

Offshore wind blows hole in case for National Grid electricity role

Emily Gosden, October 08 2020, 12.01am, The Times

The management of Britain's electricity system should be taken away from National Grid and handed to an independent body with new powers to co-ordinate offshore wind farm connections, according to the former head of the energy regulator.

Dermot Nolan, who led Ofgem until January, said that Britain's renewed push for offshore wind risked politically unacceptable effects because the present system would involve too many unnecessary cables being built to individually connect each project to shore.

A co-ordinated offshore grid needed to be developed and the electricity system operator, owned by National Grid, would be the logical organisation to plan and manage this, he said. Yet this would increase concerns over perceived conflicts of interest with National Grid's other businesses, such as building subsea interconnectors, which could link to the offshore grid, and managing the onshore power grid, which will need reinforcing.

"I think it is a good time to go for a fully independent system operator," Mr Nolan said. "I think the perception would be that in order to build a large grid offshore, and continuing to build the grid onshore, the planner for that system

should be independent of the existing network owner and of someone who will be competing to build new network, as well.”

National Grid, which manages power and gas networks in Britain and the United States, has fought to hold on to the electricity system operator, which is responsible for keeping the lights on, managing connections and advising on grid development. However, it became legally separate within the group last year after previous concerns over conflicts of interest.

The government is reviewing whether the operator should be fully independent, with a decision expected soon, and Ofgem has submitted its recommendation. The comments from its former chief executive are likely to bolster expectations that it will have recommended independence.

The government also has launched a review of the offshore transmission network. At present each offshore wind farm has its own connection to shore, but this approach was designed at a time when Britain was expected to have as little as ten gigawatts of offshore wind capacity by 2030. The government is now aiming for 40 gigawatts by 2030, with much more by 2050 to meet net zero targets. Ministers have conceded that the existing system “may not provide the most efficient approach and could become a major barrier to delivery, given the considerable environmental and local impacts”.

Mr Nolan, a consultant at Fingleton, which was founded by John Fingleton, a former chief executive of the Office of Fair Trading, said: “You’ll have literally hundreds of cables going onshore, which is driving residents nuts, quite frankly. And you will probably build much, much more transmission link than

you need to build.” Offshore wind connections were already “creating political unrest in areas like Suffolk and Norfolk”, he said.

The electricity system operator has estimated that an integrated offshore grid could save consumers about £6 billion by 2050. Fintan Slye, its director, told The Times: “You can reduce the number of cables by potentially up to 50 per cent.” He agreed that the operator may be the “obvious” choice to carry out a “network planning type role for the offshore grid”, but he disputed that this would require it to be fully independent.

“I think there are conflicts of interest there, but I think that the arrangements that are in place mitigate them,” Mr Slye said. “The electricity system operator has an independent board and decisions are ringfenced from the rest of National Grid group.”

Separating the operator would require a new separate IT system and would take away “the financial stability that being part of a FTSE 20 business gives you,” he said

A spokeswoman for National Grid said it would “continue to work closely with the government, regulator and industry to explore what changes will be needed to achieve net zero”.

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