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& Industrial Strategy

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Craig Rivett
Deputy Leader and Cabinet Member for Economic
Development
East Suffolk Council

8 September 2020

By email: phil.watson@suffolk.gov.uk
naomi.goold@eastsuffolk.gov.uk

Dear Richard and Craig,

Thank you for your letter of 5 August, regarding the recent launch of the offshore transmission network review.

I appreciate you taking the time to write expressing your support for the offshore transmission review following our productive dialogue to date. BEIS is aware of the importance of this work in balancing the need to increase our renewable capacity whilst minimising the costs to the environment and society where possible, something which is particularly pertinent to your county at the present time.

The Terms of Reference (ToR) for the review¹ clearly establishes two separate strands of the review, one to focus on the medium term to explore what can be done within the existing framework, and one to design and implement an enduring regime for the longer term. This approach is designed to account for the different stages of development of projects already in the pipeline. Due to the long lead times for offshore wind projects (8-10 years) many projects connecting are either already consented, or nearing the end of the consenting process. Introducing regulatory uncertainty and changing plans for well advanced projects would increase costs for consumers and make meeting ambitious 2030 and 2050 targets even more challenging. However, the review does commit to consider opportunities for projects at an earlier stage of development, and how these can be incentivised.

In terms of the scope of the review, the projects you list in your letter could fall into the medium-term strand which is considering what can be done within the existing framework. We are already working closely with the other organisations involved in delivering the review to understand what can be done for such 'medium term' projects, while recognising that it will not be possible to change the regulatory framework, nor mandate developers to adapt their plans, for these projects. However, we are exploring ways in which these projects can be incentivised to take a different approach, which we hope will result in some coordination before the outcomes of the review for the enduring regime are finalized.

¹ <https://www.gov.uk/government/publications/offshore-transmission-network-review/offshore-transmission-network-review-terms-of-reference>

In particular, I would like to draw your attention to the recently published, joint open letter from BEIS and Ofgem² inviting engagement from stakeholders to help us understand what the barriers are in the current regime, or that are considering opportunities to pursue a coordinated approach. This information will inform what incentives could be provided to facilitate or speed up some of those opportunities in the medium term, as well as influencing the direction of the enduring regime.

As you rightly acknowledge, comprehensive integrated solutions for the medium term strand of the review would be incredibly ambitious. However, we do not want to limit options for this part of the review and accordingly the open letter calls for such proposals to be brought forward so that we can establish what can feasibly be done to help these proposals be realised.

I am grateful for your engagement on this topic to date and I hope you have found our dialogue as productive as I have. I look forward to continuing this engagement as the review progresses.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', written in a cursive style.

RT HON KWASI KWARTENG MP
Minister of State for Business, Energy and Clean Growth

² <https://www.gov.uk/government/publications/increasing-the-level-of-coordination-in-offshore-electricity-infrastructure-beis-and-ofgem-open-letter>