

# HND Impact Assessment process: You Said, We Did

## Purpose of this document

This document is intended to accompany the delivery of the Holistic Network Design (HND) impact assessment process, providing context on the need for a process, communicating how stakeholder feedback has been taken into account and answering questions regarding various elements of the process.

## Introduction to the HND Impact Assessment process

### Why is an impact assessment process required and what does it involve?

In July 2022, the ESO published the Holistic Network Design (HND), which provided a recommended offshore and onshore design for a 2030 electricity network, to facilitate the Government's ambition for 50GW of offshore wind by 2030.

The recommended design in the HND considered equally four different objectives to make sure the most appropriate approach was taken forwards, including:

1. Cost to consumer
2. Deliverability and operability
3. Impact on environment
4. Impact on local communities

As part of the Detailed Network Design (DND) phase, developers and Transmission Owners (TOs) have identified design changes which has required us to develop a process to assess the impact of these changes against the four design criteria, compared to the baseline of the HND. These changes may include a change in technology, a change in cable route or length, or a change of interface point.

Whilst the HND is non-binding, deviations from the recommendations may have wider implications for the transmission network and other industry processes. It is important that we understand the full impact of any design changes, as there may be consequences that are not immediately obvious, and the ESO is best placed to conduct this holistic assessment.

### Frequency and duration of impact assessments

A structured approach is required given there may be multiple impact assessments required, multiple parties may be involved in any one assessment, and the work involved needs to be planned alongside other deliverables for all parties involved. As such, we will run impact assessments every two months, and will endeavour to complete these within four to six weeks.

It should be noted that the timeframe for completing an impact assessment could be extended if there is a need to assess multiple options and therefore we advise developers and TOs submitting design changes to narrow down options as far as possible prior to presenting these to the ESO.

We will keep the frequency and duration of impact assessments under review and look at adapting the approach if required.

We advise that, prior to engaging the ESO, the party submitting the impact assessment form and design(s) engages with relevant stakeholders (i.e. those electrically connected as part of a coordinated network design).

## Feedback process

To ensure the process meets the needs of those involved, we sought views on the process itself and on supporting documentation during a three-week period in July 2023, from offshore wind developers, TOs, members of the Central Design Group Environmental Subgroup (CDG ESG), Ofgem and government.

We also held a call with offshore wind developers and TOs on 4th July to present a high-level view of the process, answer questions and seek verbal feedback.

## You said, we did – how we have acted upon feedback

This section presents a summary of the feedback we received during the three-week consultation period, indicates how we have acted upon it and, where it was not possible to incorporate feedback, provides an explanation.

Some of the correspondence included questions rather than feedback. These are addressed in the Questions section below.

	Your feedback	How it has been incorporated
Process	Would welcome a more detailed explanation of how the ESO will carry out their assessment.	We have added additional content to the PowerPoint pack outlining the process.
	“Would the proposed change have any other wider impacts (not considered)?” This statement is so broad it is not clear what the ESO would like considered in relation to this, will guidance be provided to clarify this requirement?	Wider impacts may include impacts that have not been considered in the other two categories (i.e., four design objectives, onshore network). For example, cumulative impacts, impacts on adjacent sectors. The PowerPoint pack has been updated to reflect this.
	Impact on onshore network - is onshore TO engagement expected for this? There is a concern over the time and resources that would need allocating with multiple changes.	If TO engagement is required to assess the impact on the onshore network, the impact assessment window may be extended beyond the indicative four to six week period. Ultimately, the assessment window would depend on the volume and complexity of impact assessment requests received.
	This process is not deemed suitable for assessing multiple options; and therefore can the ESO consider whether a separate process can be used to undertake the impact assessment of multiple options to inform the down selection process.	The Impact Assessment process pack provides more detail regarding treatment of multiple options (see slide 11). Where multiple design changes are submitted, the process will provide a final recommendation. However, as previously noted, the volume and complexity of the design changes will influence the length of time required to complete the process.
Supporting form	A guidance note should be provided to explain how to complete the form.	The Impact Assessment process pack can be used to provide guidance (see slide 16 for how to complete the form).
	We would welcome clarification over the intention of the stakeholder signatures and whether its purpose is to confirm engagement with the developer / TO in the impact	We would expect all impacted parties to support the submission of the design change(s). Where a

	assessment or to confirm approval of an agreed approach. We would suggest it should only be the former and that this should be explicitly stated.	consensus cannot be reached, please see reference to submitting multiple options.  The intention of this section is to confirm engagement. We have amended the form to provide space for a summary of discussions to provide context if there are differing views.
Information sharing and communication of output	We'd like to understand why developers are asking for a change as part of the DND. It would be useful to collect this information as part of the change request to monitor the implementation of the HND to feed into future plans such as Centralised Strategic Network Planning (CSNP).	We note this. The accompanying form will capture the driver for the change. Subject to any confidentiality restrictions, in addition to capturing this information within the ESO, we will endeavour to share this information with the Department for Energy Security and Net Zero, Ofgem and ESG members to allow for any trends to be tracked for relevant processes. We have amended the form to indicate that information may be shared with these parties.
	We suggest the ESO recommendation is communicated to a wider audience, beyond those who have been deemed "potentially impacted" by the developer or TO. This is because there may be impacted parties as a result of the recommendation that have not been identified. This update could be communicated via email prior to the annual update.	
	Clarification that there will be transparency in decision making on the final recommendation e.g. a report detailing the decision including changes in environmental impacts and any requirements developers must follow.	We intend to provide an annual update as a minimum as part of ESO network planning processes. However, as previously stated, subject to any confidentiality restrictions, we will endeavour to share this information with the Department for Energy Security and Net Zero, Ofgem and ESG members.
	The HND/HNDFUE documents, and the designs within, would need to be updated as decisions are made for alternative options.	
Environmental impact and engagement	Do not agree ESG should only be involved if there is an environmental impact. As experts, they should be consulted on the change to verify environmental assessment.	We have given consideration to how best to engage ESG members and consider the environmental impact of design changes. ESG members were consulted during the design of the HND methodology, which is used to assess the environmental impact of a network design (alongside the three other design criteria), and this methodology will be used for the impact assessment process to ensure consistency and a robust approach for identifying environmental impacts.  We note that a number of ESG members would welcome engagement with developers/TOs prior to the submission of a form which is encouraged, although advance notice of this would be necessary. There may be circumstances where the ESO requests evidence of engagement with ESG in order to progress with the proposed change(s).
	SNCBs need to have early engagement as part of this process to highlight any issues as soon as possible. Therefore we advise a trigger for any Impact Assessment request to inform SNCBs.	
	"Impact Assessment, Team consulted" - It is essential that expert environmental input has been received. This must be a separate box and evidence of engagement included. Input from environmental experts will help identify consenting issues that may result in delays and advice on how this can be avoided.	
	The arrangements for engagement with other / impacted stakeholders are welcomed. It is unclear whether the intended process is for engagement via the ESG or individual	

	<p>organisations. It would also be beneficial for ESO to provide advice to the developer / TO in order to ensure all impacted parties are engaged.</p> <p>Having a known period for review / engagement is preferable to allow for planning, however, it should be noted that a 6 week turn around could be tight for engagement with ESG members.</p> <p>TOs/developers should be encouraged to engage with the relevant ESG members prior to submission, via available discretionary advice services in order to ensure adequate and sufficient evidence is included.</p> <p>Would this fall under a statutory response for SNCBs? We would need our statutory response time included in the time scales. Furthermore it may be necessary to request further information in order to assess environmental impacts, therefore early engagement with SNCBs would be required which may need to be under our discretionary advice service (DAS). Timescales provided to developers would need to be realistic and subject to change depending on any required information.</p>	<p>We have reflected ESG members as potentially impacted parties in slide 13 of the PowerPoint pack. We have 'correspondence with Statutory Nature Conservation Bodies (SNCBs)' as an example of supporting evidence that could be provided as part of form submission.</p> <p>It is important to note that this process is not intended to replace the consenting process.</p> <p>As many stakeholders will be aware, there is a need to progress at pace to limit delays to the detailed network design phase. This is the reason for the indicative four-week to six-week period, although we do not propose that formal engagement with SNCBs on the impact of a design change happens during this period.</p>
<p>Connection contracts</p>	<p>It is not clear how the connection contract will be updated based on HND recommendation and impact assessment in terms of site specific requirement, construction plan and timeline.</p>	<p>The Impact Assessment process pack contains more information on the connection contract process (see slide 15).</p>
<p>Governance</p>	<p>We appreciate this is an emerging process and would welcome further details on the governance and decision-making elements of the process including how the impacts are assessed and recommendations identified by ESO.</p>	<p>We are currently engaging with Ofgem and the Department for Energy Security and Net Zero to establish an appropriate governance process across network planning activities, changes to network plans and wider impacts. Details of this will be communicated in due course.</p>

## Your questions – additional information

This section provides answers to questions we received regarding the impact assessment process and supporting documents.

### **Is agreement on designs required between developers and TOs prior to submitting a design into the process for assessment?**

We strongly encourage TOs and offshore wind developers who are electrically connected through a coordinated network to engage prior to the submission of a design change to ensure all views are taken into account. Ideally a consensus should be reached in order to reduce the number of design changes to be assessed and reduce the risk of delays. However, if it is necessary to submit multiple design changes, please keep these to as few as possible whilst taking all parties' perspectives into account.

### **Is there an expected timeline for each step? Will the timelines be formalised and obligated?**

We estimate that it will take four to six weeks to run an impact assessment. However, assessment windows would depend on the volume and complexity of the impact assessment requests received. We intend to run the process every two months. Timescales have not been formalised and we will take learnings as we run the process.

### **Currently it is not clear how the “impact on onshore network” and “other wider impacts” will be assessed by the ESO. Further clarity on this assessment should be provided.**

Transmission Owners (TOs) are key stakeholders of the coordinated designs and input into the impact assessment form should take into account any onshore impact of the proposed change.

These impacts will be considered using the same methodology as for the HND and HND FUE.

### **How will it be ensured that all projects with alternative designs take this step?**

The recommendation of the impact assessment will be non-binding, as the HND recommendation is, however the same incentive to follow the recommendation applies with regards to planning and consenting processes, and we are ensuring alignment with Ofgem's Early Stage Assessment and ASTI (Accelerated Strategic Transmission Investment) processes.

### **Will the need for change consider all four design objectives? Would all four design objectives need to be weighted equally in order for a developer to submit an Impact Assessment form?**

As with the HND, the impact assessment process will consider the four design criteria equally. These can be found in the HND methodology document. The impact assessment form will need to detail the impact on the four design criteria; if there is no change to the impact on one or more of the design criteria, this should be included in the response.

### **Will a fee be charged for this process?**

We will not be charging a fee for submitting a design change to the impact assessment process at this point in time but as with all elements of the process, we will review where changes are necessary. Please note, it is expected that should a material change be required following the first contract update that captures HND recommendations/DND and after approval of the recommendation in the Impact Assessment form, developers

would be expected to lodge a Modification Application via the current process to have the change assessed and effected in a further Agreement to Vary.

### **How will you achieve transparency on the need/reason for change?**

Subject to any confidentiality restrictions, in addition to capturing this information within the ESO, we will endeavour to share this information with the Department for Energy Security and Net Zero, Ofgem and ESG members to allow for any trends to be tracked for relevant processes.

### **How are you ensuring alignment with Ofgem’s Early Stage Assessment process?**

We are currently engaging with Ofgem and the Department for Energy Security and Net Zero to establish an appropriate governance process across network planning activities, changes to network plans and wider impacts. Details of this will be communicated in due course.

### **How will this process interact with existing investment planning processes under the STC and STCPs e.g. STPC 16-1?**

We would expect some interaction with existing network planning processes to ensure that the planning and development of the National Electricity Transmission System (NETS) is as economical and efficient as possible. Interactions with specific STCPs (e.g. STCP 16-1) would likely be through the updating of Transmission Owner Reinforcement Instructions (TORIs) and Project Listing Documents (PLDs) which describe the various pieces of infrastructure planned to be commissioned on the NETS.

There will be further interactions with other network planning processes including the Network Options Assessment (NOA) / Centralised Strategic Network Plan (CSNP) which require each network company’s best view of the future transmission system. We see the Impact Assessment process feeding into these to ensure that recommendations are made with the most up to date information.