Early Competition Plan

Phase 2 Consultation Q&A Webinar 23 July 2020

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nationalgridESO

Contents

Introduction

On 3 July, National Grid ESO issued an initial consultation on the emerging Early Competition Model. Stakeholders were invited to comment on the current end-to-end model for early competition and provide their thoughts on how to develop the model further to maximise value for consumers.

A Q&A session was hosted on 23 July enabling stakeholders to ask any additional questions on the areas discussed in the consultation. This document summarises the questions and responses from that webinar, the webinar is also available to view on our website.

The views in this document reflect our emerging views, as the Early Competition model is developed these views may change.

The summary of the consultation Q&As is presented across six subject areas based on the consolidated questions raised by the stakeholders:

1. Suitability for early competition;
2. Parties, roles and responsibilities;
3. Commercial model;
4. Tender process;
5. Pre-tender award; and
6. Post-tender award

Suitability for early competition

The focus of this area of the consultation is on the suitability of projects for early competition. During this session stakeholders raised the following questions:

Why do you prefer a tender launch at the early point?

The tender will be launched from the 'early' point (i.e. after initial solution development) rather than 'very early' point (i.e. need identification). We explored the very early tender point, but we found that information availability is limited. This makes it challenging to determine the certainty of the need and the estimated in service date. We have set out a process whereby formal tender will be launched at early point. To compensate for not tendering at very early point, we are looking to engage stakeholders as part of initial solution development, having a wider range of solutions feeding into solutions development. This way, when it goes out to tender, it is open to a much broader range of solutions.

What do you see as the ESO's role in identifying projects to be tendered?

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As part of initial solution development, the ESO will engage with stakeholders. The ESO is taking a stronger role in solution development than it currently does and will collate together the information received from stakeholders when developing potential solutions.

Why are you exploring whether to recommend removing the threshold?

Ofgem asked us to explore whether £50m is the right value threshold for projects. Other stakeholders informed us that they would be interested in smaller projects. In US, we know smaller projects are tendered. Consequently, we did not want to set out a value threshold now.

There is also a lot of variability between projects. We could have a project over £50m that does not particularly lend itself to competition whereas we could have a £30m project which naturally lends itself to early competition. An arbitrary threshold did not necessarily seem to be the right approach.

Isn't the very early point an appropriate time to discuss options together with providers of potential solutions, giving and receiving the info needed to explore its viability, costs and other benefits?

That is similar to what we are proposing, however a formal tender process would require setting out very clearly what is being tendered. We are proposing this informal stage before the tender where we discuss the different options with stakeholders. This stage is not a part of the formal tender but would help us shape what we are tendering for.

In the consultation, it states up front the desire to explore how it might apply to asset replacement/customer connections. Later in the document, it seems to indicate that this would not be appropriate - could you clarify your intention as to the scope of projects which could be subject to competition?

We intend to explore whether it is appropriate to apply this to both asset health and customer connection projects ahead of the Phase 3 consultation.

One area that is indicated is on visual impact projects where it could apply, which are where we underground a section of circuit. Yet, later it talks about not wanting to introduce confusing/complex ownership arrangements. These seem to contradict each other.

If the visual impact project was going to introduce confusing or complex ownership and there was some inherent element to the project that could not be separated, a project would not be tendered. Potentially, that type of project would be ruled out completely, but we are assuming it would be a case-by-case basis.

Value threshold: Can you enable bids for solutions which have other income streams? E.g. a £30m bid to be satisfied by a £60m plant, which would fill up its needed revenues from elsewhere?

It depends on what services they are looking to provide, but potentially they could provide other services as well. Therefore, they would not necessarily need to secure their whole costs through this tender. It may be challenging to do that all at once and it would potentially be through different bidding processes through the ESO's existing balancing services. We are not in favour of excluding such situations.

By setting solutions so early in the process, how will evolving network development be taken into account?

There are different options, we will be mapping this out in more detail prior to the Phase 3 consultation.

Before tender launches, depending on the time duration between initial solution development and tender launch, we would be reviewing every year what the NOA recommended solution or indicative solution looks like.

During the tender, we would need to pause the reassessment of solutions, but at the end of the tender process we would still be reviewing if the chosen solution is the right one for the network.

As part of post tender, we have a final period of cost assessment after preliminary works. At this stage, if there is potentially a need to change solution in response to changing needs, there is scope to include it as part of that process.

The RIIO-T2 proposals suggest Late CATO is still being explored. Is this right?

That is right. Ofgem are leading that work to explore the late CATO model. The purpose of the Early Competition Plan we are delivering now is to provide advice to Ofgem for consideration alongside their late model thinking and determine whether we have a preference on models, both models can be used for what they want to do going forward.

Is there a situation where you would have both running? Could you use Late for one type of solution if it requires a network solution and then Early for other types of solutions such as boundary constraints? Some context?

Yes, both models could be running. There may be a project that is considered for Early, and for whatever reason is then deemed not suitable for Early. As it is progressed, it could become suitable for tender at a later point.

This is very much with Ofgem to determine how the overall picture looks but we can certainly have both running.

Would you consider a replacement of an existing asset (e.g. Substation) with potentially well-defined boundaries as suitable to be competed?

Potential for it to be competed would have to be determined on a case-by-case basis. Replacement of a substation does have potential, but we cannot say for definite. We can explore this in more detail separately.

Can NG's forecasts (NOA etc.) also include "long-term projected developments" or similar? For example, where a new offshore wind farm area is designated, an assessment of potential scale would be appropriate because the timescale for its grid connection is often longer than wind farm construction.

The ESO's Offshore Co-ordination Project is assessing the most beneficial approaches to offshore networks in order to deliver better outcomes for consumers and coastal communities. Further details are available here.

In competitions, how will future-proofing be accounted for? For example, a replacement substation or a non-network solution having easy/cheap upgrade potential, or a grid line having spare hangers for adding new cables later.

This will depend on how we specify what we are looking for in each individual competition. It may be that future proofing is part of the request and you may request for the solution to be slightly over and above what is needed in order to future proof. The upgrade potential links more into post tender stages.

Upgrade opportunity is a matter for the tender, because it is much (even orders of magnitude) cheaper to create the upgrade potential during initial build than retrofitting it later.

We have noted this feedback.

Who decides if a licence is required for a proposed solution (I understand the role of Ofgem to issue the licence if required?)

The procurement process will require bidders to have, or acquire, the appropriate licence. Ofgem are ultimately responsible for determining whether a solution is required to have a licence.

Parties, roles and responsibilities

The focus of this area of the consultation is on parties' roles and responsibilities. During this session stakeholders raised the following questions:

Some important elements of your policy e.g. role of TO/TO of last resort won't be shared with industry until the next consultation in November. There isn't much time for ESO to reach conclusions. What exactly will be submitted to Ofgem in February, a firm proposal, or a series of considerations?

We are considering how we can engage with you on this topic solely between now and the Phase 3 consultation. If there is an opportunity for us to talk about this subject in more detail and in a more focused manner and get feedback ahead of the Phase 3 consultation, we will be able to get your views and develop a clearer position on the roles and responsibilities

As of now, we cannot confirm whether it would be a firm proposal or a series of consideration, but we would state our preferred position, which would be informed by your feedback and the benefits for the end consumer.

We would like to reemphasise that what we are submitting to Ofgem is a recommendation and Ofgem will also perform its own considerations. Regarding the question about the late model, there are some big questions, such as the TO of last resort, which would be considered in much more detail and are beyond the scope of this project as well.

Is any consideration being given as to whether this process would be suitable for offshore if your offshore co-ordination project resulted in a regime which allowed for competitive transmission build offshore?

Yes, that is also a part of our thinking. We will be talking to the team developing that and will be discussing our proposals.

Who has the role of deciding if a licence is required for a proposed solution? (I understand Ofgem would issue the licence once it was determined that it was required?)

Yes, we are envisioning that if any solution is performing the function of transmissions, we are going to ask to define it in current legislation. The bidder would apply for license themselves and the process initially would run alongside the application. Our current assumption is that the bidder would decide if they need a license or not, but this is something we can consider and take forward in more detail.

Under your alternative options, you envisage a TO-indicative solution to compete against. I guess you mean the incumbent TO. Under this approach how would you equitably evaluate proposals?

We would not describe it as a TO-indicative solution to compete against. At the initial stage, we would look at the TO to do the solution development. However, we envisage that the incumbent TO will participate in the same way as other bidders i.e. putting forward the bids in the same process and be evaluated exactly in the same way.

In the next stage, we will explore any potential areas of conflict in terms of network forming roles. That will be coming in the next consultation to be covered and discussed with stakeholders over the coming months.

Given the potential impact of solutions on TO networks, will you be seeking input from the TO regarding this assessment?

Yes, the way in which this assessment would be performed is one of the things that will be explored further.. We will be exploring the question about what things can be done by the ESO itself and what things might be done by the TO, and how to manage anything that might need fencing.

In the scenario that the TO submits a regulatory bid which is then compared against the market bidders, there would need to be an assessment methodology. When and how do you intend to design this methodology? Will this be a consultation with industry? Do you plan to have this ready by February?

We are not proposing that the TO submits regulatory bids., we are proposing that the TO submits a bid which is the same as other competitors. They would be evaluated in the exact same process as any other competitors.

We will be setting out in more detail how evaluation might work in the next consultation, but it would be a follow up to the methodology, at this stage.

How would the SO resolve conflict of interest with the incumbent TO bidding?

That is one of the things we did not cover in this consultation, and we want to look at it more detail. We know it is a topic of interest and we want to talk about it in more detail over the coming months as part of Phase 3 consultation.

Who will determine the impact on other (non-TO) assets e.g. generator circuit breakers at a substation or DNO assets?

We will be looking into this, it comes down to what things could be picked up by the ESO and what things need to stay with the TOs, and again how any conflicts could be managed. This will be address in more detail in the Phase 3 consultation.

Is the methodology something you intend to have ready by the time you submit to Ofgem in February? or are you factoring in extra time to engage industry on this?

The competition plan is looking at the overall policy with some consideration of implementation. We anticipate that there will be a significant period of implementation should Ofgem decide to move forward with early competition.

In the Phase 3 consultation, we will be setting out the general approach to evaluate bids, the evaluation criteria, skill sets needed for determining the bids and whether that fits potentially with bodies where we might have the kind of expertise.

On page 62, ESO say they are considering whether Utility Contract Regulations (UCR) is suitable. What is the thinking behind this concern? What alternatives are you looking at to assure industry and ESO that procurement standards are being met?

We are looking at alternatives because of some of the quirks of early competition. Among the alternative regulations, the bulk would follow the same principle as the UCR. We are not looking to fundamentally move away from UCR regulations, but there are particular challenges such as:

How do you balance one party within a procurement exercise with the fact that at the end of it, you might have somebody who is awarded a license, or you might have somebody who is awarded a contract with the ESO?

We are unsure whether the UCR will facilitate that premise, which is potentially why we need some bespoke regulations.

That said, we are not looking to fundamentally move away from UCR, we just seek to resolve some of the quirks.

Commercial model

The focus of this area of the consultation is the commercial model. During the session stakeholders raised the following questions:

Do you expect the commercial model to vary substantially between projects, or will it be standardised?

The commercial model will be standardised. The revenue will be based on the duration of the need identified for the tender. Some costs will be fixed at ITT Stage 2 and others will be fixed following the post-preliminary works cost assessment.

The tender revenue stream would apply in all cases. The need duration and the revenue period might vary depending on the length of the need.

There may be need-specific situations where things need to change. For example, in the post tender stage, we might have to amend the calculation depending on project specific workflow situations. Overall, we are aiming for a standardised commercial model with some flexibility built into it. We would have to examine it in a pre-tender stage each time to make sure that nothing needs to change.

You say a revenue duration shorter than network need adds unnecessary complexity. What does this mean? Regulatory duration is shorter than asset need on interconnectors and other networks assets.

For example, if we knew the need would be there for 20 years, and then we run the tender. In this case, it would not make sense to have a contract for 10 years and then add an extra 10 years. Exactly how we set that from the outset and what we mean by 'reasonably certain' is still a bit of a grey area. That is what we meant by saying the revenue duration for shorter than network need.

Also, looking at it in the context of lending, it is quite difficult to get on to 20-25 years and that is why we have cap and floor regulation and OFTO regulation as 20-25-year regulatory regimes. If we have a very short period of about 10 years ago, we could be looking at different start points.

One of the things that we have asked for views on in the consultation is if 45 years should be a maximum, rather than 20-25 years which is slightly more common. 45 years as a maximum could also be restrictive from a financing point of view and there might be an increased risk of locking in technology which may become outdated and some other risks associated with a longer tender revenue stream period. We are trying to find what the balance is and would be interested to get views on that.

Won't a standardised commercial model favour one type of solution over the others? Surely, it's better to equalise different commercial models by financial analysis, e.g. discount rates? A single commercial model would be unduly restrictive.

By 'commercial model', we mean the tender revenue stream set for a certain amount of time, rather than the financial model. The model may be fixed for a need or adjusted for certain factors.

We are not setting out to favour any one solution to another and that is the principle of the work here. We are looking for solutions that meet a need. Our consultation is really an attempt to try and find how we achieve that across different forms of solutions. We do not favour any solutions.

Network and non-network solutions might have very different commercial models. For example, in the context of asset life, we might forecast 45 years for the grid when they constructed it, but it’s still needed 60 years later.

Those factors will feed into the beginning of the tender setting revenue period. We are exploring which factors should be considered and which factors are the most important.

Could flexibility of commercial model cover revenue profile and extend to term of licence/contract too?

Depending on different projects, you may have different risk being delivered and so could be accommodated by different revenue streams, revenue stream profile, which is another way of profiling the risk and potentially the financing. If you were thinking about fixing the revenue stream within reach, the bidders would have to think the best options, or you would allow them to consider a profiling of this revenue to further optimize the financing. In considering alternatives, please consider impacts of lead times as well.

We did not consider the profile of the tender revenue stream being flexible e.g. front loading the return in the period. Based on examples such as OFTOs and PFIs., we have made the assumption it is preferable to have standardized flat revenue streams.

We have not yet investigated indexation, as with OFTOs, we may have a form of built-in partial indexation. This area will be addressed in more detail in our Phase 3 consultation.

If you forecast a need for X years, there is usually an ongoing requirement after that. How will you evaluate life-extension costs in the original tender? A slightly more expansive solution with cheap life-extension may well be better value long-term than the initially cheaper solution.

We will include an extension mechanism for license and contract over the originally set period of need In the Phase 3 consultation, considering operational costs for the extended period.

We will also look into, how will these costs be accounted for in the process up front? and, how do we build this into the contract or license so that it is clear upfront?

What is the process by which the length of need will be determined and when will it/will it be fixed? We often see significant changes between FES cycles in terms of network requirements and it would be important to understand the robustness of the process to set this period.

The length of the need will be set out in the tender specifications. The uncertainty on the length of the need and the possibility that it may change introduces complexity. We will consider in more detail the right amount of time needed to assess the need ahead of the tender process in the Phase 3 consultation.

The life extension need doesn't only apply to the contract, but also to the equipment itself. If a battery is exhausted after 8 years, it's not just the contract that needs extending. That is the thinking around something bidding in whose life is same as the identified need, but that need is identified to continue just like whole of the National Grid is after the end of the original identified need period?

If it is an eight-year need, then it would not need extension. If it is a 12-year need and there is a need for repex or replacement or extension of the actual technical asset life, that might need to be at the bidder's risk in some way and that could be restrictive.

In case of needs expected to continue after the original identified need period, we would retender at that stage. This same process can be expected in 6 – 8 years of time to identify that there is a need remaining and there is an asset coming to the end of its life. However, this is currently uncertain as investigation into asset replacement will commence ahead of the Phase 3 consultation. If asset replacement were included in early competition, then you would be looking at it again to see whether you could also effectively compete that need again.

The feasibility and affordability to extend the asset life should be a factor in the original bid, because that will become exceeding valuable tools under the contract.

We do not know how valuable that would be as we will assume that the need will no longer be there. We are focusing on getting the length of the need right but considering the possibility of a contract extension mechanism.

How do you ensure that the provider will continue to deliver their outputs if they recover the capital costs earlier than the asset life? If significant O&M requirements come up, what is there to incentivise continued delivery? And how would you cover any wider impact of deficient provision?

The technical asset life might be longer than the period of the need. Effectively, the revenue will be recovered over the period of the need. Extension provisions are important because we would be assuming that money would be recovered over the tender revenue stream period, but this assumption may not be true in many cases.

The asset would not be needed at the end of the period and if it turns out that there is a need, we would be discussing extension and the complexities surrounding that. The O&M costs and the requirements, and the incentive to continue delivery, effectively just needs to cover the period of the initial tender revenue stream.

The availability incentive will financially incentivise successful bidders to continue to maintain the asset so that it continues to provide the service for that period of the need. Any other issues in that case would be dealt with through STC license provisions and the contract provisions.

It is something which needs further thought.

There are assets in the network that are 75 years old, and never intended to be there or recover costs over that period. But they continue and that's because they have been built to a certain standard. If you seek to extend the life of network assets, whether they are network or no network solutions, there is a danger of having it built only to a contract period, a recovery period, and therefore when you start to build, it leads to an additional cost.

And two: if you are extending contract, and if the asset is not technically capable of being extended, because it was not envisaged in the first place when you first tendered that, are there additional costs then that have to be recovered into that extension contract? And, how was that accounted for in terms of the long-term benefit to consumers?

The asset may be built to the period of need, but that is in the interest of consumers. Forecasting the length of the need is critical in this case because if we have an accurate idea of the need duration, we can avoid passing additional cost to the consumers beyond the length of that need. If there is a good idea of the length of the need, the asset must be built to that need. The extension mechanism exists for cases where the technical life is less than the asset need.

Would this put the ESO in less advantageous terms because if someone offers something of value, but you would want it under asset replacement? If something different was built in the first place, the asset may be more advantageous.

A potential benefit of an alternative option of having an asset transfer at the end of the initial revenue period is that after the end of the technical asset life, the asset can be used under some other arrangement. This would introduce transfer risks and the asset design itself might not necessarily have been to exact standards. For example, the original design was innovative, there was a derogation, or it was slightly less redundant for a reason.

There are pros and cons of both, but we preferred extension rather than asset transfer and we do not want to be a distressed buyer in the end.

It's also worthwhile looking at OFTOs and interconnectors. Owing to uncertainty of the duration of the regimes finishing, it is easier to make a decision later. It may be worthwhile looking at their decision

and why it was best for them to avoid decisions that would have exposed consumers to risk while it was uncertain what the environment is going to look like in 20 - 40 years' time.

Yes, thank you. We will do that.

In considering alternatives, please consider Impacts of leads time as well

We have noted this feedback.

Risk allocation

The focus of this area of the consultation is on risk allocation. Stakeholders raised the following questions.

We have touched on the changing network requirements observed through FES and NOA. What mechanisms will be proposed to address these? How will you manage significant changes to contractual requirements throughout the term of the contract?

If the need were to disappear prior to commissioning, we need to think about how some costs will be treated. This is less extreme where there is still a need or it might mean that the solution which should be developed, is no longer the best solution and there's an opportunity to change it, rather than start again.

It is unclear exactly how the license or contract will deal with that. It will require a mechanism. We are expecting that there must be a sharing arrangement or even potentially, the sort of the counterparty picking up that risk if it is all material, rather than the bidder.

Exactly where risk sets in and how it is apportioned is something we are going to be looking to do more engagement ahead of the Phase 3 consultation. We may touch on this in a bit more detail over the coming months, and other areas of risk allocation.

In terms of risk allocation, if we are talking about something that happened say 10 years through the contract term and it does require significant change, I cannot imagine that many market participants are going to bear the risk of not getting the contractual payments that they get entitled to. How to start work with the recovery of their costs and how does it land with the consumer?

One thing we suggested for the TRS is that if it is up 10 years into the operational period, it would be like the offshore regime. Effectively, the risk would not sit with the bidder if it indeed disappeared entirely, which is probably unlikely.

It is more likely that it needs sizing up?

For new connections, we are going to keep as close to the STC as possible. There should be differences to account for different revenue stream arrangements for new connections, or any sort of consequential change. For example, an incumbent TO doing something with their network requiring expenditure for a CATO asset to be changed. In this case there needs to be a process to trigger that but also for the CATO to have an increased revenue. There is a question of ensuring balance to allow for enough revenue to do what is necessary while clarifying what risks should be priced in.

For large connections, there is a need to make it clear. We have a section on this in the consultation - about new connections because we assume they are more likely for onshore network than the offshore network.

This aligns with what we have envisaged in terms of a late model competition where we potentially look at licensed entities. If someone wins that license, they should have all the obligations of an existing TO.

We have the same view in the consultation.

Would you consider change in law proposition to cover changes in regulation and codes too?

Possibly. There is a stronger case for law than for regulations and maybe an even stronger case for regulation than there is for codes. The advantage or disadvantage of codes is that everyone can suggest changes. This is something we will think about in more detail and that we will be happy to discuss further.

[Comment] You cannot change the contract for non-network solutions without consent as needs change or disappear. If you had built a network solution, you would still be left with that asset and its costs, so these should be no different.

[Comment] You will never have "a good handle on the length of the need". The entire grid was built for a 40-year need; 60 years later it's still got a 40-year need.

[Comment] The only way to account for life-extendibility at initial tender is to ask within the tender for the costs of life extension for, for instance, 25% and 50% of life.

Tender process

The focus of this area of the consultation is on the tender process. During the session stakeholders raised the following questions:

A tender for a constraint management, for instance, may be addressed by a solution that also delivers real inertia and/or black start. These are real grid benefits. How will theses be accounted for in evaluating the tender?

We agree, but it is challenging to take benefits from other tenders into account in our assessment. However, it is something that we will continue to reflect on.

Can non-network solutions assume that the grid connection will be available on time and at no additional cost? Otherwise non-network solutions would be penalised vis-a-vis network solutions.

The challenge here would be that those costs are going to be paid by the consumer somehow. In order to identify what is the best solution for consumer, we must account for those costs. If we were to exclude some of the costs that are associated with a solution, we do not think it would be a fair comparison from a consumer point of view. We have not looked at this aspect in detail yet, but these are our initial thoughts.

It would be unfair to consider outside, non-tendered features because non-tendered features will reduce the overall cost of operating the system, so the ultimate benefits go to the consumer.

We will certainly take this feedback away.

Post-tender award

The focus of this consultation area is on post-tender award. During the session stakeholders raised the following questions:

Will there be a post-contract cost reconciliation to confirm whether the benefits case for competition was achieved or not?

Ofgem would be best placed to answer this. We believe a reconciliation would be needed at some stage. From a policy and procurement process efficiency point of view, there would need to be some monitoring process to check if the procurement was fit for purpose and gather lessons learnt on the overarching policy.

Ofgem should be a part of the discussion. Determining whether competition has worked or not may not be possible until you get to the end of some of these contracts and you inform what your cost was.

We are aware that there could be adjustments to the tender revenue stream we were proposing. The revenue which is awarded might change throughout the tender revenue period. We need to find the balance between getting certainty as early as possible and allowing some flexibility to address some of the challenges we are looking at for preliminary works and early competition, in general.

There may be some challenges behind the UCRs as well if there are significant changes in the contracts, UCRs or any other equivalent.

Yes, we are aware of that area of challenge.

[Comment] If a post-construction reconciliation is done, will it give potential for contract value increase (if it delivers more capability, and that's wanted) as well as decrease (if it doesn't deliver all the tendered benefits)?

Stakeholder Feedback

The participants on this session consisted of 19 individuals representing 11 different organisations. The following companies were represented at the webinar.

The purpose of the webinar was to provide an opportunity for stakeholder to ask questions and provide verbal feedback to the Phase 2 consultation. However, we also took the opportunity to ask our stakeholders a series of poll questions using sli.do to gain further insight into the views of our stakeholders, and to help us further improve for future events.

Please see summary of responses below, although please note limited responses were acquired due to primary focus of the session being dedicated to audience Q&A.

Suitability for Early Competition

Survey (1/2)

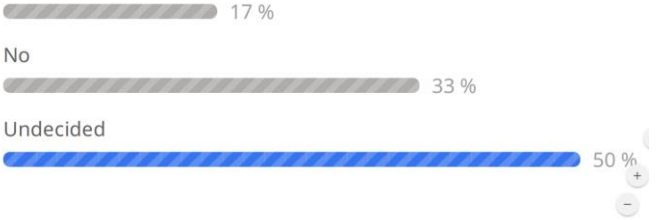
Do you think a tender launched 'early' (i.e. after an indicative solution has been identified) but informed by market engagement that begins 'very early' is a suitable process?

005

Survey (2/2)

Have we identified the appropriate criteria to determine with to compete a project?

006



Parties, Roles and Responsibilities

Survey (1/4)

Do you agree that the incumbent TO's should participate in competitions through the same process as other bidders?

002

Survey (2/4)

What mitigation may be required to allow this to happen?

002

- Chinese walls between the areas bidding and those running the tenders. Network experts would need to be split too. Involvement of external experts (ensuring their total independence from the TO, e.g. not recently employed by them) in the assessment.
- Simple measures regarding the independence of information flows and data storage systems. The measures need to be proportionate.

Survey (3/4)

What roles, if any, do you think we have missed that can facilitate early competition?

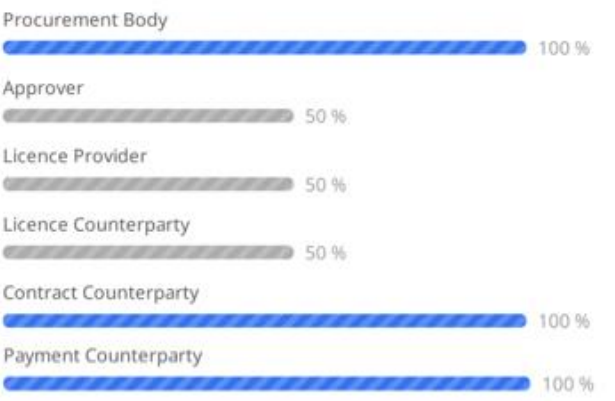
001

- Don't make it too complicated. Set and police a schedule of principles rather than a tome full of rules.

Survey (4/4)

Which roles do you think the ESO is best placed to play? (select all that apply) (1/2)

002



Commercial Model

Survey (1/4) 003

Do you agree with the current preferred option of setting the duration of the revenue period to the length of the network need?

Yes 67 %

No 0 %

Undecided 33 %

Survey (2/4) 003

Do you agree that the maximum length of the revenue period should be capped?

Yes 33 %

No 67 %

Undecided 0 %

Survey (3/4) 002

If you think the maximum length of the revenue period should be capped, at what length?

- In a way which balances the revenue return against the affordability for consumers. This is the basis of the current TO model where costs are recovered over asset life. Commercial third paties may be less willing to accept this slow return approach resulting in an increase in costs for consumers.
- Capping will favour one technology over another. Uncapped means that the bids should take account of solution-life and consequent replacement/life-extension costs.

Survey (4/4) 002

What is the most appropriate cost assessment mechanism for fixing underlying costs after preliminary works are completed?

- Your option F seems to be the most reasonable and efficient
- To be tendered - maybe offer a few options. Equalise them by financial tools and discount rates.

Pre Tender

Survey (1/2) 001

Do you agree that the proposed list of primary information relating to network information is adequate to identify and cost potential solutions for both network and non-network solutions?

Yes 0 %

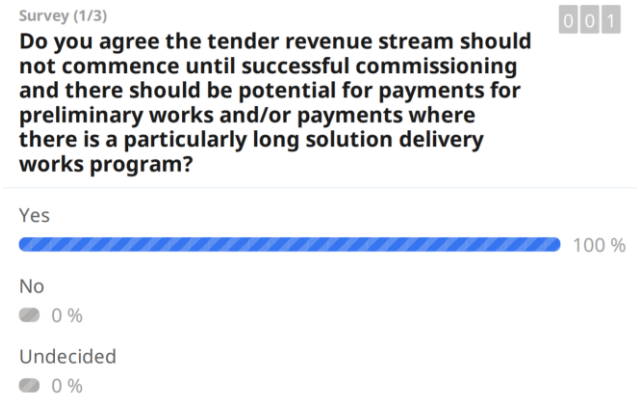
No 0 %

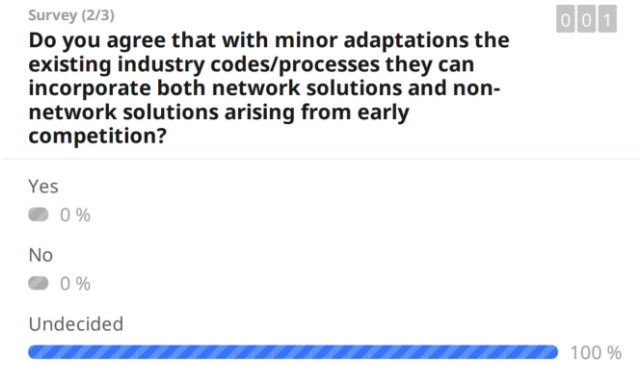
Undecided 100 %

'rev Poll: 2/2 :xt ›

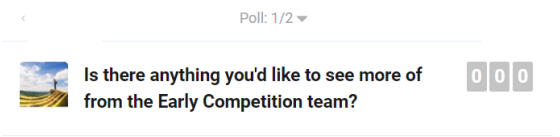
• Do you have any views on our proposed tender process or evaluation criteria? 000

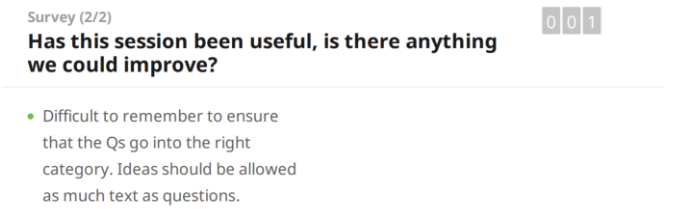
Post Tender Award





General





How we will improve

The Phase 3 consultation is to be launched late Autumn 2020 following positive feedback from this session we will host a similar event following the launch. We really appreciate all feedback received from our stakeholders and strive to further improve experience at our events and therefore we will be making the following improvements ahead of the Phase 3 Consultation Q&A webinar:

- Pre-read material and / or instructions for the event will be sent out a week ahead of the event to ensure all stakeholders feel prepared for the event and able to contribute
- The event will be hosted nearer to the closure of the consultations to allow all stakeholders the opportunity to read the entire consultation ahead of the event to enable effective Q&A and feedback

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