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Date: 12 August 2024
Our Ref: ESC response to Ofgem consultation - Nautilus
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Re: East Suffolk Council's response to Ofgem Consultation - Consultation on changes to the Initial Project Assessment of the Nautilus Offshore Hybrid Asset (15th July to 15th August 2024).

1. Ofgem Consultation - Question 1: *'Does the updated evidence presented on the needs case of the Nautilus project change your prior feedback submitted for the OHA IPA consultation?'*

East Suffolk Council (ESC) did not provide prior feedback to the Nautilus Offshore Hybrid Asset (OHA) Initial Project Assessment (IPA) consultation.

2. Ofgem Consultation - Question 2: *'Do you think that Ofgem should be considering any other factor for the Nautilus project in light of the material changes in connection location and capacity?'*

Yes, it is extremely important that Ofgem fully considers the environmental and social costs introduced by the project alongside the economic costs. ESC has reviewed the published consultation report¹ and acknowledges that Nautilus is an OHA project being assessed for Ofgem's OHA Pilot Scheme which is currently in its IPA stage, considering which projects should be granted a regulatory regime in principle.

ESC has previously engaged with the Applicant, National Grid Ventures (NGV), as part of the pre-application consultation held to date² and we are aware of Ofgem's published press release on 1 March 2024³, which concluded in reference to the proposed Nautilus project that *'Ofgem is currently not minded to recommend regulatory support for another proposed OHA interconnector, Nautilus, as thus far it has not been judged to have sufficiently demonstrated its consumer value'*. ESC therefore understood that the future of the project was uncertain due to its high constraint cost impact and the uncertainty in the project's configuration meaning its GB welfare impact was at that time deemed uncertain by Ofgem.

However, since that time, and as set out within the current consultation materials, ESC notes that two key characteristics of the project have changed, i.e. the GB location for connection and the modelled capacity of cables linking the Belgian offshore island to the Belgian shore. We note that this proposed change is being made to reduce the projected constraint costs for this project and therefore mitigate concerns that were previously raised by Ofgem at the time of the press release.

¹ <https://www.ofgem.gov.uk/sites/default/files/2024-07/Nautilus%20OHA%20Consultation.pdf>

² <https://www.eastsuffolk.gov.uk/assets/Planning/Strategic-engagement/3-ESC-response-to-Nautilus-consultation.pdf>

³ <https://www.ofgem.gov.uk/press-release/ofgem-gives-provisional-green-light-projects-power-millions-homes>

Additionally, as highlighted in the consultation materials, ESC understands that authorities in Belgium have now resolved the uncertainty on the project's configuration by confirming that the capacity connecting the offshore island to the Belgian shore will be 1.4GW, rather than 3.5GW as previously assessed by Ofgem. Additionally, we note that Ofgem are now in a position to update the analysis using updated cost and revenue sharing arrangements for the project, enabling a full assessment of the project's likely impacts.

This consultation therefore focusses on these changes, being key characteristics of the Nautilus project. We also understand that the proposed change in connection location, being undertaken to improve Nautilus' prospects of receiving a regulatory regime, is being promoted by the Applicant as it would reduce constraint costs on Nautilus considerably, but also impacts constraint costs to varying degrees on other Window 3 and OHA Applicant projects. The published materials also seek to justify Ofgem's position on the project in light of the additional clarification over the Belgian Energy Island's configuration which is cited as improving the overall assessment of the project's maturity, and the impact on the Social Economic Welfare.

This letter provides clarification on ESC's significant concerns relating to the change in the project's proposed point of connection for GB, i.e. the rural village of Friston within East Suffolk, to be taken in to account in Ofgem's final decision on the IPA which we understand will be publicised in the autumn of 2024.

Concerns relating to an East Suffolk connection agreement

ESC notes when reading NGV's webpage for the Nautilus project that the connection agreement for the project has always been in the Leiston area later identified as Friston within East Suffolk. However, in response to the magnitude of concerns raised by ESC and the local communities potentially impacted by the development, in particular, concerns relating to the barrage of sequential energy projects coming forwards in our region over the next decade, NGV explored the possibility of moving Nautilus to the Isle of Grain in the Greater Thames Estuary which was a welcomed alternative strongly encouraged by ESC.

Significant concerns were raised in our response to NGV's Non-Statutory Consultation on the Nautilus Multi-Purpose Interconnector Project⁴ (25 October 2021). This highlighted that ESC has significant concerns in relation to the Nautilus project as currently proposed, in part due to the lack of demonstrable coordination with partner offshore windfarms or other proposed large scale energy projects. ESC considered that the Applicant needed to demonstrate that coordination between projects has been maximised. This is both through the use of the multi-purpose element of the interconnector to facilitate connection to offshore wind projects, but also through coordination with the LionLink project and NGET's SeaLink project.

ESC urged the Applicant to consider siting and routeing options which can facilitate this level of coordination. Notwithstanding the above comments, ESC was also of the view that insufficient information had been provided within the consultation at that time to give the Council confidence that the siting and routeing options presented for Nautilus are viable. There are significant challenges in relation to securing an appropriate landfall, cable route and converter station site for the project. ESC considered that further work was necessary to demonstrate the viability of the siting and routeing options proposed prior to NGV identifying a preferred site. Based on the information available at the time, ESC objected to the lack of demonstrable coordination and was not able to support the landfall, cable route and converter station options presented. This remains our position and we reject the justification presented by the Applicant and Ofgem in support of a connection within our district.

ESC is extremely disappointed to learn that following Ofgem's press release in March 2024 where it was announced that it did not approve this proposal because the constraint costs i.e., the cost of upgrading the network around the Isle of Grain and transmitting the power between Nautilus and the electricity system, would be too high. ESC was shocked to learn on 15 July 2024 that Ofgem had announced that it is consulting

⁴ <https://www.eastsuffolk.gov.uk/assets/Planning/Strategic-engagement/3-ESC-response-to-Nautilus-consultation.pdf>

on the possibility of Nautilus connecting once again at Friston within East Suffolk as part of its IPA for the project. The justification presented for this change in tack includes there being sufficient capacity in the electricity system at Friston meaning that the cost of connecting Nautilus at Friston is lower than at the Isle of Grain (being a significant factor for the end consumer), as there are fewer reinforcements and upgrades needed to transmit the energy between Nautilus and the wider electricity grid, than at the Isle of Grain.

It is therefore clear that there is a large disconnect between the planning process and the financial influences steering connection offers, with costs to the end consumer carrying more weight in the decision-making process than the identified planning constraints raised in consultation for a proposed connection location. ESC also remains disappointed that offshore connection options are not being fully explored due to cost, resulting in a significant amount of additional impact being imposed on the local communities within East Suffolk, many of whom are already fighting a barrage of development which will heavily impact their local communities for generations to come.

Significant local and political opposition to Nautilus reverting back to a Friston connection

As stated earlier in this letter, ESC strongly objects to this project connecting within our district, reflecting the concerns of local communities potentially impacted by this (and other) large scale energy projects over the next decade. Councillor Tom Daly, East Suffolk Council's Cabinet Member for Energy and Climate Change, is hugely disappointed to learn that the Nautilus Interconnector proposal is possibly coming back to East Suffolk to be connected at Friston. This is yet another huge and incongruous industrial development in our precious countryside to be seen alongside all the other proposals this community is being swamped by.

It is apparent that whilst cost is an important factor, it trumps the significant environmental, community and social harm the development would produce. Such a change also highlights the lack of a coordinated approach to upgrading our energy systems and pays lip service to the diligent work of the Council and its communities, making clear why this proposal is not acceptable.

The initial planning consent for the National Grid substation at Friston was to support Scottish Power's East Anglia ONE North (EA1N) and East Anglia TWO (EA2) offshore wind farm projects alone, and not SeaLink, LionLink, and now Nautilus. This evident lack of strategy and forward planning are not acceptable. Ofgem is excluding the huge social, environmental, and economic impacts of imposing an energy superhub onto our countryside (without consultation or any assessment of cumulative impacts). Any proper cost/benefit analysis should quantify these impacts. East Suffolk's countryside and communities are not the cheaper option, and it is insulting to our local communities for this to be presented as justification for this change in proposed connection location.

It is extremely important that Ofgem fully consider the environmental and social costs in addition to the economic costs for this project. ESC is aware of the ARUP MCA report commissioned by Ofgem (01/03/2024) titled '*Multi-Criteria Assessment framework report for Cap and Floor W3 and Offshore Hybrid assets Pilot Projects*'. Within Appendix 1 '*Summary of Hard-to-monetise impacts*', this report assessed several impact areas that carry value but are difficult to monetise as they have less tangible societal value or no clear market value. In order to account for these, the multi-criteria framework included five qualitative indicators to describe hard-to-monetise impacts associated with the project. These were Environmental impacts; Landscape impacts; Noise/Disturbance; Impacts on Local Community; and Other impacts.

ESC agrees with the study's findings that '*hard-to-monetise impacts are important to capture because they can influence whether a project proposal is successful when considered against planning and environmental policy*'. Appendix 1 and Table 13 provided a summary of the assessment of these impacts in relation to the proposed Lionlink and Nautilus OHA projects. Using a Red, Amber Green (RAG) assessment, it concluded green, amber, red, red and red for the five qualitative indicators for both OHA projects based on the order set out above. It noted that the projects are at an early development stage and that the developer had only

provided relatively generic information at that stage for some of the hard-to-monetise impact indicators. But despite this, it is very clear that with three red and one amber qualitative indicators identified within the assessment, that significant impacts on local communities within East Suffolk are extremely likely. ESC also questions the detail underpinning the green qualitative indicator identified in the assessment for 'environmental impacts' for the reasons set out earlier in this letter.

This study indicates that there are numerous hard to monetise factors at play which will result in both direct and in-direct detrimental impacts on the local communities set to host the project infrastructure and have to live with the construction works. Ofgem must accept the full costs of production, not pass these costs onto the communities and environment of East Suffolk. This means allowing Nautilus to proceed to the Isle of Grain, or better to take a strategic view whereby all of the projects seeking a connection at Friston are considered holistically, being viewed as enough 'critical mass' to justify the in depth exploration of a coordinated offshore connection option, benefitting from all of the downstream cost efficiencies this would bring to the table, rather than catalysing developer interest and converging on one rural (green-field) village within East Suffolk.

ESC understands that Ofgem are now seeking views on the outcomes of the revised analysis relating to the Nautilus project's viability and that you will take into account the impacts of the changes to the project, responses to this consultation, and any other relevant evidence in deciding either to reject or accept Nautilus's application at IPA stage. ESC continues to have significant concerns regarding the Nautilus project for the reasons stated in this letter and we reject the justification provided in support of this change. We therefore encourage Ofgem to reject Nautilus's application to revisit an onshore connection at Friston, East Suffolk.

ESC will be writing to the Applicant in parallel to this response to set out our concerns relating to an East Suffolk connection agreement at Friston, and the lack of a holistic assessment of both monetised and 'hard-to-monetise' impacts ahead of a final connection location being fixed for the project. We met with the new Suffolk Coastal MP, Jenny Riddell-Carpenter and will be seeking to meet with government officials to once again press the case for a change in approach, to look for coordination and the development of other approaches, including an offshore ring main, to enable the country to decarbonise whilst introducing the least amount of harm possible on its rural communities. ESC will also be requesting a face-to-face meeting with Ofgem to enable them to explain their approach, with particular focus on how Ofgem will manage future communications and engagement with the local communities set to host or neighbour the proposed development within East Suffolk.

We trust the concerns presented in this response will attract sufficient weight as part of Ofgem's decision making process at this critical IPA stage.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Ridley', with a long horizontal flourish underneath.

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East Suffolk Council