
FNC Direction Harker Energy Enablement project

Decision

Publication date

29 March 2023

Industry sector

Transmission Network

Licence type

Electricity Transmission Licence

Related links

Harker – Consultation on the project’s Initial Needs Case and initial thinking on its suitability for competition (<https://www.ofgem.gov.uk/publications/harker-consultation-projects-initial-needs-case-and-initial-thinking-its-suitability-competition>)

To: National Grid Electricity Transmission plc (‘the Licensee’)

Direction issued by the Gas and Electricity Markets Authority (‘the Authority’) under Part F of Special Condition 3.13 (Large onshore transmission investment Re-opener) of the electricity transmission licence (‘the Licence’) held by the Licensee to relieve the Licensee of the requirement to secure all material planning consents for the Harker Energy Enablement project prior to the submission of a Final Needs Case (‘FNC’) for approval to the Authority.

Whereas

1. The Licensee is the holder of a Licence granted or treated as granted under section 6(1) (b) of the Electricity Act 1989 (‘the Act’).

2. The Harker Energy Enablement project will replace and rebuild the existing substations at Harker near Carlisle in Cumbria, prompted by a complex combination of load and non-load related drivers. The project is expected to cost above £100m and is, in whole, or in part, load related and therefore meets the definition of Large Onshore Transmission Investment project as defined in Special Condition 1.1 (interpretation and definitions) of the License.

3. On 31 October 2022, we published our [decision](https://www.ofgem.gov.uk/publications/harker-decision-projects-initial-needs-case-and-its-suitability-competition) (<https://www.ofgem.gov.uk/publications/harker-decision-projects-initial-needs-case-and-its-suitability-competition>) on the project's Initial Needs Case (INC) and its suitability for competition.

4. The Licensee wishes to seek the Authority's approval of its FNC under paragraph 3.13.13. Paragraph 3.13.14 of Special Condition 3.13 provides that the Licensee may only seek the Authority's FNC approval once it has obtained all material planning consents, unless the Authority directs that the Licensee is relieved from this requirement. The Licensee does not yet have all material planning consents.

5. When the INC was submitted, the Licensee sought to have that treated as an FNC. As planning permission had not yet been granted, when we published the [INC consultation](https://www.ofgem.gov.uk/publications/harker-consultation-projects-initial-needs-case-and-initial-thinking-its-suitability-competition) (<https://www.ofgem.gov.uk/publications/harker-consultation-projects-initial-needs-case-and-initial-thinking-its-suitability-competition>) we decided that it would not be appropriate to undertake the FNC assessment in accordance with Special Condition 3.13.14 of Special Condition 3.13. At that point, whilst the needs case was well-established, the scope and programme were less well defined and planning permission had not yet been applied for. The project is now at a more mature stage of development, with a decision on planning permission expected soon, a feasible but challenging programme and a robust fixed scope in place. The project environment has also changed rapidly over the past year as the drive to net zero accelerates and the industry adapts to the enormous increase in demand this has generated, increasing competition for constrained supply chain resources.

6. Given the above, we have decided to relieve the Licensee of the requirement under para 3.13.14 of Special Condition 3.13 to secure all material planning consents prior to submission of a FNC for the Authority's approval. This decision has been made so that review of the FNC can be commenced now to avoid any unnecessary delays to the project, supporting the project's intention to commence construction early in 2024. Any delay to this project may lead to constraint costs that could be avoided, continued leakage of sulphur

hexafluoride and delay in enabling embedded generation (some of it renewable) to connect.

7. In accordance with paragraph 3.13.14 of Special Condition 3.13 of the Licence, the Authority hereby directs that the Licensee is relieved of the requirement to secure all material planning consents prior to the submission of a FNC for the Authority's approval.

8. This Direction gives notice of the reasons for the decision to issue this Direction as required by section 49A(2) of the Act.

James Dunshea

Head of Price Control Operations – Heavy Scrutiny Projects

Duly authorised on behalf of the Gas and Electricity Markets Authority

March 2023

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