

OTNR UPDATE

REGULAR UPDATE NEWSLETTER FOR THE OFFSHORE TRANSMISSION
NETWORK REVIEW PROJECT



FOREWORD

ANNE-MARIE TREVELYAN, MINISTER FOR
BUSINESS, ENERGY & CLEAN GROWTH

The offshore wind sector has been a major British success story to date. The UK is home to the world's largest wind farms, supplying 10% of current UK electricity demand. We are committed to building on this by delivering 40GW of offshore wind by 2030, which forms a pivotal aspect of helping the UK to meet our 2050 Net Zero target.

This is of course a great opportunity for the UK in terms of the jobs and investment created; however, it poses a significant challenge to ensure that these large volumes of future offshore wind are connected to the transmission network in the most appropriate and efficient way. To achieve this, BEIS launched the Offshore Transmission Network Review (OTNR) last summer.

The Review has brought together key government departments, devolved administrations, and organisations to work collaboratively to realise the benefits of coordination, whilst maintaining the pace of offshore wind delivery.

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We are aiming for a much greater level of coordination and shared infrastructure, to create a regime which works for our future requirements.

Coordination can reduce consumer costs, as well as reduce the impacts on the environment and local communities. This infrastructure programme can bring a great boost to the UK economy, bringing new jobs and growth to coastal regions, encouraging around £20bn private investment to the UK, and increasing the competitiveness of the UK offshore wind sector.



Since our last update in December, we have been advancing our policy thinking across the four core OTNR workstreams. We are hoping to launch consultations on key areas of change later this year, with the aim of implementing changes to primary legislation as part of any Energy Bill that comes forward.

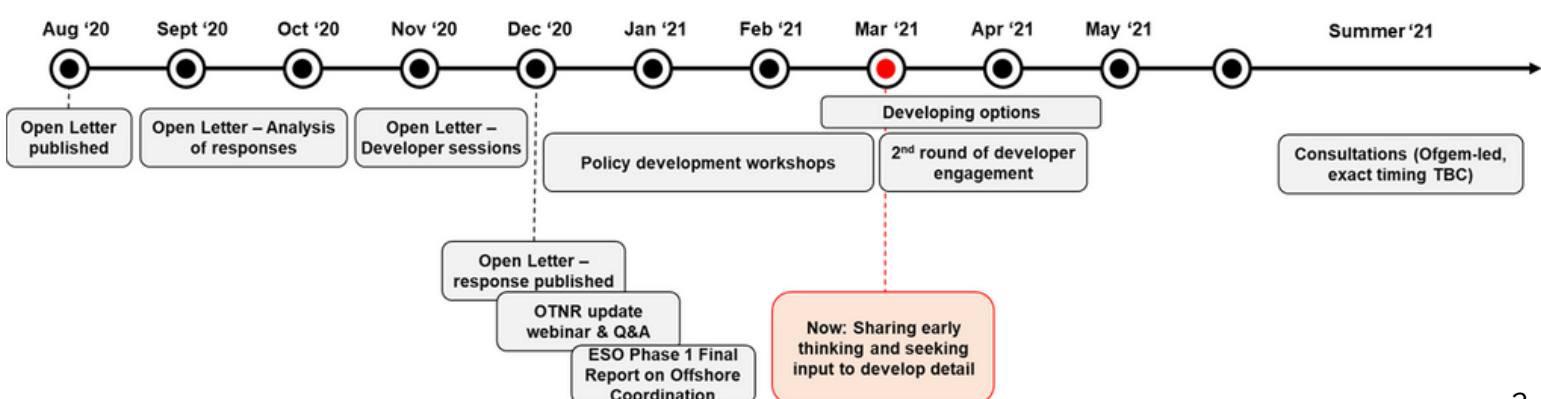
I very much look forward to the outcomes of the Review, and want to thank our OTNR partners, the industry, and the communities and organisations which have been helping us to shape the future offshore network regime.

We will be updating you regularly on our progress and are looking forward to engaging with you further.

The Rt Hon Anne-Marie Trevelyan MP
Minister for Business, Energy and Clean Growth
Department of Business, Energy and Industrial Strategy

Early Opportunities: considering options for change to address pathfinder barriers

Timeline



BEIS & Ofgem

The Early Opportunities workstream aims to facilitate coordination for in-flight projects by making changes within the current overall regulatory framework.

In August 2020, BEIS and Ofgem published a [joint Open Letter](#) which invited stakeholders to propose potential pathfinder projects and identify perceived barriers to coordination. We received responses from a wide range of stakeholders and published a [response and summary of feedback](#) received on the OTNR webpage in December 2020. The Electricity System Operator (ESO) also published their final [Phase 1 report](#) on Offshore Coordination in December, which highlighted the benefits of a more coordinated approach to offshore transmission.

Throughout this quarter we have held sessions with a variety of project partners and developers. We are working on identifying and supporting pathfinder projects, and developing regulatory changes to enable these projects.

The ESO is reviewing the technical feasibility and other potential challenges of possible pathfinder projects proposed by developers. We are also proactively identifying additional opportunities for coordination between live projects, focusing on the projects with clear opportunity for coordination. BEIS and Ofgem encourage all developers of inflight projects at an appropriate stage, who have yet to explore options for coordination with us, to get in touch to ensure we capitalise on as many early opportunities for coordination as possible.

We would like to remind all stakeholders that while discussions are ongoing regarding addressing the barrier to potential pathfinders, existing industry processes will still apply and therefore developments would not be negatively impacted by participating in these discussions.

Ofgem intend to consult on potential regulatory changes later this year. The ESO are also analysing requirements for change within codes and standards, as well as the current connections process.



On the Pathway to 2030: progressing coordination options to support the 40 GW target

The Pathway to 2030 workstream broadly covers projects that are aiming to be operational by around 2030 and are not already covered under the Early Opportunities workstream. We are committed to delivering increased coordination as soon as possible, whilst maintaining the pace of offshore wind delivery required to support the government's target of 40 GW of offshore wind by 2030. Achieving this target will require more infrastructure than we have today. Our aim is to find effective solutions to ensure that both the onshore and offshore network is planned and built in a more coordinated way.

We have started work with Ofgem, the ESO and Onshore Transmission Owners on developing an improved plan-led approach to connecting offshore wind and delivering the associated onshore infrastructure. This new approach seeks to bring together onshore and offshore network planning in a more holistic way, facilitate more anticipatory investment, better consider cumulative impacts and overcome the potential limitations of bottom-up project-led coordination.

Our intention is that this new approach will speed up the connection of less advanced projects, including potentially those coming through The Crown Estate's Leasing Round 4 and Crown Estate Scotland's ScotWind leasing round.

We will be further developing proposals on this during Q2 2021 with the support of the Expert Advisory Group and wider stakeholders with the aim of launching a public consultation on the proposals later this year.

Developing options for the enduring regime

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For the enduring regime, we are working on the assumption that we will be able to completely re-shape the end-to-end process for the connection of an offshore windfarm. We could, if appropriate, make changes to: the roles and responsibilities of the key organisations involved; the sequencing of key development stages; the design of the transmission connection; the planning processes; the development and construction of the transmission connection and how this fits in with the commercial incentives such as the Contracts for Difference scheme and transmission charging.

We have been working with our Expert Advisory Group to develop a range of potential models, from a centralised and strategic approach involving significant changes, down to more incremental changes. We are currently in the process of refining these models, by defining the changes which would be needed to each of the constituent processes, and to understand the benefits, disadvantages, and risks of each. This process involves a range of relevant project partners and brings in specific sectoral expertise, through focussed sessions with the Expert Advisory Group. As the scope of these changes could be significant, there is likely to be a requirement for changes to primary legislation. We are preparing to consult with stakeholders later this year, in order to implement any changes to primary legislation in any energy bill that comes forward.



MPIs - Facilitating International Coordination

BEIS & Ofgem

Multi-Purpose Interconnectors (MPI) combine connections of offshore wind with links to neighbouring countries. The MPI workstream aims to facilitate these novel assets, both through exploiting flexibilities for near-term projects, as well as ensuring the enduring regime works for MPIs. We are seeking to ensure there is an appropriate legal and regulatory framework, and considering how MPIs are treated in the planning regime, the Contracts for Difference process and future trading arrangement models.

Ofgem have started gathering evidence as part of the Multi-Purpose Interconnectors workstream in order to review whether the conclusions of their 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 our regulatory approaches to point-to-point interconnectors.

Building on the Trade and Cooperation Agreement, BEIS (in conjunction with the Foreign, Commonwealth and Development Office) has engaged extensively with our North Seas neighbours on MPIs, fostering international momentum. This has included well-attended industry roundtables and bilateral meetings with counterpart ministries, as well as the UK Hybrid Project Forum, featuring Minister Trevelyan alongside Belgian Minister Tinne van der Straeten.

Over the coming months, we will be further developing our view on changes required to facilitate MPIs and will be refining this through engagement with developers and our North Seas neighbours.

Working Effectively Across Government

The regulatory framework for developing and connecting offshore wind is complex and involves multiple government departments, regulators, statutory bodies, devolved administrations, and industry parties. The OTNR has established a governance structure which includes a Project Board, a Working Group, an Engagement Working Group and an Expert Advisory Group. The project reports into a wider cross-Whitehall Ministerial Delivery Group, which brings together relevant government departments to oversee the expansion of renewable power in the UK.

The following updates from some of our OTNR Project Partners seek to highlight this cross-governmental working. If there are any questions about the coordination between different departments, please get in touch via the contact details at the end of this newsletter.

Marine Planning & Strategic Renewables Unit

Marine Management Organisation

Work continues on the North East, North West, South East and South West Marine Plans. Amendments to the plans have been completed to reflect comments received to the public consultation last year. A [Consultation Summary](#) has been produced and published. The revised plans have now been submitted to the Department for Environment, Food and Rural Affairs (Defra) Secretary of State for consideration.



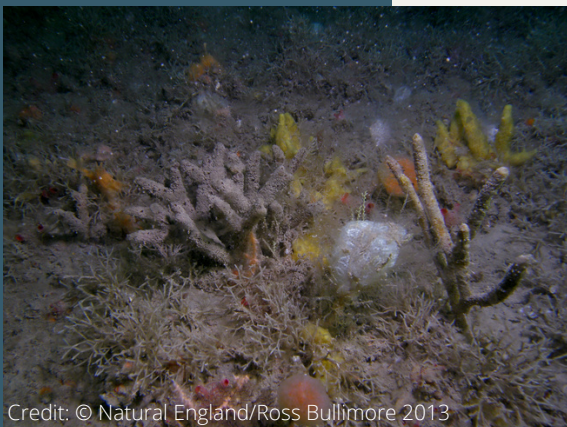
We are also currently producing the first Three-year Report on the South Marine Plan. This is due to be published in July this year, following which we will make a recommendation to keep, amend or replace the South Marine Plan based on the monitoring findings.

In response to a range of challenges and the need for more capacity to service the increasing and at times fast developing projects and initiatives in support of offshore wind, the MMO has also established a new 'Strategic Renewables Unit' (SRU). The SRU will work across, and be a shared resource between, the MMO Planning and Licensing teams. It will promote join-up and facilitate links to wider planning and licensing work and engage with a range of government and other initiatives and projects, such as the OTNR.

If you would like to receive further updates about marine planning, you can sign up to the MMO Marine Planning newsletter [here](#).

The Importance of Considering Environmental Impacts

Defra



Credit: © Natural England/Ross Bullimore 2013

The OTNR provides a vital and very timely opportunity to make changes which can substantially reduce the environmental impacts of future offshore wind cabling infrastructure. To meet the UK's 2050 Net Zero target, thousands of kilometres of additional cabling will be required. The impacts of cabling can result in changes to and loss of sensitive marine and terrestrial habitats. This risks impacts to sensitive, and often rare, habitats and species at a time when Government is also focussed on responding to a growing biodiversity crisis (as evidenced by the recent Dasgupta Review). It also increases the consenting risk for developers, since any potential

adverse environmental effects of developments must be fully considered and addressed before consent can be granted as part of the consenting process.

By improving future coordination, the OTNR project can play a major role in helping to prevent this. Early indications are that coordinated designs have the potential to significantly reduce the total amount of cabling infrastructure. Environmental experts from government policy teams, Statutory Nature Conservation Bodies and The Wildlife Trusts are working with the OTNR to provide guidance on environmental considerations.



Credit: © Natural England/Tom Daguerre 2015

Consultations & Events

Previous

On 17th December 2020, BEIS held an OTNR Update Webinar, alongside Ofgem, NG ESO and the Crown Estate. If you were unable to attend, you can access the slides and recording on the [OTNR webpage](#).

On 10th March 2021, BEIS chaired the UK Hybrid Project Forum, considering the role of Multi-Purpose Interconnectors in meeting our Net Zero goals. If you were unable to attend, you can find the slides shared on the [OTNR webpage](#).

Upcoming

BEIS and Ofgem will be holding consultations later this year, to gather the views of stakeholders on ongoing policy work. We will provide further updates in due course.

Contact

Webpages

<https://www.gov.uk/government/groups/offshore-transmission-network-review>

<https://www.ofgem.gov.uk/electricity/transmission-networks/offshore-transmission/offshore-transmission-policy-design/coordination-policy>

<https://www.nationalgrideso.com/future-energy/projects/offshore-coordination-project>

Contact via email

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Crown Estate Scotland: marine@crownstatescotland.com

Marine Management Organisation: planning@marinemanagement.org.uk

OTNR Partners



HM Government

ofgem

Making a positive difference
for energy consumers

national**grid**ESO

THE CROWN
 ESTATE



**Crown Estate
Scotland**

Oighreachd a' Chrùin Alba

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