

UK Hybrid Project Forum - Q&A Response

Introduction

On 10th March 2021, BEIS hosted the UK Hybrid Project Forum. During the event, participants submitted questions and comments using the Q&A function provided.

We have reviewed all questions which were not answered in the event and identified recurring themes which we address below. Please note that due to the large volume of questions received it is not possible for us to answer each question individually.

Is the UK Government planning legislative changes to facilitate multi-purpose hybrid interconnector projects?

As part of the Offshore Transmission Network Review (OTNR), we are currently seeking to identify and address barriers to the realisation of multi-purpose interconnectors. Solutions to such barriers may seek to exploit flexibilities and minor tweaks within current legal and regulatory frameworks, as well as more significant changes if required, for example to legislation. Across the different workstreams in the OTNR work is under way to consult later this year with a view implementing any changes to primary legislation via any energy bill that comes forward.

How will multi-purpose hybrid projects help local coastal communities?

By combining interconnection and direct connections to offshore wind farms, multi-purpose hybrid projects offer benefits including reduced infrastructure capital cost and coastal landing points, and more efficient usage of offshore wind resources.

Making the most efficient use of our infrastructure and renewable resources can enable cost savings that are passed on to consumers. Reducing coastal connection points compared to separate interconnection and offshore wind transmission enables the benefits of both these assets to be realised, with less of a local environmental impact.

How is the OTNR considering the options for a regulatory framework for multi-purpose interconnector projects?

Throughout the OTNR, BEIS, Ofgem and our partners are engaging extensively with potential project developers to ensure our plans are compatible with the proposed business models of these novel assets.

Ofgem's ongoing Interconnector Policy Review is seeking to establish whether there is a need for further GB interconnection capacity beyond those projects currently with regulatory approval, and, if so, to consider Ofgem's approach to the regulation of future GB interconnection. The Multi-Purpose Interconnectors workstream is seeking to review whether the conclusions of Ofgem's Integrated Transmission Planning and Regulation (ITPR) project

on MPIs remain fit for purpose, and to consider options for the regulation of MPIs and how this might interact with Ofgem’s regulatory approaches to point-to-point interconnectors.

A Call for Evidence has been used to seek views on the regulation of multi-purpose projects. The OTNR is working closely with the Ofgem Interconnector Policy Review to ensure that regulatory considerations are accounted for within the wider work of the review.

Is the UK intending to join the North Sea Wind Power Hub and other European groups?

The UK is open to exploring cooperation in all its forms and is in active discussions with its North Seas neighbours about specific projects.

Are there any plans to modify the Contract for Difference (CfD) process for offshore wind to encourage more coordination between projects?

Alongside the Energy White Paper, BEIS published a Call for Evidence on “Enabling a high renewable, net zero energy system”, which sought views on the changes needed to facilitate CfDs for coordinated and multi-purpose projects, and the benefits and costs of making these changes.

Following the closure of the Call for Evidence on 8 March, BEIS is currently analysing the responses and considering its position, which will be shared in due course.

Will the Offshore Transmission Network Review take new technologies into consideration e.g. hydrogen?

We recognise barriers to coordination affecting novel project types and approaches, including technology barriers. The Review is primarily considering the coordination between offshore wind projects and with hybrid projects and the technologies required (e.g. High Voltage Direct Current technology). However, it is also considering the interactions with other types of technology, such as green hydrogen and oil and gas platform electrification.

How is the UK ensuring there is coordination and alignment on policy with potential connecting countries?

The EU-UK Trade and Cooperation Agreement provides an excellent basis for the UK to continue working with our European partners to ensure coordination and alignment, including on delivering greater quantities of offshore renewable energy.

The deal enables efficient electricity and gas trade over the interconnectors between the UK and the EU and we have set out in the agreement the basis for an efficient electricity trading model which is expected to come into force by April 2022.

The deal will support the integration of renewable power and investment in decarbonisation projects in the North Sea supporting the UK and the EU in achieving our world leading climate ambitions. We have also agreed to build on the North Seas Energy Cooperation to

enable the creation of a specific forum for technical discussions that will include hybrid and joint projects.

In the UK Hybrid Project Forum, BEIS outlined our engagement with our neighbouring countries, including governments, regulators, and businesses through roundtables, deep dives, and ministry-to-ministry meetings. BEIS are continuing to work with colleagues in the Foreign, Commonwealth and Development Office to engage with our neighbours to exchange views.