

Early Competition Request for Information (RFI)

RFI

Introduction to Early Competition

Electricity System Operator's (ESO) role in Great Britain's (GB) electricity sector is central to realising the UK government's Net Zero Target by 2050. As the energy landscape undergoes a technological and system revolution the changing generation and demand patterns are driving the need for substantial network investment. Early Competition is an innovative approach to introduce new investment in the development of the electricity network at an early stage of project development. This will deliver more efficient outcomes for consumers.

Over the upcoming months, the ESO will be developing the detailed tender process, the commercial model and contractual arrangements as well as establishing project identification processes for early competition. The ESO is looking to engage with interested parties to discuss these arrangements as they are developed.

Today, the onshore electricity transmission networks in GB are owned and operated by the three regional licenced Transmission Owners (TOs): Scottish Hydro Electric Transmission, Scottish Power Transmission and National Grid Electricity Transmission. The three TOs are regulated by Ofgem, who manages their licences and sets their regulated revenue streams through periodic price reviews.

Early Competition is a competitive process to deliver an end-to-end model for infrastructure investment required on GB's electricity transmission network. The competition occurs before the initial solution design, preliminary works, including surveys and consents, have been undertaken. This means organisations could compete for the design, build and ownership of onshore transmission solutions. Early competition can help to generate a wide range of ideas for solutions to system needs including proposals from both network and non-network options. More potential solutions and innovation can drive efficiency in delivery, and therefore bring net benefits for consumers.

In March 2022, Ofgem, published their decision to proceed with the ESO's Early Competition Plan¹. Following this decision, the ESO is now in the process of implementing the Early Competition model in preparation to launch the first tender to be announced in early 2024.

Earlier this year the Department for Business, Energy & Industrial Strategy (BEIS) introduced the Energy Security Bill that will introduce primary legislation to enable early competition. This bill will enable network and non-network solutions to compete for onshore transmission assets and is expected to save up to £1bn for consumers on projects tendered over the next 10 years².

Key information

More information about early competition is available at the links below:

- [Read our Early Competition Plan \(ECP\)](#)
- [Ofgem's decision](#)

¹ [Decision on early competition in onshore electricity transmission networks | Ofgem](#)

² [Energy Security Bill Policy Statement Competition in onshore electricity networks: Criteria Regulations and Tender Regulations \(publishing.service.gov.uk\) pg.9](#)

ESO

- [BEIS Energy Security Bill](#)
- Visit our website www.nationalgrideso.com
- Watch our [short animation](#) which provides a brief introduction to Early Competition

Why are we engaging now?

The short request for information will help us to understand more about the parties interested in Early Competition and provides the opportunity to sign up to future engagement.

Please follow the link to a [Qualtrics survey](#) to respond to this RFI.

For all questions, please provide explanations of your view on the specific question, and where possible provide examples or justification driving your views. If you would like to meet or talk to us, please contact us on the above email and we can arrange a suitable time.

Please also include in your response if you do not want us to contact you about your response and whether you would be interested in participating in future workshops, bi-lateral discussions or working groups.

Other ways to get involved:

- Sign up to our Distribution list [here](#)
- Send us an email at box.earlycompetition@nationalgrideso.com.
- We recently published our Cost Benefit Analysis (CBA) Methodology Consultation. The CBA assesses the cost to consumers of delivering a particular project through the commercial model set out in the ECP (factual case) versus a regulatory framework if undertaken by an incumbent TO. This consultation will play an important role in helping us refine our thinking and direct subsequent work to finalise our proposals. Respond to our [Cost Benefit Analysis Methodology Consultation](#) at box.earlycompetition@nationalgrideso.com by Friday 3 February 2023.