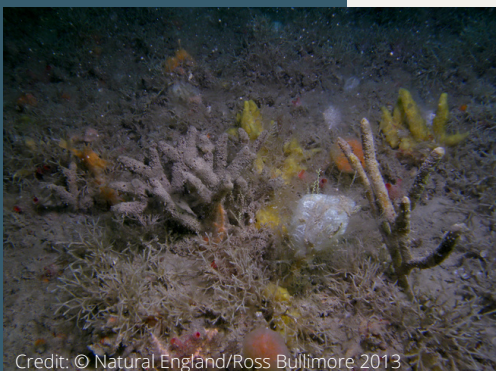
As pressures on our marine environment increase, all three organisations will build on their existing close working relationships, to collaborate in a range of new ways, identifying new priorities and further opportunities for alignment, principally through the OTNR.



This collaboration underpins the organisations' shared ambition to work proactively toward positive solutions for the benefit of the nation.

Environment & Planning

Draft energy National Policy Statements (NPS) publication



Credit: © Natural England/Ross Bullimore 2013

The Government has published a [consultation](#) on the revised draft energy National Policy Statements (NPS). This NPS provides a planning policy framework to support the transformation of the energy system in achieving net zero. The deadline for responses to the consultation is 29th November.

The NPS sets out policy to support the significant increase in the deployment of offshore wind and to ensure this happens sustainably and respects the marine environment.

This includes recognition of the additional mitigation and marine biodiversity compensation which will be required given the environmental impacts of offshore wind, including transmission. It includes the need to employ the avoid, mitigate, compensate hierarchy to avoid, as far as possible, the need to find compensatory measures for offshore developments affecting Marine Protected Areas (MPAs). Separately, Defra recently consulted on proposed [biodiversity compensation guidance](#) for the MPAs.

Expert Advisory Group - Environment Sub-Group

Environmental expertise from Defra, the statutory nature conservation bodies (SNCBs) and other environmental bodies is being drawn on for the OTNR. This includes in the preparation of the Holistic Network Design.

The Expert Advisory Group (EAG) have formed a sub-group to ensure specific environmental issues are considered, initially focused on the Enduring Regime workstream. The sub-group includes industry, NGO, government, the regulator and Statutory Nature Conservation Bodies (SNCB) representation. Tania Davey, of the Wildlife Trusts, spoke about their work at the [summer webinar](#). She explained that her role in the EAG is to ensure that the environment features in all discussions on co-ordination of transmission. The sub-group identified the need to approach the planning of transmission holistically, looking at onshore and offshore together and incorporating the environment at the earliest stage to reduce risks. This approach will not only reduce risks to the environment, but also consenting risks for projects – helping us reach our ambitious targets.



Nationally Significant Infrastructure Project (NSIP) Survey

DLUHC (formerly MHCLG)



The Department for Levelling Up, Housing and Communities (DLUHC) is undertaking a comprehensive end-to-end review of the Nationally Significant Infrastructure Project (NSIP) planning process and its wider interactions, to make it faster and better, and result in improved and greener outcomes. DLUHC is keen to hear from all those who engage with the NSIP regime on the main issues affecting the process, the causes, and potential solutions, as well as evidence on what works well. DLUHC has launched a survey based on Minister Pincher's letter to National Infrastructure Planning Association (NIPA) members (available [here](#)) to gather insights from such stakeholders. If you have experience of the NSIP regime please complete the survey available [here](#).

OTNR Partners



HM Government



Making a positive difference
for energy consumers

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Crown Estate
Scotland

Oighreachd a' Chrùin Alba

Contact

Webpages

<https://www.gov.uk/government/groups/offshore-transmission-network-review>

<https://www.ofgem.gov.uk/electricity/transmission-networks/offshore-transmission/offshore-transmission-policy-design/coordination-policy>

<https://www.nationalgrideso.com/future-energy/projects/offshore-coordination-project>

<https://beisgovuk.citizenspace.com/energy-efficiency/enduring-regime-offshore-transmission>

Contact via email

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The Crown Estate: OffshoreStakeHolder@thecrownestate.co.uk

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