Develop and maintain an efficient, co-ordinated and economical system of transmission. Provide connection for new electricity generators. Ensure system is fit and available through appropriate reinforcements to accommodate contracted generation.

Primary duty is to protect the interests of existing and future consumers

Day to day operation of transmission network, including balancing system and constraint management

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Responsibilities

Consumer

DECC
- Develop policy on energy and climate change in UK

Ofgem
- Primary duty is to protect the interests of existing and future consumers

Scottish Government
- Consentining authority

SPEN

National Grid (NGET and NGSO)
- Day to day operation of transmission network, including balancing system and constraint management

Supplier

SP Transmission Ltd (TO)

DECC

Scottish Government

Ofgem

Section 37 of the Electricity Act 1989 covers consent for an overhead line
(a) Have regard to the desirability of preserving the natural beauty, of conserving flora, fauna and geological or physiographical features of special interest and of protecting sites, buildings and objects of architectural, historic or archaeological interest, and (b) Shall do what he reasonably can to mitigate any effect which the proposal would have on the natural beauty of the countryside or on any such flora, fauna, features, sites, buildings or objects.
Responsibilities

Consumer

DECC
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Ofgem
Primary duty is to protect the interests of existing and future consumers

Scottish Government

Refers to Section 37 of the Act in considering proposals for which his consent is required. Shall have regard to (a) the desirability of the matters mentioned in paragraph (a) of sub-paragraph (1) and (b) the extent to which the person by whom the proposals were formulated has complied with his duty under paragraph (b) of that sub-paragraph.

National Grid (NGET and NGSO)
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Responsibilities

Consumer  \[\rightarrow\]  Supplier

DECC
Develop policy on energy and climate change in UK

Scottish Government
Consenting authority

Ofgem

SPEN

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National Grid (NGET and NGSO)
Day to day operation of transmission network, including balancing system and constraint management.

In respect of SWW transmission investments Ofgem must satisfy themselves of the economic need for the project. “Will the project make a positive difference for energy consumers?” If yes, Ofgem approve and TO can recover its efficient cost of building from consumers.
Tests: a) Is there reasonable certainty of Need given key uncertainties, b) proposal is efficient and co-ordinated development compared to the status quo and other possible alternatives, c) overall net benefit to consumers.
Now, early and later stage assessments of Need Case.

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Ofgem’s recent project (ITPR – Integrated Transmission Planning and Regulation) has improved the lack of co-ordination and transparency. From September 2015 role of NGSO expanded to take a holistic view of network development and provide independent technical advice and economic evaluation to Ofgem. NGSOs role will now include a) maintaining a database of proposed developments, b) assessing the economic need of different feasible options – in addition to those put forward by TOs and c) providing an assessment of TOs proposals to supplement Ofgem’s own analysis. ITPR will also increase the role of competitive tendering – in which the NGSO will play an increasingly important part.
Needs Case

TO (Transmission Operator)

Needs Case submitted to Ofgem (and now NGSO).
Evidence to justify the project (emphasis on this being an organic process)
Overall need for the reinforcement (key specific drivers and SQSS analysis)
Reasoning for preferring the proposed project (optioneering and cost benefit analysis)
Proposed cost and detailed breakdown together with programme and timing of commissioning
Level of mitigation needed/proposed
Risk analysis/managing risk

Ofgem/NGSO (National Grid System Operator)

Examines investment drivers (amount of generation expected to connect, will developers take plans to completion, historic evidence, uncertainties, alternative proposals, wider holistic view of transmission needs and development)
Technical/environmental and economic analysis
Is there a net benefit to consumers?
Possible sequence of events for D&G Strategic Wider Works Project

- **Needs Case**
- **1st Consult**
- **2nd Consult**
- **3rd Consult**
- **Early Stage Review**
  - Ahead of TO starting significant development.
  - Includes technical requirements, wider system requirements, range of options considered and is preferred option justified.
- **Assessment**
  - Longer term system needs plus additional options not considered by TO that may be a better alternative.
- **Planning Application**
  - SPTL (Continues to do pre-construction work necessary for tending)
- **Final Consideration Stage**
  - Outcome of planning consent provides more certainty and allows economic need for project to be evaluated.
- **Final Tender**
- **Award construction contract using Early CATO² model**
- **Tender Decision**
  - Whether to go out to tender.
- **Council Objects**
  - or Minister initiates PI
- **Consent**

**Notes:**

1. SO provides an independent assessment of the need for new wider works projects on a GB wide basis as well as an expert view on the option that has the most economic merit.

2. CATO stands for Competitively Appointed Transmission Owner and the construction contract could be awarded to SPTL or to another contractor via a competitive tendering process. After 2021 the concept of Late CATO emerges.
References


Ofgem (2015b) email from Anna Kulhavy to Sheila Wren (JMT), dated 12 November 2015.

Ofgem (2015c) email from Liz Chester to Sheila Wren (JMT), dated 14 October 2015.


Scottish Government (2015a) email from Fergus Ewing to John Drabble dated, 31 August 2015.

Scottish Government (2015b) email from Marian McSeveney to David Howdle, dated 31 August 2015.