



AQUIND Limited

AQUIND INTERCONNECTOR

Environmental Statement – Volume 3 – Appendix 2.1 NGET Cost Benefit Analysis Methodology

The Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 – Regulation 5(2)(a)

The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017

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1.1. INTRODUCTION 1

APPENDIX 2.1 NGET COST BENEFIT ANALYSIS METHODOLOGY

1.1. INTRODUCTION

1.1.1.1. As part of the economic assessment, NGET have undertaken a cost benefit analysis to account for the total life cost of the options. As part of this assessment;

- NGET utilised the capital costs of the options as provided by the Transmission Owners
- NGET calculated the operational constraint costs by taking into equipment unavailability due to failure and maintenance. Assumptions on the cost of energy, failure rates, Mean time to repair ('MTTR'), Mean time between failure ('MTBF'), mean time between planned maintenance ('MTBM') will be based on industry agreed figures where available or Transmission Owner assumptions based on existing practice.
- NGET calculated the Net Present Value using the Spackman approach which is used in discounting CBAs that involve private investment for public benefit¹

1.1.1.2. Note that it needs to be further considered in the subsequent iterations of the CION if in Approach 1 only the incremental difference between the costs of SC1 boundary reinforcement works and works specific for AQUIND Interconnector needs to be taken into account rather than both costs added together as carried out here.

¹ <https://www.ofgem.gov.uk/publications-and-updates/discounting-cost-benefit-analysis-involving-private-investment-public-benefit>

