



SCOTTISHPOWER
RENEWABLES

East Anglia ONE North and East Anglia TWO Offshore Windfarms

Applicants' Responses to Rule 17 Letter

Applicants: East Anglia TWO Limited and East Anglia ONE North Limited

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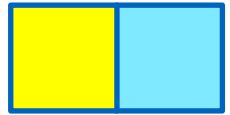
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Applicable to **East Anglia ONE North** and **East Anglia TWO**



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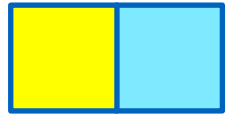


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Glossary of Acronyms

CfD	Contract for Difference
DCO	Development Consent Order
ExA	Examining Authority
NGESO	National Grid Electricity Systems Operator
OTNR	Offshore Transmission Network Review
SEAS	Suffolk Energy Acion Solutions



Glossary of Terminology

Applicants	East Anglia TWO Limited / East Anglia ONE North Limited
East Anglia ONE North project	The proposed project consisting of up to 67 wind turbines, up to four offshore electrical platforms, up to one construction, operation and maintenance platform, inter-array cables, platform link cables, up to one operational meteorological mast, up to two offshore export cables, fibre optic cables, landfall infrastructure, onshore cables and ducts, onshore substation, and National Grid infrastructure.
East Anglia TWO project	The proposed project consisting of up to 75 wind turbines, up to four offshore electrical platforms, up to one construction, operation and maintenance platform, inter-array cables, platform link cables, up to one operational meteorological mast, up to two offshore export cables, fibre optic cables, landfall infrastructure, onshore cables and ducts, onshore substation, and National Grid infrastructure.



1 Introduction

1. This document has been prepared to address questions arising from the Rule 17 Letter issued by the Examining Authority (ExA) on 16 December 2020 (PD-025). Responses to questions addressed to the Applicants are provided in **Table 1** below.
2. This document is applicable to both the East Anglia ONE North and East Anglia TWO Development Consent Order (DCO) applications, and therefore is endorsed with the yellow and blue icon used to identify materially identical documentation in accordance with the ExA's procedural decisions on document management of 23rd December 2019 (PD-004). Whilst this document has been submitted to both Examinations, if it is read for one project submission there is no need to read it for the other project submission.



2 Applicants' Responses to Rule 17 Letter

Table 1 1 Applicants' Responses to Rule 17 Letter

ExA. Question Ref.	Question addressed to	ExA. Question	Applicants' Response
1	The Applicants	Attention is drawn to the policy position on connecting offshore generation to the mainland grid set out at page 80 of the White Paper. The primary policy statement on page 80 of the White Paper states that ' <i>to minimise the impact on local communities, we will implement a more efficient approach to connecting offshore generation to the mainland grid</i> ', noting that the current regime has encouraged single point-to-point connections and recognising the impact that this has had on the coastal communities which host this infrastructure. Provide your views on this policy position and consider any potential effect (if any) for the Applications and for submissions into the Examinations to date.	<p>The Applicants consider that the relevance of the White Paper for the projects should be considered having regard to the full context of the policy positions set out. The introduction on page 4 of the document provides the context and identifies that the White Paper builds upon policy announcements that have been already made in respect of certain matters such as the Ten Point Plan and the National Infrastructure Strategy. It explains that the purpose of the White Paper is to put in place a strategy for the wider energy system. It identifies three key themes for the wider energy system:</p> <ul style="list-style-type: none"> • Transforms energy. • Supports a green recovery. • Creates a fair deal for consumers. <p>There is then an extensive part of the White Paper given over to considering the domestic agenda and in particular, the priority to be given to climate change and the response to it. For example, it illustrates on page 9, in Figure 1.4, the potential future energy use and the potential substantial increase in the demand and need for electricity as part of the decarbonisation programme to achieve Net Zero emissions.</p> <p>A key part of the White Paper is the ongoing commitment of affordability and fairness to consumers. As has previously been illustrated through the examination, this is also at the heart of the</p>



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			<p>regulatory framework created and underpinned by the Electricity Act back in 1989.</p> <p>The White Paper then goes on to a section headed up in chapter 02, "Power". Net Zero scenarios show that electricity demand could double by 2050, with power displacing petrol and diesel cars and gas heating, which would require a four-fold increase in low carbon electricity generation. The specific commitments relating to electricity are set out on page 45. This restates the announced policy objective of securing 40GW of offshore wind by 2030. It highlights in the first column the successful deployment of offshore wind to date and in particular, how policy and frameworks that have been put in place have significantly driven down the cost. The second column deals with the Contract for Difference (CfD) auction system. The Applicants would particularly highlight the importance halfway down the paragraph of the following sentence, "<i>Subject to sufficient projects coming through the planning pipeline to maintain competitive tension, we plan to double the capacity awarded in the last round with the aim to deploy 12GW of low-cost renewable generation.</i>" This illustrates the importance of more consented capacity coming forward as soon as possible to ensure a competitive allocation round. It is of note that sufficient projects have to come forward ahead of the next allocation round to ensure the higher capacity is deployed to put the UK on course to achieving the target of 40GW of offshore wind capacity by 2030..</p> <p>The Applicants would also highlight the economic benefits set out from page 55 onwards and in particular the case study relating to the Grimsby Port revival. The development of the Projects would further</p>



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			<p>develop the East of England's capabilities and meets the East Suffolk Council strategic goal of energy being a key sector for the County.</p> <p>The White Paper then goes on to discuss the energy system. Page 64 of the White Paper sets out the policy goal for the energy system as a whole which, whilst retaining the fair and affordable costs, also seeks to accelerate transition to clean energy and increasing competition and innovation to the full. Underneath the bold goal there are further shared objectives for Government and Ofgem.</p> <p>The quote from page 80 confirms the Government's commitment to implement a more efficient new approach to connecting offshore grid generation to the mainland grid. The text underneath confirms that the activity relating to this objective is set out in the BEIS review. The policy will require further actions to enable implementation including changes to grid regulation. It also has wider implications for how offshore markets would operate. The policy does not change the current position. Government will need to consider the output of the ongoing BEIS review. Again, the Applicants' position is that the policy needs to be read in the context in which it is then subsequently put. It is clear that it is aimed at a future scenario as opposed to applying retrospectively. None of the text is inconsistent with statements made at the time that the BEIS review was initiated nor subsequent Ministerial statements both to Parliament and in the written responses to Suffolk Energy Action Solutions (SEAS). The Secretary of State confirmed this approach in paragraph 18.23 of the decision letter in respect of Hornsea Three. The critical aspect of the policy is the fact that it is yet to be implemented and states specifically, "we will implement". A scheme has yet to be implemented and there is no indication that there will be a blanket application of the new policy</p>



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			retrospectively. Indeed, there is every indication of there being a necessary transition (see answer to question 2). The transition appears to be voluntary and is attempting to look at synergies between projects currently being planned. The indication is that formal offshore grid structures are likely to form part of the future enduring system.
2	The Applicants, NGET, NGESO, NGV	<p>In the second paragraph of page 80 of the White Paper, HM Government recognises the impact of single/ per project point-to-point grid connections on the coastal communities that host this infrastructure and identifies that it will act 'quickly' to address this.</p> <p>In the sixth paragraph of page 80, HM Government states that <i>'[i]n order to start delivering these benefits [arising from a more coordinated approach to grid connections], we will encourage projects already in development, where early opportunities for coordination exist, to consider becoming pathfinder projects'</i>.</p> <p>a) Have any discussions been held with the Department for Business, Energy and Industrial Strategy (BEIS) about the Government's expectations of pace and/or the development of a 'pathfinder' approach to the transmission system connection proposals for these Applications?</p>	<p>The first point to note is that the White Paper in the first column on page 80 has already indicated that one of the key approaches is likely to be the potential for hybrid, multipurpose interconnectors which are already being explored by developers. This built upon the National Grid Electricity Systems Operator (NGESO) paper produced in September and referenced as footnote 114 to the White Paper, "National Grid ESO (2020) Offshore Co-ordination Consultation". This illustrates the nature of technologies that might be applicable. This consultation was instigated to assist in the BEIS review. Page 23 of the overview document identifies that HVDC technologies are important. This was a matter discussed by Mr Green on behalf of the Applicants at Issue Specific Hearing 2. This document confirms the limitations on the current capacity of HVDC cables and also the relevant technology advancements which are likely to be required.</p> <p>In addition to the White Paper review, BEIS also published a further consultation on "Enabling a High Renewable, Net Zero Electricity System: Call for Evidence". This consultation seeks to review the market support implications of some of the themes emerging from the White Paper. Page 3 sets out the three key objectives and how renewable support mechanisms can facilitate the objectives. Question 16 (page 20) is directed at the potential for providing support for mixed connection projects. The strengths of the existing</p>



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		<p>b) If so, please provide an outline description of the implications of the 'pathfinder' approach for each Application, identifying any contingencies or matters not yet resolved.</p> <p>c) If not, is any approach to BEIS likely to be made during the timescale of these Examinations, or might a 'pathfinder' approach be taken post-decision?</p>	<p>connection system are set out in the text immediately below the question but recognises that with the higher levels of future deployment, greater co-ordination is desirable. There is discussion in the third paragraph about the BEIS review and medium term projects to see what can be achieved prior to the enduring regime being implemented at a future date. It recognises the challenges of changing the regulatory framework for the medium term. It then requests responses on the more coordinated approach The concept here appears to be incentivising particular outcomes.</p> <p>Question 17 goes on to discuss the practical implications for the CfD regime of facilitating coordination. Of note is the example given underneath the question of a coordinated approach. This suggests that as offshore wind is deployed further out to sea, there is the potential to combine technologies. Again, as Mr Green explained at Issue Specific Hearing 2 the relative cost efficiencies between HVAC and HVDC is related to the distances to onshore connection. Shorter connections onshore favour HVAC technology. In relation to that technology, the key cost is the cable length. In contrast, in relation to HVDC, it is the electrical installations that are the higher cost factor and cable distances are less constraining. This demonstrates that the opportunity for the integration comes with the deployment of shared HVDC technologies.</p> <p>BEIS hosted an Offshore Transmission Network Review (OTNR) webinar with slides¹ on the 17th December 2020 and on page 32 of the slides the team highlighted some of the outline concepts that they</p>

¹ Available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/946574/presentation-17-10-20.pdf



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			<p>are considering. This suggests that these are still at a conceptual stage..</p> <p>The references above provide context to the questions posed.</p> <p>Government are consulting on potential market implications of any output.</p> <p>In terms of the questions (a) to (c):</p> <p>(a) The BEIS review is yet to complete and at this stage there is no indication from BEIS or any Government agency that the current applications would be suitable for pathfinder status. Indeed, all the evidence is that it would not. Both projects have been deemed to be economic and efficient in utilisation of HVAC technology. This was confirmed through the CION process. Mr Green gave evidence at Issue Specific Hearing 2 confirming the significant differences in cost between the two technologies. In addition, the current voltage limitations on HVDC cables would require two separate circuits to support the projects. These would not be cost effective and would render the projects non-viable.</p> <p>(b) At the current time there is no viable option for either of these projects to become pathfinder.</p> <p>(c) It is unlikely that any approach would be made to BEIS in the current circumstances given the technology options available and the fact that the Projects are not likely to be suitable for pathfinder status given the scale of the Projects and the technologies suitable for their grid connection.</p>



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3	The Applicants	The draft Development Consent Orders (dDCOs) [AS-068-070] seek a seven-year commencement period (Requirements 1), during which timescale various of the policy positions set out in the White Paper might be anticipated to have reached a high level of maturity or resolution. Is it necessary to adapt the drafting of the dDCOs in any specific way to enable the adaptation of one or both proposed developments to current or possible future grid connection 'pathfinder' approaches or to any other element of the White Paper position?	As outlined above, there is nothing in the White Paper that suggests that all current offshore grid connections would be suitable for pathfinder status. The evidence before the examination is that neither of the projects are likely to be appropriate for that type of approach. National Grid ESO and the recent consultation all illustrate circumstances where HVDC technology could be combined in advance of the enduring system being put in place. Neither of these projects are likely to be suitable for such a connection. Furthermore current Bidding rules to the auction round require developer-build projects to have a consented grid connection. The Applicants do not believe that any change to the drafting of the dDCO would be appropriate.
3	Ofgem	In Issue Specific Hearing 2 (ISH2), Ofgem provided a view that projects already in the development pipeline would broadly be delivered within the framework of (then) existing policy. Does the policy position set out in the White Paper amend Ofgem's view?	N/A