

Early Competition Plan

Appendix 5 – Counterfactual Approach

April 2021



Contents

1 High-level process 3

2 Part 1 –pre-tender..... 4

3 Part 2 – tender process 5

4 Part 3 –post-tender 6

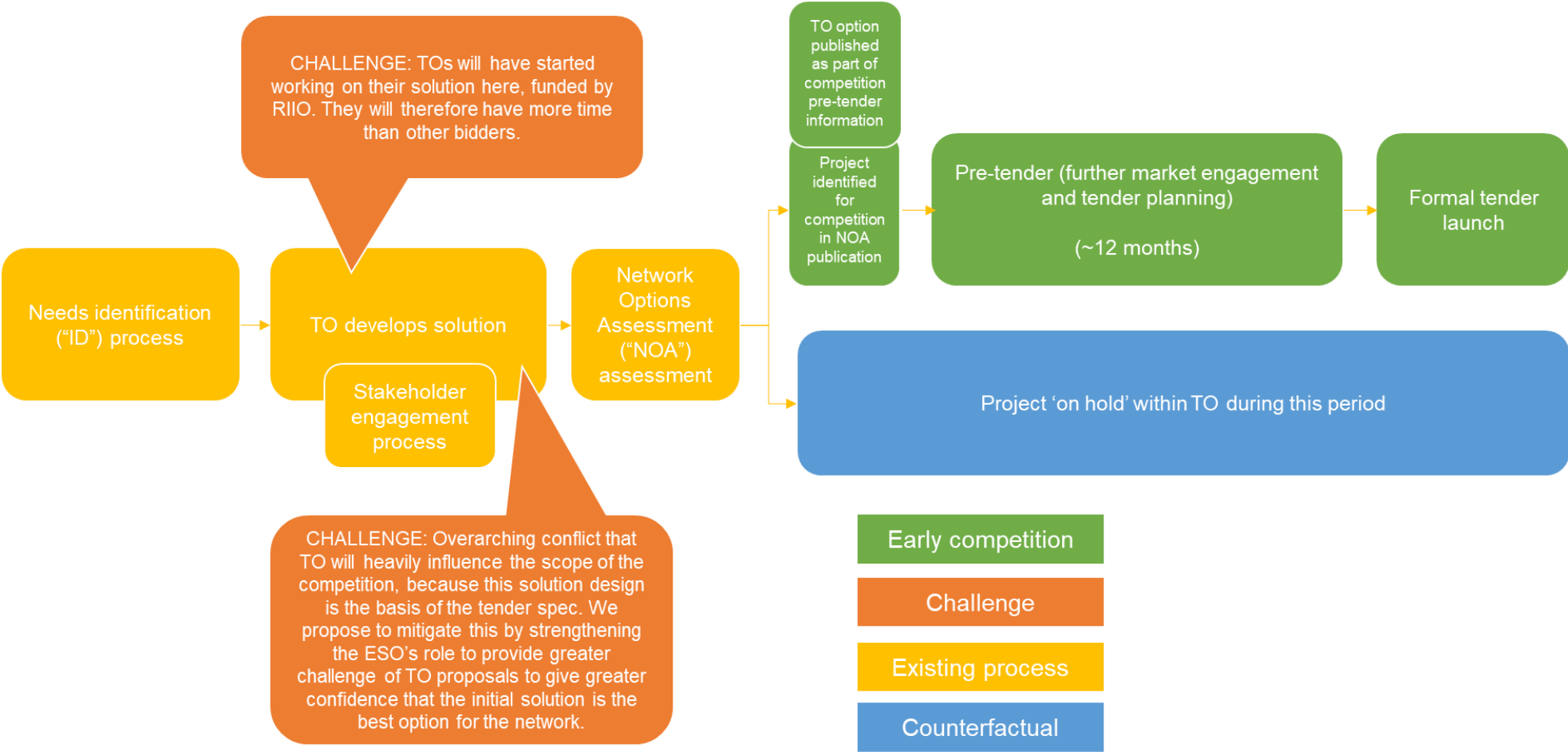
1 High-level process

The Electricity System Operator (“ESO”) worked with Scottish and Southern Electricity Networks (“SEN”) Transmission and SP Transmission (“SPT”) to explore how a Transmission Owner (“TO”) counterfactual approach might work, and how the associated challenges could work.

The following pages set out a possible process for the counterfactual approach. This was used to support our discussions, but no firm agreement was reached on whether this is how the counterfactual approach should work.

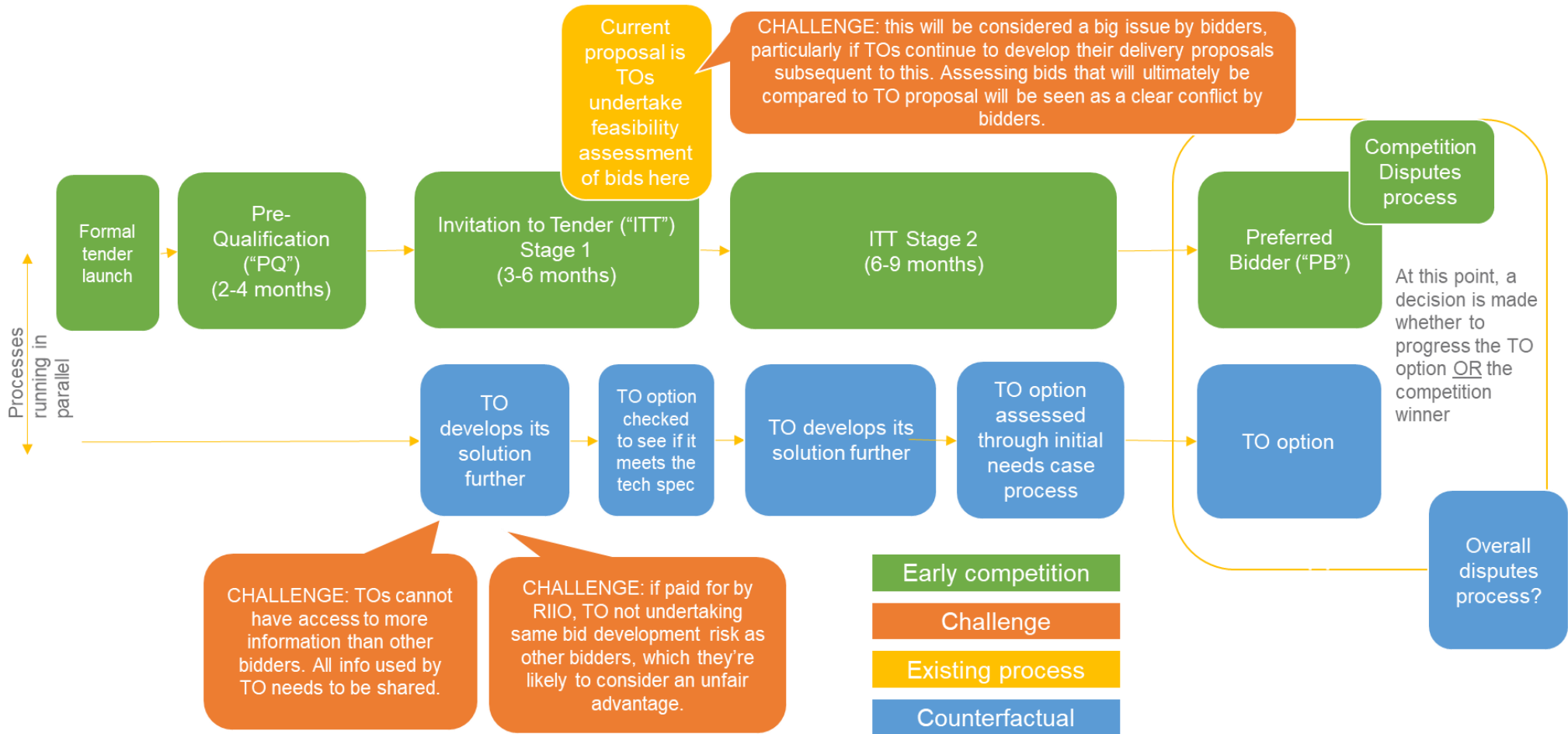
2 Part 1 – pre-tender

Figure 1: Part 1 – pre-tender



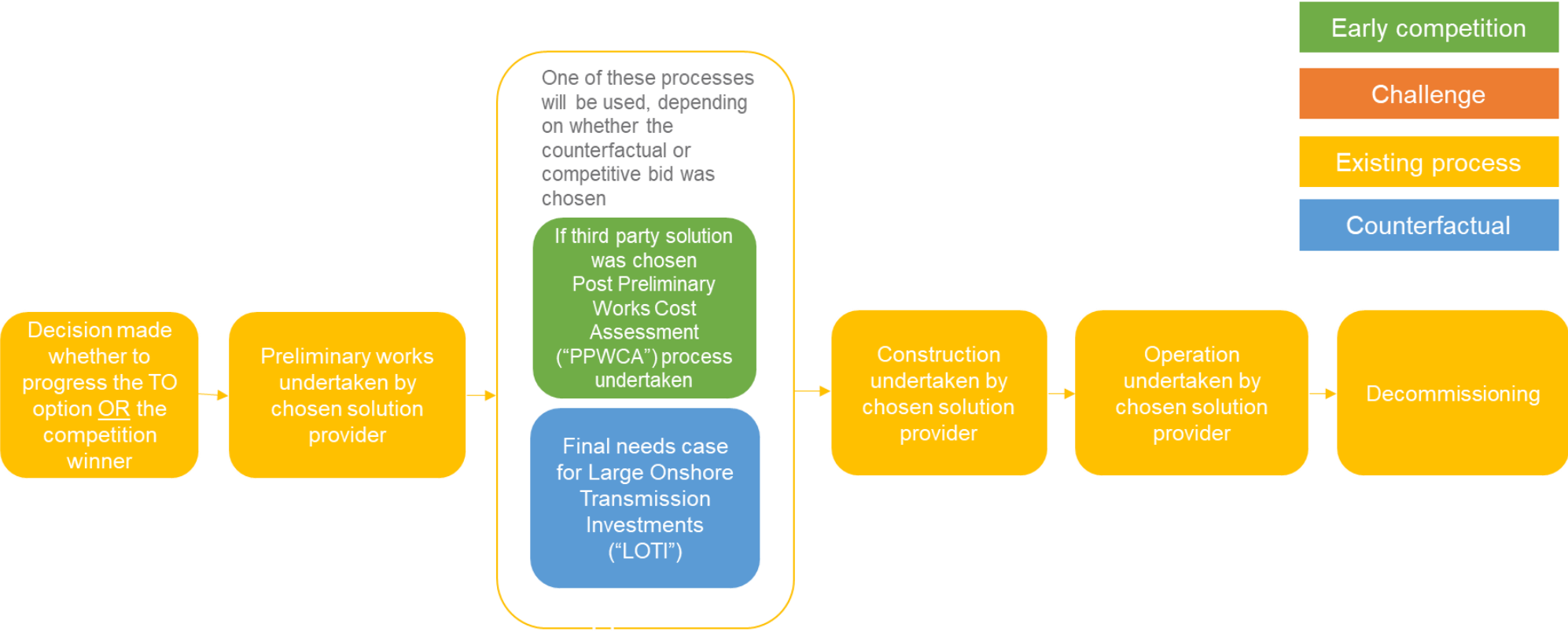
3 Part 2 – tender process

Figure 2: Part 2 – tender process



4 Part 3 – post-tender

Figure 3: Part 3 – post-tender





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