



# ESO Networks Stakeholder Group

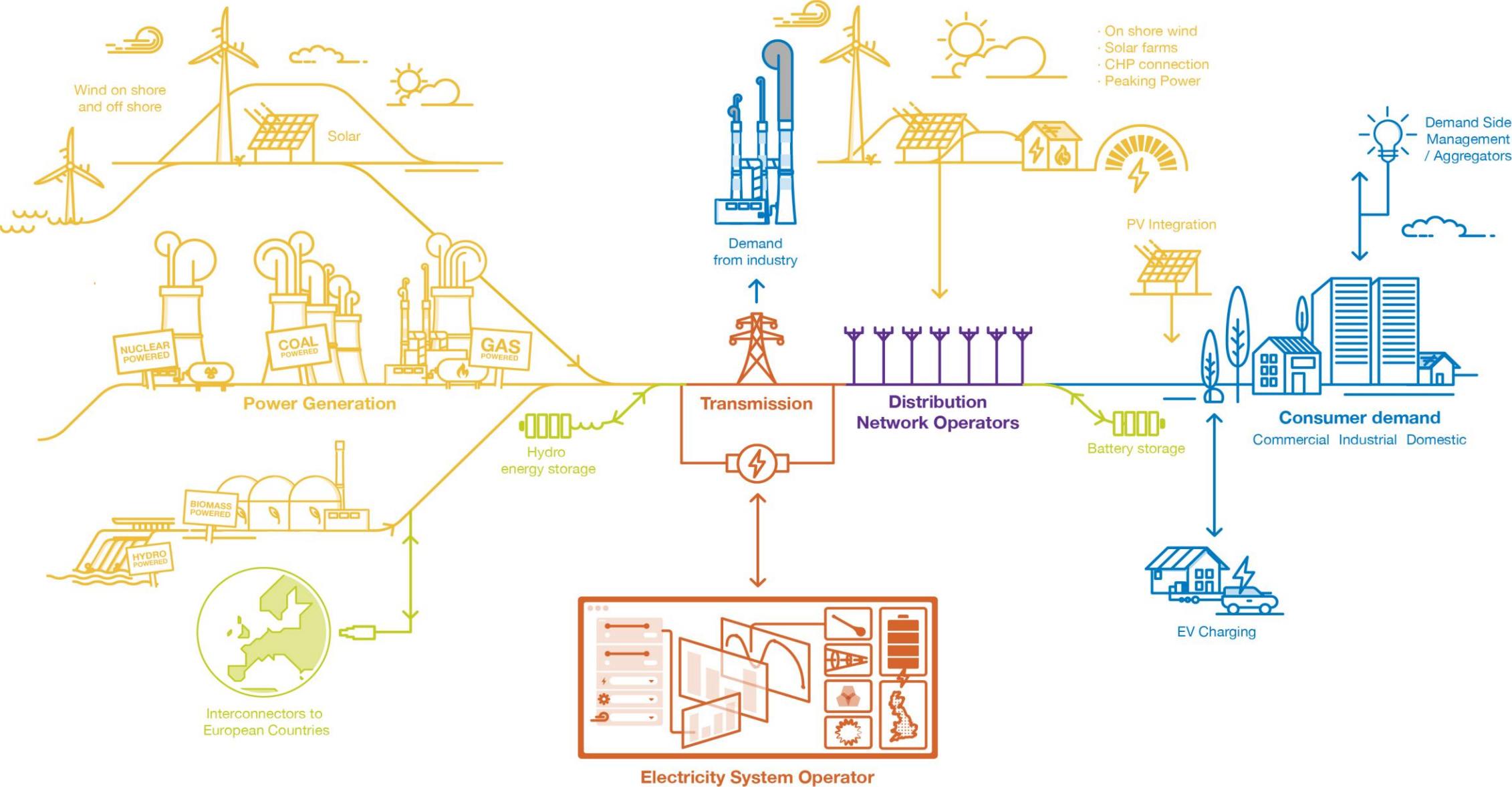
11<sup>th</sup> August 2020

# Agenda

1. **Introductions**
2. Who is the ESO?
3. Early Competition Overview
4. Break
5. Offshore Coordination Project Overview
6. Purpose of group and method of working
7. AOB and Next Meeting



# How does the energy system work?



# THE ESO EXISTS TO

- Ensure reliable, secure system operation to deliver electricity when customers need it
- Transform participation in smart and sustainable markets
- Unlock consumer value through competition
- Drive towards a sustainable, whole energy future

# OUR MISSION

to enable the transformation to a sustainable energy system and ensure the delivery of reliable, affordable energy for all consumers.

# Our focus areas:

***The engineering transformation:***

ensuring reliable, secure system operation to deliver energy when consumers need it

***The market transformation:***

unlocking consumer value through competition

***The sustainability transformation:***

enabling and supporting the drive towards a sustainable whole energy future

***The smart transformation:***

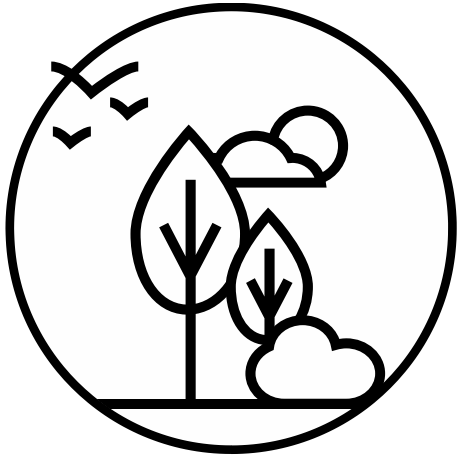
driving innovation and increased participation across the energy landscape

***The capability transformation:***

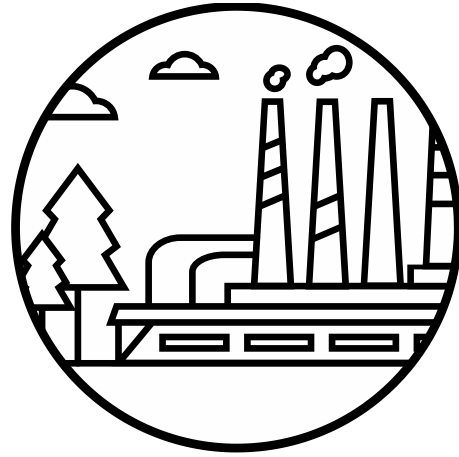
developing the right people and systems to deliver the future

# Success

In 2025 looks like:



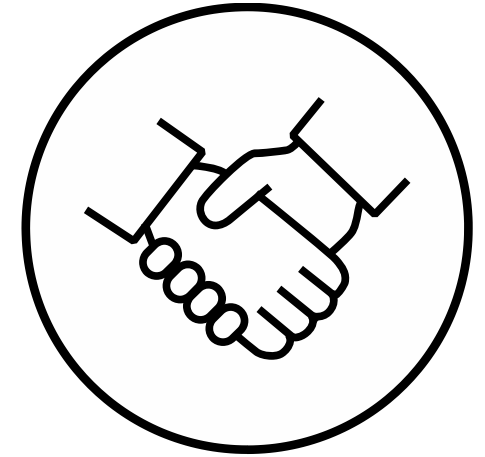
An electricity system  
that can operate  
carbon free



A whole system  
strategy that supports  
net zero by 2050



Competition  
everywhere



The ESO is a  
trusted partner

# ESO Stakeholder Engagement Groups

## RIIO-2 Stakeholder Group (ERSG)

**Purpose:** Challenge, review and provide expert input into the ESO's RIIO-2 proposals and business plan. Monitor, challenge and input into the ESO's engagement programme with stakeholders.

**Membership:** Representative cross section of ESO's stakeholders

**Chair:** Charlotte Morgan

## Networks Stakeholder Group (ESNG)

**Purpose:** Help ensure that the ESO develops fair and transparent early competition and offshore coordination proposals that incorporate and balance feedback from all affected stakeholders.

**Membership:** Representative cross section of stakeholders of the offshore coordination and early competition projects

**Chair:** Fiona Woolf

nationalgridESO



Electricity System Operator

## Technology Advisory Council (TAC)

**Purpose:** Challenge and help set the strategic direction of the ESO transformation journey in systems (including process and technology) development. Enhancing transparency and accountability to our delivery and decision making.

**Membership:** Cross section of stakeholders including Market Participants, IT Companies etc.

**Chair:** TBD

## Engineering Advisory Council (EAC)

**Purpose:** Provide peer review and challenge to engineering analysis and solutions and provide insight into international best practice and new innovations

**Membership:** Leading academics and international TSOs

**Chair:** TBD



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A landscape photograph featuring snow-capped mountains under a cloudy sky. Several bright, glowing yellow light trails curve across the foreground and middle ground, suggesting a path or a journey. The overall tone is warm and dramatic.

# Early Competition Plan

# Early Competition ESO Team

**Hannah Kirk-Wilson**

Network Competition Senior Manager



**Stuart Poole (ESO)**

Change Delivery Lead



**Urmi Mistry**

Network Competition Policy Development Analyst



**Rachel Payne**

Stakeholder Lead



**Sally Thatcher**

Network Competition Policy Manager



**Mike Oxenham**

Network Competition Policy Manager



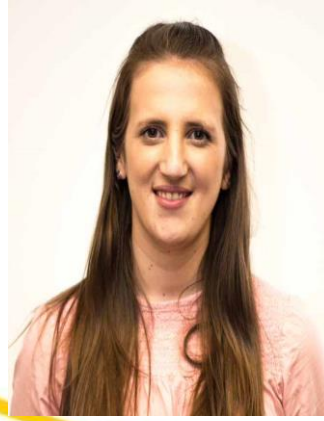
**Richard Paterson**

Network Competition Policy Development Analyst



**Hannah Urquhart**

PMO Support



**Alastair Grey**

Commercial Analyst



**Louise Coombs**

Team Administrator



# Early Competition KPMG Team

**Dr Matt Firla-Cuchra**  
KPMG



**Matthew Curtis**  
KPMG



**Oscar McLaughlin**  
KPMG



**Monika Stachowiak**  
KPMG



**Mothi Sayeeram**  
KPMG



**Marine Foillett**  
KPMG



**Geoff Randall**  
KPMG



# What is Early Competition?

- 3 Onshore transmission owners in GB, regulated by Ofgem
- Ofgem manages licenses and sets their regulated income
- Ofgem are looking at ways in which competition can be introduced into the provision of onshore transmission infrastructure
- Early competition is prior to the initial design solution, preliminary works and consents



# Early Competition and RIIO-2

**ofgem**  
*Unlocking  
customer value  
through  
competition*

Early & very early competition models  
(pre & post legislation)

Competition for non-network solutions

Design-only competitions

The role ESO could play in distribution level  
competition

Performance and incentives for potential ESO  
roles

The scope and form of each  
model, and associated  
processes

Pathways and timeframes for  
introduction, including legislative  
and framework changes

Roles and responsibilities of  
different parties

# Benefits of early competition



- Capital and operational savings
- Innovation
- Diversified sources of labour and capital
- Financing
- Enabling investment in low carbon generation

# Early competition phases

Oct-19

Nov-19

Dec-19

Jan-20

Feb-20

Mar-20

Apr-20

May-20

Jun-20

Jul-20

Aug-20

Sep-20

Oct-20

Nov-20

Dec-20

Jan-21

Feb-21

Stage 1 - Explore range of models



December update

Stage 2 - Detailed development



Initial Consultation

Stage 3 - Plan Implementation

Consider roles in distribution

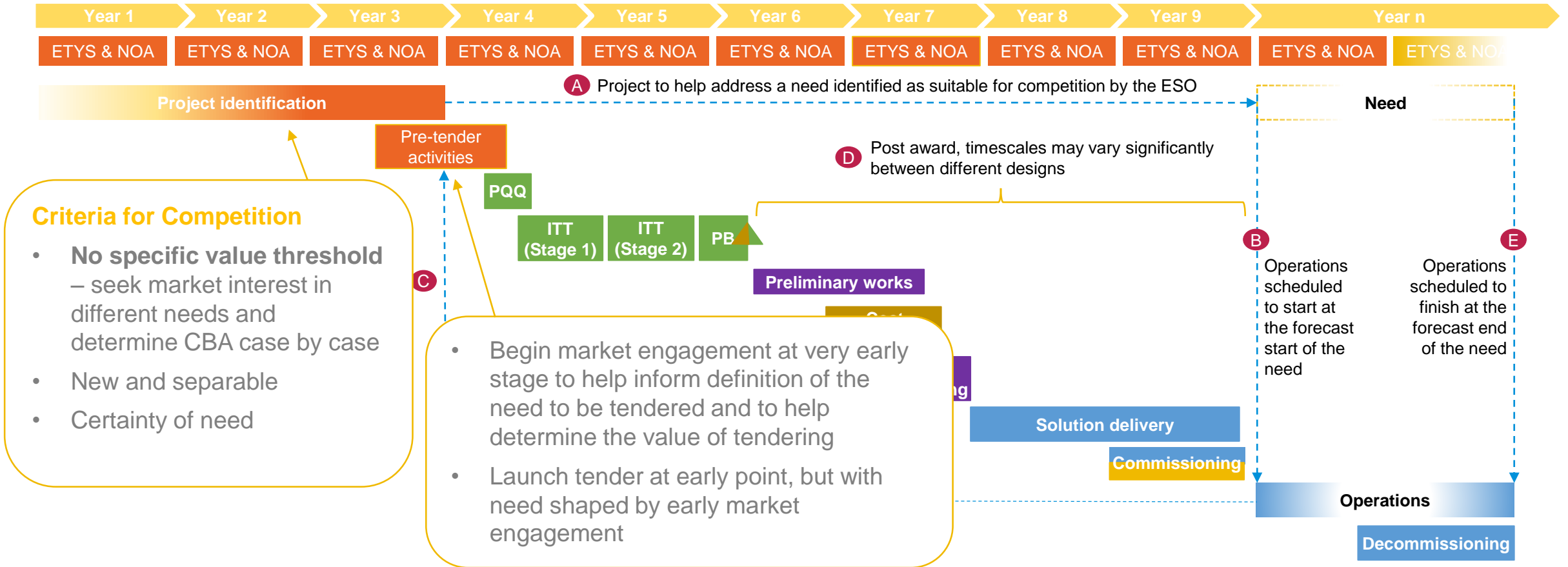


Final Consultation

Submission to Ofgem

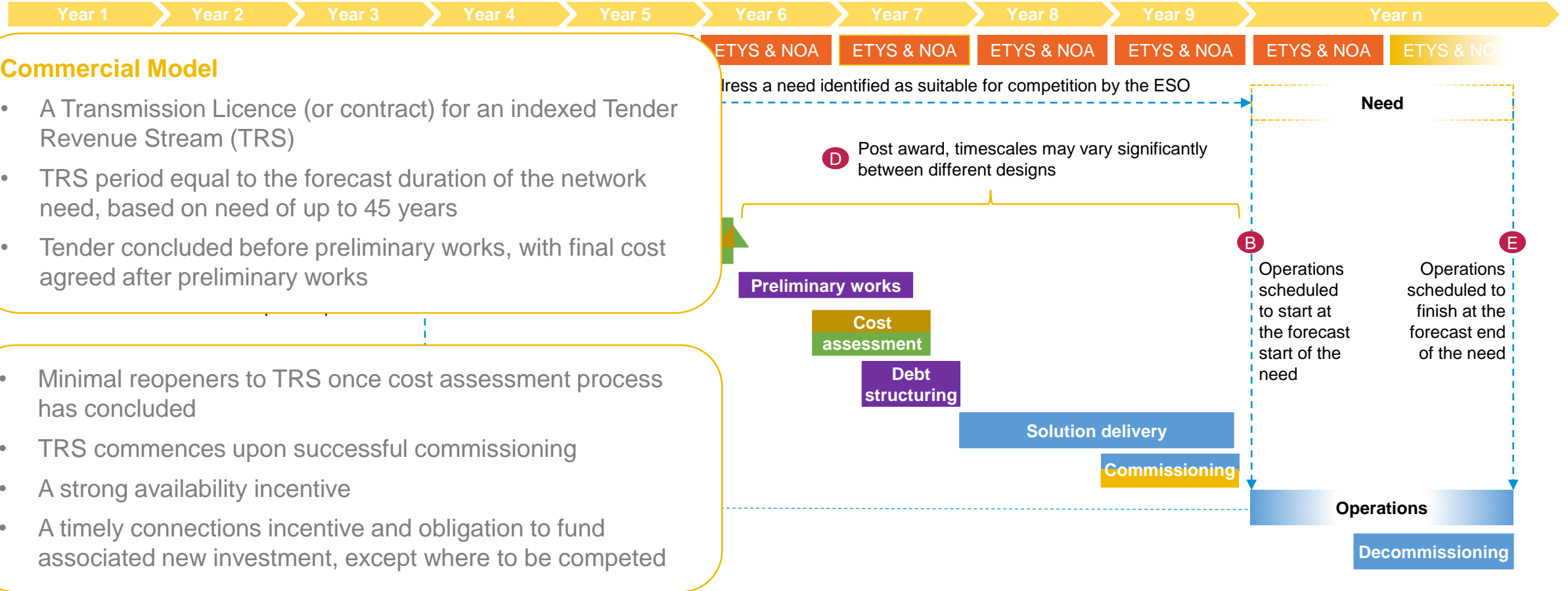


# Illustrative Model



Key: ESO Procurement body Successful Bidder Ofgem Licence award for a network solution Contract award for a non-network solution A Key dependencies

# Illustrative Model



Key: ESO Procurement body Successful Bidder Ofgem ▲ Licence award for a network solution / Contract award for a non-network solution ● Key dependencies

# Stakeholder Engagement



- Consultation Introduction webinar
- Consultation Q&A webinar

# Stakeholder timeline



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# Offshore coordination



# Agenda

1. The ESO project team
2. Project scope, timeline & how we fit into the wider picture
3. What we have done to date and next steps
4. Stakeholder engagement to date
5. Question & answer session





# The Offshore Coordination ESO team

**Offshore Coordination  
Senior Manager**  
Alice Etheridge

**Offshore Coordination  
Commercial Manager**  
Luke Wainwright

**Offshore Coordination  
Technical Manager**  
Biljana Stojkovska

**Project Manager**  
Julie Varney

**Connections Lead**  
Anthony Tichivangana

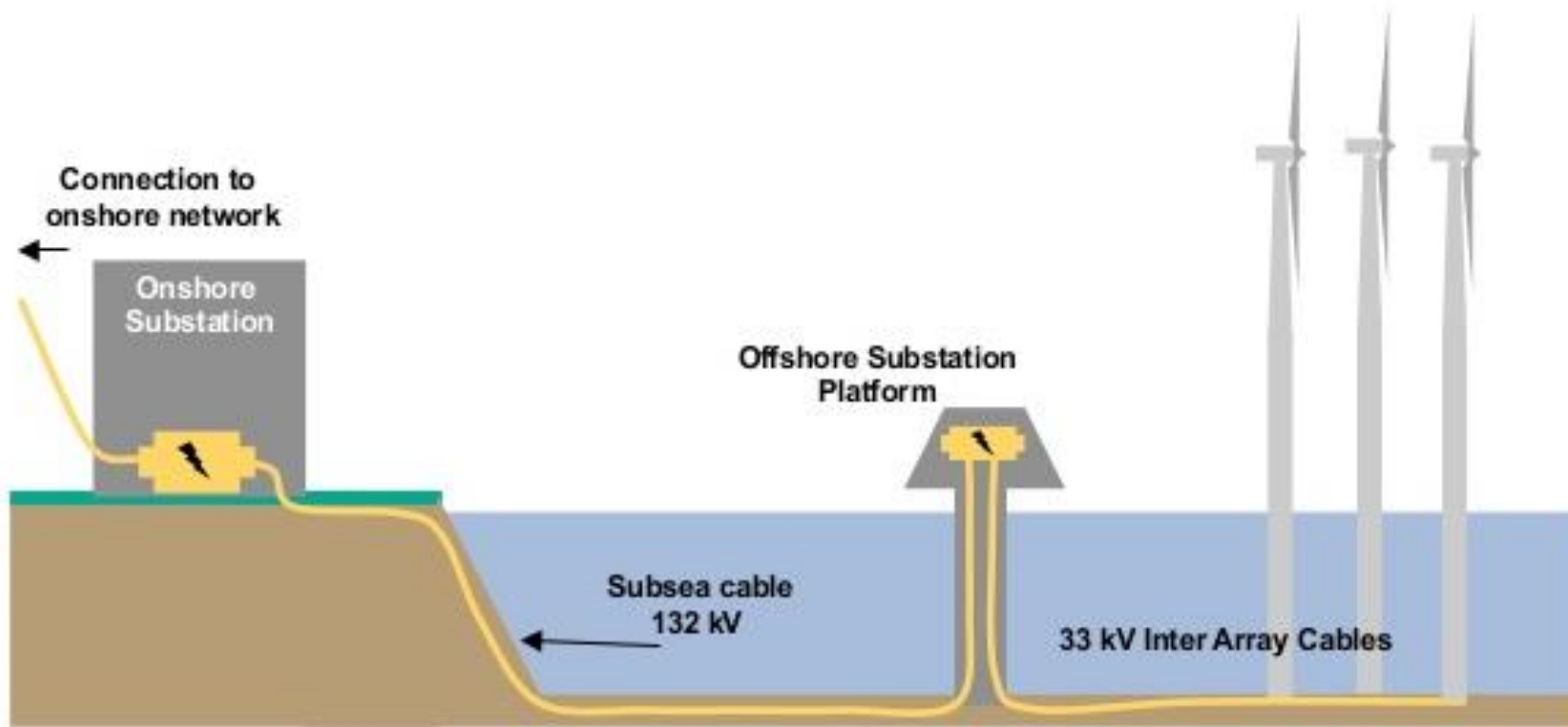
**Stakeholder Lead**  
Chrissie Brown



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# Scope, timeline & where we fit into the wider picture

# The current offshore connection regime



## Additional roles and responsibilities

ESO – connections and technology

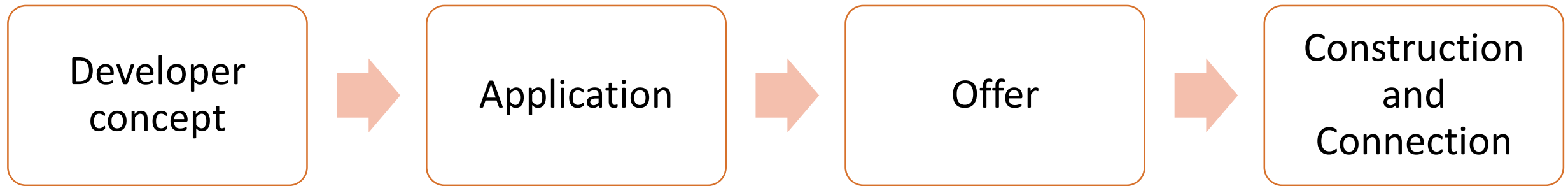
BEIS – policy and subsidy regimes

Ofgem – regulation and ownership models

MCHLG – planning and consenting regimes

Crown Estate – seabed leases

# The current offshore connections process



# Why are we looking at this and where do we fit into the wider picture?



## Government net-zero commitments:

- 40 GW of offshore wind by 2030
- 75-100 GW of offshore wind by 2050

## Department for Business, Energy & Industrial Strategy

- Offshore Transmission Network Review (July 2020)

## Ofgem decarbonisation action plan

- “Exploring options for a more coordinated offshore transmission system to connect offshore wind generation, to achieve a rapid and economic expansion of the offshore network”
- “As a first step we will work with the ESO to ensure it can take forward an options assessment for offshore transmission”

## Potential benefits of a new approach

- Issues now with the impact on coastal communities of the current radial approach
- Questions around cost-effectiveness above current levels and ability to enable capacities to reach net zero.

# Objective of the project

To assess and unlock barriers to the most beneficial approaches to offshore networks for consumers and local communities out to 2050, in order to deliver the Government's net zero ambitions.

As a first step, we will set out the costs and benefits of different integrated offshore conceptual network designs by October and determine the ESO's next steps to unblock barriers to achieving the recommended approaches.



# The scope of our phase 1 project

Phase 1 of the project, that will be completed by the end of October, is segmented into four workstreams that need to take place at the beginning of the larger programme to inform later workstreams and the scale of potential benefits. We will consider our role in areas such as commercial and regulatory barriers as we scope phase 2.

**1) Technology readiness and cost for offshore integration**

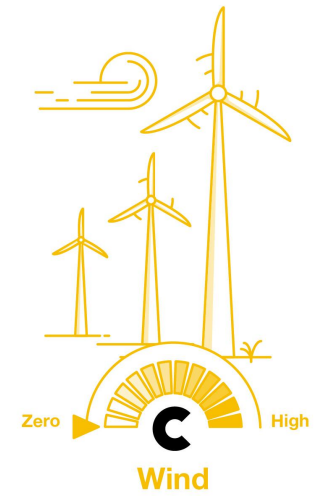
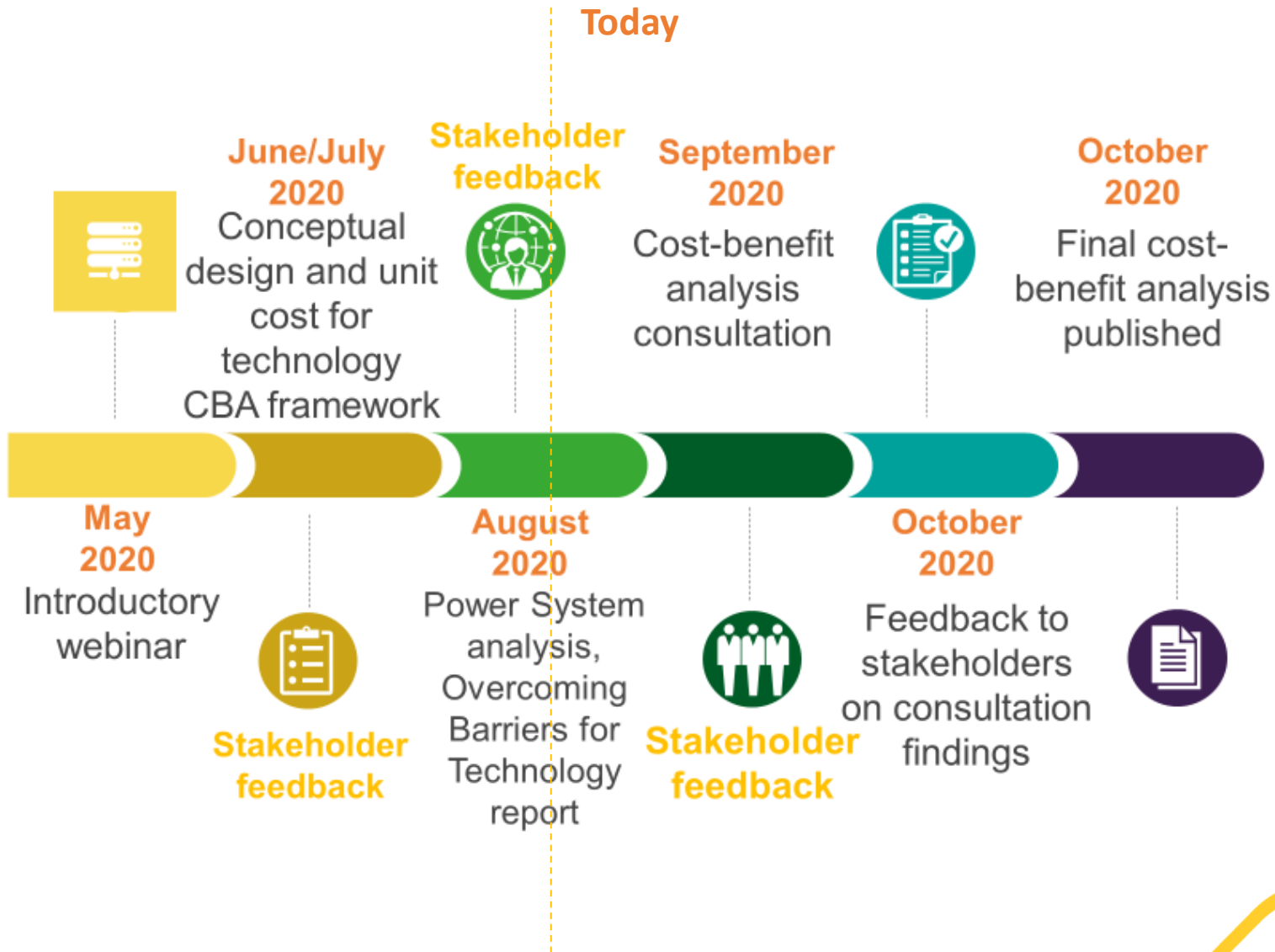
**2) Offshore conceptual design, impact on Onshore Network and cost benefit analysis**

**3) A review of the offshore connections process to encourage more coordination**

**4) Gap analysis and review of existing work, leading to scope of potential second phase**

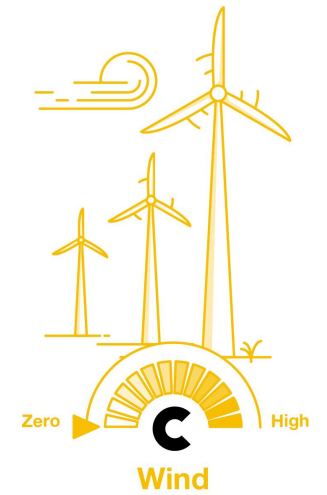
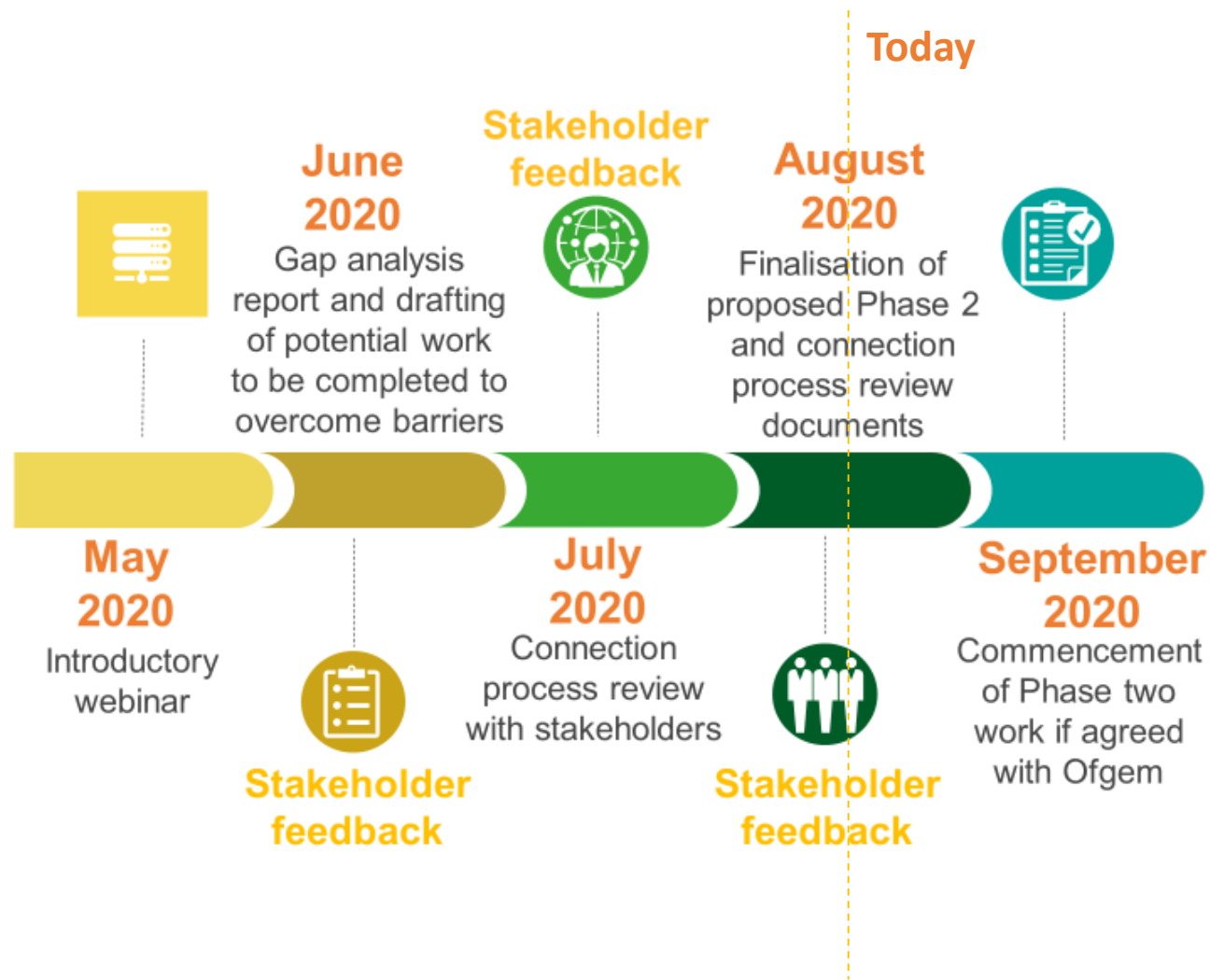
*Plus collaborative stakeholder engagement*

# Our timescales: Technical workstreams plan for delivery





# Our timescales: Commercial workstreams plan for delivery



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Progress to date

# Project work since June 2020

- ✓ Introductory webinar on 28 May 2020

## Milestone 1 – June/July 2020

- ✓ Eight conceptual network design options
- ✓ Unit costs for technology draft to discuss with stakeholders
- ✓ Gathering of information for connection process and opportunities on how to be more coordinated
- ✓ Gap analysis of what work has already been completed across industry to help inform what needs to be done as part of potential phase 2 work

## Milestone 2 – 4 August webinars

- ✓ Offshore coordinated conceptual designs applied to GB network
- ✓ Technology availability & overcoming barriers
- ✓ Play back of information received from stakeholders on connection process opportunities
- ✓ Overview of what potential phase 2 areas of work could cover
- ✓ Overview of cost benefit analysis structure



# Next steps

## Cost benefit analysis

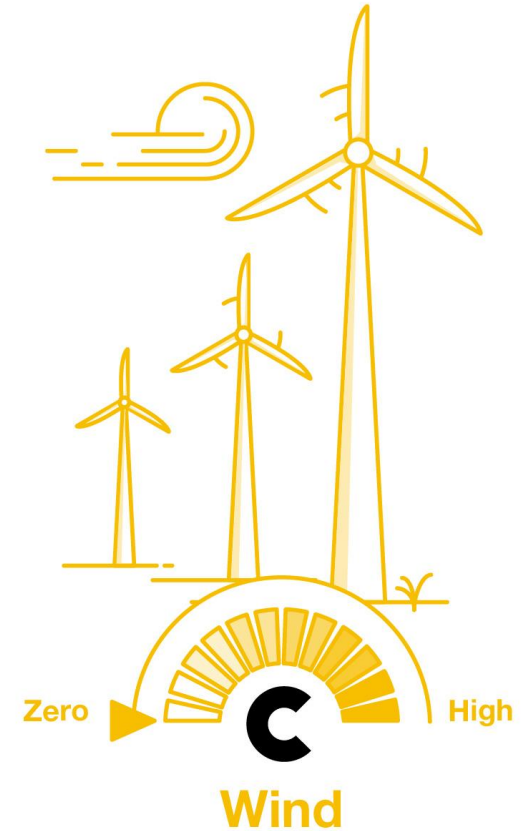
- Consultation to be launched on **11 September 2020**
- Launch webinar 15 September
- Workshops in September to discuss consultation

## Connection process

- Finalisation of report to be submitted to Ofgem and BEIS on opportunities for more coordination

## Potential phase 2

- Finalisation and agreement of what a phase two could look like



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# Stakeholder engagement

# Engagement objectives and approach

## Transparency

Ensuring potential participants and affected parties feel the proposals are fair, transparent and appropriate

## Co-creating proposals

Utilising the expertise of stakeholders across the industry to help develop conceptual network designs and the cost-benefit analysis

## Community engagement

Understanding the perspectives and needs of local communities that will house this infrastructure

Webinars and workshops utilising existing stakeholder groups

Feedback document following milestones

Local Authority & MP engagement

Consultation to be digestible for all stakeholders

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# Question & answer

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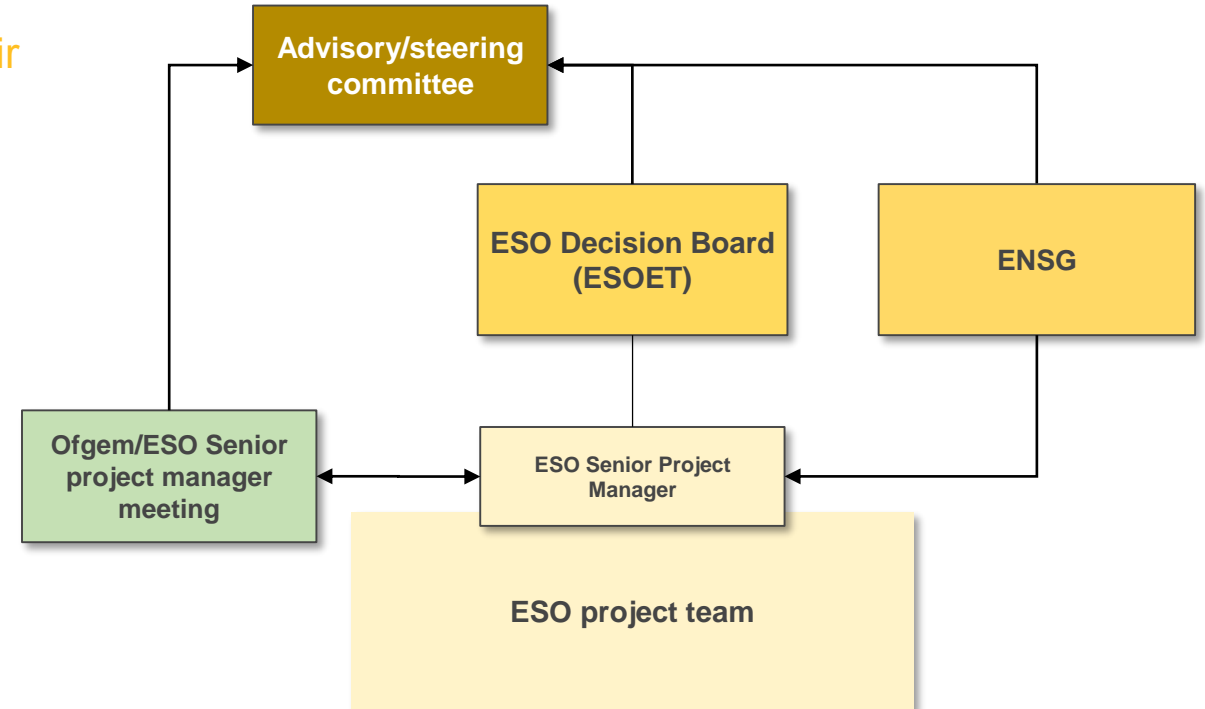




# ENSG Purpose

The ENSG's role is to help ensure that the ESO develops fair and transparent early competition and offshore coordination proposals that incorporate and balance feedback from all affected stakeholders.

- Ofgem set out in their September letter on consultation that the ESO should consider stakeholder groups such as the ERSG as part of the governance process for Early Competition.
- The ENSG will collaborate to:
  - Ensure that the customer is at the forefront of what we develop
  - Hold the ESO accountable to ensure all stakeholder groups are fairly represented, engaged and able to contribute to the development of ESO projects
  - Hold the ESO accountable for project outputs
  - Hold the ESO accountable for listening and responding to stakeholder feedback received and that this is done fairly
- This provides Ofgem with greater confidence in the outputs and that they are representative of industry views.



# ENSG Composition

- Chair
- ESO Representatives
- Transmission Owners
- Distribution Network Owners
- OFTOs
- Interconnectors
- Asset infrastructure investors
- Asset infrastructure constructors
- Technology providers
- Existing service providers
- Offshore Developers
- Onshore Developers
- Consumer representatives
- Crown Estate
- Local environmental groups
- Planning representatives

Panel members represent their industry sector not individual organisations

We expect all views across a sector to be represented

# ENSG Members

**Fiona Woolf**  
Chair

**Alice McCormick**  
National Grid ESO  
Tech Secretary

**John Greasley**  
National Grid Ventures  
Interconnector

**Simon Rooke**  
Balfour Beatty  
Asset Contractor

**Stew Horne**  
Citizens Advice  
Consumer Rep

**Hedd Roberts**  
National Grid  
TO Representative

**Lynn Bryceland**  
Scottish Power  
Transmission  
DNO

**James Dickson**  
Transmission  
Investment  
OFTO

**Darryl Murphy**  
Aviva Investors  
Asset Investor

**Cathy McClay**  
SembCorp  
Existing Service  
Provider

**Andy Paine**  
Vattenfall  
Offshore Developer

**William Black**  
Scottish Gov  
Planning Representative

**Tania Davey**  
The Wildlife Trust  
Local Environmental  
Group

**Richard Clay**  
Crown Estate

**Douglas Allan**  
SSE Renewables  
Onshore Developer

**Marko Grizelji**  
Siemens  
Technology Supply Chain

# ENSG Deliverables

The ENSG has deliverables, some of which differ between Early Competition and Offshore Coordination

## For both projects

- The ENSG panel members will actively represent the interests of their industry sector
- Following each meeting views of the ENSG on the project proposals will be fed back to the ESO. These will include:
  - Views on the stakeholder engagement conducted to inform project outputs
  - Views on the project outputs
- Meeting minutes capturing discussion will be produced for each meeting

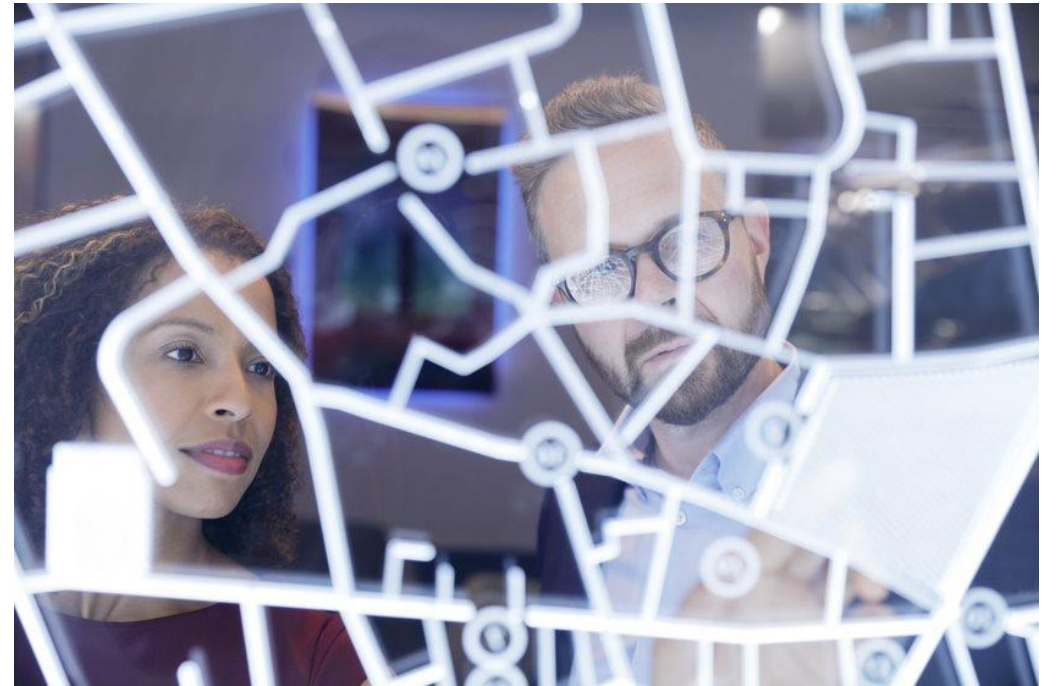
## For Early Competition

- The ENSG will produce a report to be submitted to Ofgem about our stakeholder conduct for Early Competition and views on proposals
- Updates to the Advisory Committee via the Chair on ENSG's views on the progress of the Early Competition Plan and stakeholder engagement

# ENSG Working Culture

## Setting how we will work

- **Collaborate** – bring together diverse experience and knowledge
- **Challenge** – provide constructive challenge to the project outputs to help deliver best outputs
- **Innovate** – bring ideas and an open mind
- **Question** – if something is not clear please ask – there are no “dumb” questions
- **Consensus** – aim to reach a consensus of opinion where possible
- **Transparency** – be open and honest
- **Confidentiality** – material is provided to the group ahead of publication and should be kept confidential until published



# ENSG Commitments

## What is expected?

- Members respond to papers, draft plans and outputs
- All material to be read in advance of the meetings
- To keep abreast of project developments
- Attendance at all meeting (as much as possible)
- Delivery of a report on Early Competition (not required for Offshore Coordination)



# Terms of Reference

Sets out how the ENSG will work, its purpose, membership and outputs

In includes:

- Purpose and scope
- Quorum requirements
- Appointment of alternates
- Meeting frequency
- Expectations of members and ESO
- Outputs from the group



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