



Developers of offshore wind generation, electricity transmission licensees, and other interested parties

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### **Increasing the level of coordination in offshore electricity infrastructure**

Great Britain currently has around 10GW of offshore wind generation connected to the electricity system. In 2019, the Government outlined its ambition to significantly increase the deployment of offshore wind by 2030. The Committee on Climate Change (CCC) has also indicated that to become a net zero economy could require 75GW by 2050.<sup>1</sup>

In February 2020 Ofgem published its Decarbonisation Action Plan (DAP).<sup>2</sup> This sets out the actions Ofgem will take in the next 18 months to contribute to the urgent, but decades-long, journey towards net zero. Action three of the DAP commits to exploring a more coordinated and efficient system of offshore transmission.

Further, on 15 July 2020 the Minister of State for Business, Energy and Clean Growth launched the Offshore Transmission Network Review,<sup>3</sup> with the objective of ensuring that the transmission infrastructure for offshore wind generation is delivered in the most appropriate way. The review brings together the work already being done in this area by a range of key stakeholders including Ofgem and National Grid Electricity System Operator, with a view to finding an appropriate balance between environmental, social and economic costs.

To date, all offshore wind farms in GB have been connected to the onshore system by individual point-to-point, or radial, links. We acknowledge that this type of link may not be the best outcome for consumers in the future as generating capacity increases, and may also increase pressure on coastal connection points.

<sup>1</sup> <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf>

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/ofgem-s-decarbonisation-action-plan>

<sup>3</sup> <https://www.gov.uk/government/publications/offshore-transmission-network-review>

A key step in the review is for us to understand what has stopped the development of coordinated transmission assets to date, and we welcome suggestions on how barriers could be overcome. We would like to hear about all potential barriers, including those of a legal, commercial or regulatory nature. As the economic regulator, Ofgem would also like to understand where a change in current regulatory arrangements now could facilitate greater coordination or if wider change is needed.

We want to engage with a broad range of stakeholders, including developers of offshore wind and interconnector projects, and electricity transmission licensees. We would particularly welcome discussions with stakeholders who are either already pursuing some level of coordination or have identified an opportunity to do so whether on a local, national or international level (such as considering anticipatory investment in one project to enable a future project, or combining offshore wind and interconnector assets). As part of these discussions we would like to understand where the commercial, regulatory and policy frameworks might not be driving the best outcome for consumers or the energy system. We will consider links with the recently launched<sup>4</sup> policy review of the interconnector regime, where multiple-purpose projects will also be addressed.

This information will be used by both Ofgem and BEIS to help us capitalise on early opportunities that will deliver benefits for consumers and the wider energy system, as well as to inform future policy development relating to an enduring regime for connections post 2030. To allow us to take views into consideration at an early stage of the review, we request that stakeholders contact us by 30 September 2020 using the email addresses below to express their interest in this work. We can then hold detailed discussions.

If you have any questions about this letter, or if you wish to discuss the detail of any developments, please contact [Offshore.Coordination@ofgem.gov.uk](mailto:Offshore.Coordination@ofgem.gov.uk) and [Offshore.Coordination@beis.gov.uk](mailto:Offshore.Coordination@beis.gov.uk). As the review progresses, there will be further opportunities for stakeholders to provide views.

Yours faithfully,



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<sup>4</sup> <https://www.ofgem.gov.uk/publications-and-updates/open-letter-notification-interested-stakeholders-our-interconnector-policy-review>