SEA LINK- EN020026

RESPONSE TO SECRETARY OF STATE'S LETTER TO ALL INTERESTED PARTIES - 22 SEPTEMBER 2026
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Principal Documents consulted

[APP-320} EN020026-000208 Applicant document **7.2** Strategic Options Back Check Report, March 2025
[APP-368] EN020026-000204 Applicant document **8.1** Corridor Preliminary Routeing Siting study (October 2022)
[APP-369] EN020026-000205 Applicant document **8.2** Options Selection and Design Evolution Report (October 2023)
[REP7-192] EN020026-003595 Applicant document **9.145 A** Applicant Closing Summary Statement, April 2026

Ofgem – *Sea Link – Project Assessment, 1 September 2026*
NAO Report 2026-09-11 (HC 589) *Upgrading the electricity transmission network*
NESO – *Electricity Ten Year Statement (ETYS 2025)*
House of Commons DENZ Committee report **HC 868** July 2025 – *Gridlock or Growth? Avoiding Energy Planning Chaos*

1 Introduction and Summary

The Sea Link Proposed Project has brought to the surface many crisis points in the journey to Net Zero. After 20 years of Governments implementing the production of low carbon energy and reducing fossil fuel usage, there are urgent national dilemmas:

- **Energy suppliers have completed their construction ready for connection to the grid but which does not have the capacity to receive it**
- **The rapidly increasing amounts of compensation paid to the suppliers to halt production of green energy (known as Contracts for Difference – 'CfD')**
- **The cost of instantaneous gas-powered electricity to make up for when weather restricts wind and solar energy production**
- **Imbalance across the grid's 'boundaries' where suppliers on both sides either have to 'Turn off' or 'Turn up,' requiring 'Constraint Costs' (CCs) paid to both, which are added to consumers' bills**
- **NGET and the other Transmission Owners (TOs) initially pay these 'Constraint Costs' which the NAO estimate could reach £6.6 billion to £7.8 billion in 2030 if grid upgrades are not accelerated (i.e. £127 to £150 million per week) to match the new generation.[1]**
- **The acceleration of key projects like Sea Link without a reappraisal of its business case**
- **No time to assess the effects of previous strategies when projects originally attaching to different sections of the grid were and are being moved elsewhere**
- **Approval of funding in advance of DCO approval with the possibility of consumers' contribution being written off**

[1] NAO Summary – Key Finding para. 10

- **Accelerated approval of projects not conforming to a nationwide strategy which integrates grid improvements and attaching renewables, all in advance of the Strategic Spatial Energy Plan (SSEP) due by the end of 2027**
- **The subsequent detailed proposals are intended to be in a Centralised Strategic Network Plan (CSNP), due by the end of 2028**
- **Economic consequences of current investment financing methods**
- **Private ownership of assets paid for by consumers**

The National Audit Office's September 2026 report (HC 589) summarises the existing and forecast physical problems and financial consequences. Sea Link is at the heart of proposals by NESO and National Grid to accelerate specific key works to the grid in order to reduce CfDs. However, even this will add to the costs borne by consumers despite reducing the general increase in CfDs.

Ofgem's Project Assessment (1 September 2026) has insisted NGET resolve design problems with Sea Link's harmonic distortions. Ofgem will not accept a reduction from the contracted 2GW supply to 1.8GW. The cost of the extra works is not known, and works may be required outside the Sea Link's site boundary and EIA's Study Area. No design has been proposed for public examination by NGET.

The delivery of Sea Link, anticipated by the NAO in 2030 – 2031, is now questionable as the NAO was also unaware of the harmonics problem when writing its report.

The available options are for the Secretary of State (SoS) to either refuse DCO consent on the grounds explained below or postpone any decision until the production of the SSEP and CSNP. This may change the scope of work, its location and timing. How much of the known capital costs can be saved, and the effects on consumers' bills, are both germane.

2 What Sea Link is designed to do

- Reinforcement of the capacity of the East Anglian and South East existing networks to accommodate the connection of proposed new power sources - see [APP-320] NGET 7.2 Strategic Options Back Check Report, para 3.4.2.
- Accommodate East Anglian 'fault and impact' events affecting transmission boundaries EC5N and EC5, and, for the Sizewell Generation Group, the 'loss' of one of the two double pylon circuits connecting Sizewell to Bramford.
- Provide an undersea HVDC connection between East Anglia and Kent.

3 A summary of the problem

- The sequence of and interaction between the development of the renewables industry, the grid management, government policy and ambitions, the energy regulator, NPS policies and financing has been interwoven for nearly three decades.
- The emphasis and interaction has constantly shifted and needs some explanation to understand how we are in the current position today.
- The upgrading of the grid to receive and transmit the new 'green' energy has been delayed so long that energy providers cannot connect or cannot supply all the energy being created.
- They are then paid for their loss of income through the CfDs.
- The public are paying personally for this mismanagement, not general taxation.

- My summary conclusion is that, in the effort to replace fossil fuels with energy from the wind and sun, the UK has become trapped in a very expensive cycle of expenditure borne by the public alone through their electricity bills.
- Even with renewable energy entering the grid, the levels of CfD payments charged to consumers will not decrease nor ever cease.

- Neither the state not consumers will own any of the investments they have paid for.

4 How this happened

Figure 6 in the NAO Report is a **Timeline of developments in electricity generation and transmission policy from 2009 to 2030**. It identifies either side of the diagram the electricity generation developments in parallel with electricity transmission developments.

The current key stages from concept to completion are as follows:

- **An energy supplier requests NGET for a connection supplying a quantified amount of energy in a specific location. NGET has 3 months to reply with an offer or not.**
- **If a Construction Offer is made, the developer has to invest in design and preparation for planning approval (now for a Development Consent order (DCO) via the Nationally Significant Infrastructure Projects (NSIP) planning process which is separated from normal local planning procedures).**
- **This usually requires extensive consultation and an Environmental Impact Assessment (EIA) – a considerable investment in consultants' fees and time.**
- **The problem has been, and remains, that in the three months allowed to assess applications for a grid connection NGET has no opportunity to test the planning and financial feasibility of the proposed project. It is limited to the location of substations and assessing the impact on the stability of the grid and its boundaries.**
- **Thus, ostensibly useful projects are not tested against statutory constraints until significant fees have been spent, potentially at risk to the developer.**
- **This financial investment gives momentum to an applicant's case which may not be earned by the merits of the project, and whose risks may only be discovered much later.**
- **The costs of preparing to submit a DCO can be covered by Ofgem, using funds generated by service charge levies on consumers' bills**
- **Applicants can be tempted to rely on the more permissive National Policy Statements for Energy (NPS) policies to overcome acknowledged environmental harm which would not be permissible under the NPPF.**
- **The SoS retains a trump card to override any significant negative environmental effects if it is 'in the national interest.'**
- **Earlier reviews of the planning feasibility of a project would prevent harmful projects from proceeding too far and allow the SoS to use far less often the controversial 'national interest' escape clause.**

5 A summary of Figure 4 in the NAO Report

This gives a Timeline of how the process of moving energy production and use of renewables has occurred

Connect and Manage (2009-2015):

2009 – 'Vision for 2020' published by Electricity Network Strategy Group (ESNG) outlining transmission projects; Ofgem temporarily approves Connect and Manage policy to speed up connections to the grid
2010 – Government adopts Connect and Manage policy
2012 – Refreshed 'Vision for 2020' published by ESNG with new projects
2012 – Government introduces Contracts for Difference (CfD) in Electricity Market Reforms Framework

Market-led approach (2015-2019):

2015 – `First CfD Allocation Round results announced with total capacity of 2.1 GW
2015 – Shift in Government policy, aiming for a competitive market with government out of the way as much as possible

2016 – System Operator publishes first Network Options Assessment (NOA)
2017 – System Operator publishes second NOA; ESNG disbanded; Second CfD round with total capacity of 3.3 GW
2018 - System Operator publishes third NOA

Net Zero Introduced (2019-2023):
2019 – System Operator publishes fourth NOA
2019 – Government announces target of 30GW 0f offshore wind by 2030
2019 – Government legislates to target of Net Zero by 2050
2019 – CfD Round 3 results in total capacity of 5.8 GW

2020 - System Operator publishes fifth NOA
2020 – Government launched Offshore Transmission Network Review (OTNR) to improve planning of offshore wind generation into the grid
2020 – Government raises target to 40 GW offshore wind by 2030
2021 – System Operator publishes sixth NOA

2022 – System Operator publishes seventh NOA
2022 – Government raises target to 50 GW offshore wind by 2030
2022 – CfD Round 4 results in total capacity of 10.8 GW
2022 – As output from OTNR, System Operator publishes first Holistic Network Plan, identifying 94 transmission network upgrades

2023 – Electricity Networks Commissioner (ENC) recommends how to accelerate building of electricity transmission infrastructure
2023 – CfD Round 5 tender published with total capacity of 3.7 GW (no bids received for offshore wind
2023 – Government responds positively to ENC's report

Clean Power 2030 (2024-2030)
2024 – National Energy System Operator (NESO) separated from National Grid; publishes Beyond 2030, setting out national view of electricity transmission network in 2030s
2024 – New government with manifesto for achieving Clean Power by 2030
2024 – CfD Round 6 results in total capacity of 9.6 GW
2024 – Government publishes Clean Power Action Plan; includes doubling installed generating capacity in GB from 111 GW in 2024 to 204 GW by 2030

2026 – CfD Round 7 results in total capacity of 8.4 GW
2026 – CfD Round 8 results is closed for allocations

5 NAO's Key Findings (KF) on the history of the upgrade rationale, followed with my observations:

KEY TO THE GRAPHICS BELOW

KF8: XX NAO headings
NAO text in italic
- My comments

Upgrade Rationale
KF8: DESNZ [and its predecessors] has allowed renewable electricity generation to expand faster than the grid, which has led to increased constraint costs.

KF9: Opportunities to upgrade the grid earlier were missed.
The market-led approach to grid planning was adopted without an agreed spatial plan, nor a shared view of future investment needs. Ofgem delayed approval of projects now being implemented at higher cost.

KF10 Constraint Costs could reach £6.6 to £7.8 billion in 2030 if grid upgrades are not accelerated to match new generation as part of the Clean Power 2030 plan.

- Without accelerating three existing projects to reduce CCs to £2.8 to £3.6 billion, no other grid upgrades, and all planned renewables connecting, CCs could reach £12.7 billion a year.
- If eight projects were accelerated, CCs would be £1 billion to £1.9 billion. NESO stated on 15 October that CfDs has amounted to £49.9 million on a single day during September 2026.[2]

Here are comparative weekly CCs for the above options:

- £6.6 billion to £7.8 billion would cost £127 million to £150 million per week.
- £2.8 billion to £3.6 billion would cost £53.8 million to £69.2 million per week
- £1 billion to £1.9 billion would cost £19.2 million to £36.5 million per week
- £12.7 billion would cost £230 million per week

- All the above sums are 2024 prices. Costs of goods and construction have increased since then:

- Offshore capex: 2024 - £2.8 million to £3.2 million per MW. 20263 - £3.2 to 3.7 million per MW
- This is a 14 to 16 % increase
- Gas 50% [4] This affects the cost of gas power stations providing back up for load balancing. £500 million was spent on balancing electrical supply and demand on the grid during September 20265
- Fabricated steel 17.7%; Steel pipes 12%6 This excludes the cost of delivery and fabrication at sea.

- It is inevitable that prices will increase further before completion in 2030-2031.

KF11: Ofgem estimates TOs will need to spend up to c£70 billion over 2025-2031 on grid upgrades. Of this, £62 billion is to increase grid capacity.

- If KF11 is correct that this investment in the grid is needed and is then approved, consumers will be tied into a continuation of the same financial regime and persistent high energy bills.
- Ofgem calculated in its Project Assessment (September 2026) that Sea Link would cost at least £3.2 billion at 2024 prices.
- Even though some materials and equipment have been paid for in advance, the likely cost at completion will be c.£4 billion.
- Ofgem states (para 2.6) that a significant proportion of NGET's costs are "subject to Price Adjustment mechanisms (PAMs) that allow costs to be to be adjusted post contract award."[7]

KF12: Ofgem estimates this investment [including acceleration of the three projects] will save consumers about £30 a year compared to increased CCs if projects are not accelerated.

[2] The Guardian, 15/10/2026
[3] guidetoanoffshorewindfarm.com/wind-farm-costs
[4] Energy-uk.org.uk – reported 15/9/2026
[5] Oilprice.com – reported 19/10/2026
[6] Dept. Business Industry Science and Trade – *Construction building materials commentary*, issued 5/8/2026
[7] Ofgem – *Sea Link Project Assessment*, 1/9/2026

- The reductions to the increase in consumers' standing charge to £30 p.a. by implementing both project acceleration and grid capacity may seem small and value for money. Although the £70 billion debt will be off the nation's balance sheet, events triggering CfDs and CCs will still occur and be payable by consumers.

KF13: NESO has recommended a total of around £89 billion investment in the grid beyond 2030.

- If KF13 is correct that this investment in the grid is needed and is then approved, consumers will be tied into a continuation of the same financial regime and persistent high energy bills.

KF14: Faster and more predictable connections to the grid are also necessary to support economic growth

Delays in connecting energy suppliers and industrial consumers to the grid force companies to stall or abandon investment. This unpredictability affects modernisation and innovation essential to sustaining and improving the national economy.

Upgrade Progress

KF15: Many of the 88 grid upgrades are at risk of not being completed when needed.

Most of the 64 of the incomplete or not commenced grid upgrades are at an early stage of development and are not expected to be connects by the optimal dates identified by NESO to keep CCs down.

There has been no significant acceleration of the three projects that NESO recommended in 2024 in order to reduce CCs.

KF16: NESO does not know the full financial impact on consumers of delivering grid upgrade projects after they are needed.

NESO estimates delays to seven critical projects could increase CCs up to £6.6 billion a year.
NESO does not know the cost of delays to the remaining projects which makes it difficult to make priorities.
NESO cannot calculate CCs for each delay due the expense, and it considers updated estimates are not necessary to support planning decisions.

- This lack of information blocks the delivery of projects in the right places at the best time and also affects both construction costs and consumers' bills.

KF17: DESNZ, Ofgem and NESO are working to speed up the delivery of grid upgrade projects.

DESNZ's appointed ENC recommended in 2023 how to reduce infrastructure delivery from 12-14 years to around seven. Half of the 10 workstreams are 'red' or 'amber-red.'

Planning, consenting and community acceptability

Securing land to build infrastructure can add up to three years to the projects timetables.

System access

Planned outages are needed to upgrade and make new connections. In 2025-26 two thirds of applications were cancelled or rescheduled at short notice.

- Is this more evidence that energy providers are applying and ready to connect too soon? Or is the programming by transmission owners at fault?
- **The consequences are that costs of CCs and CfDs are incurred and added to consumers' bills**

Supply chain constraints

Demand for materials is exceeding supply. Ofgem is allowing TOs to procure some materials and equipment in advance.

- This assumes DCOs will be forthcoming. The advance expenditure exerts pressure on the ExA and SoS to permit projects which would otherwise not have been approved. If refused, consumers are charged the abortive costs.

- This is what is happening now to Sea Link – a potential Catch 22.
- If its DCO is approved by down-playing significant harm in the planning balance for these financial reasons, this would be in breach of NPS EN-1 and EN-5.
- The whole project Examination process would have been a waste of time, money and effort.

- **Skills constraints**

  The shortage affects the pace of delivery. DESNZ will address this through an industry-led growth plan.

Upgrade oversight

KF18: The chosen upgrades reflect the projects NESO considered would best deliver Clean Power 2030 within the time available, rather than the outcome of a whole-system assessment of alternatives.

Grid upgrades are funded though electricity bills and not public expenditure.
They are not supported by a full business case, options appraisal, or assessment of overall value for money.
Most of the recommended grid upgrades were chosen because they were already in development.
Without an integrated spatial plan or whole system appraisal, the government has not demonstrated that these projects represent the best way of achieving its objectives.

- **The scenario above is exactly the case with Sea Link: refer to [APP-320] 7.2 Strategic Options Back Check Report, para 4.2.2 – quoted below:**
- The *"network studies in East Anglia undertaken by Sea Link to confirm which connection point provided the best value to customers whilst minimising potential environmental and socio-economic impacts*."
- This single paragraph lies between *"Initial Electricity System Operator analysis"* and *"Corridor and Preliminary Routeing and Siting Study."* The latter concludes the only four strategic options to address the need were all in the Sizewell Area.
- Without seeing the East Anglia network studies, NGET have not submitted any evidence to the ExA and SoS justifying its choice of the Sizewell Area for onshoring, locating the converter station and connecting to the grid.
- The harm caused during construction and operation cannot not be justified without alternatives, such as Bramford, Bradwell-on-Sea and the Isle of Grain, having been assessed in public.
- The cumulative harm in conjunction with the other adjacent NSIP projects in East Suffolk has never been assessed either.
- The absence of any explanation by NGET for this decision so fundamental to the proposed project places a burden on them to justify it
- **The Thameside[8] judgement on the public law duty of inquiry places responsibility on the Ofgem, the ExA and SoS to discover NGET's documents.**
- **The Wednesbury[9] principles for the lawful administration of decision-making place an obligation on Ofgem to protect consumers from unjustified costs**

KF19: DESNZ has improved government oversight of grid upgrades.

The ENP oversees grid upgrades, bringing together DESNZ, Ofgen, NESO and industry representatives to oversee 10 policy workstreams, monitor delivery and manage strategic risks. It works to help unblock barriers to deliver key grid upgrades. It has started to operate as a portfolio manager, but there is scope to do more.

- While accountability for individual projects rests with the Transmission Owners, no single person is accountable for delivery of the portfolio as a whole.

[8] Secretary of State for Education and Science v Tameside MBC [1977] AC 1014
[9] Associated Picture Houses Ltd v Wednesbury Corporation [1948] 1 K.B. 223

- The ENP Board has limited oversight of the portfolio. There is scope to strengthen how it monitors whether it remains on track to deliver its intended benefits or prioritise projects and resources across the programme.
- Transmission Owners provide information on projects on a voluntary basis.
- Both the ENP Board and the Clean Power Unit have limited formal powers and therefore rely on influence to drive action across organisations and government.
- It is not clear if the ENP is prioritising grid upgrades before energy connections.

KF20: Ofgem has adapted its regulatory approach to support rapid expansion of the grid, reducing its emphasis on detailed scrutiny of construction costs.

Ofgem's historical approach was designed for a relatively stable asset base. It is now being applied to a period of unprecedented growth in network investment. The increased volume, pace and complexity of approvals place pressure on Ofgem's capacity.

This requires faster and more flexible decision-making. For its price control regime for April 2026 to March 2031, Ofgem aims to:

• **Approve project funding in phases:**

Many projects are at too early a stage to provide all the funding for the five-year price control period upfront. Ofgem has therefore approved projects in principle, with upfront funding of £17.7 billion out of the total £70 billion investment that Ofgem considers may be required from 1 April 2025 to 31 March 2031. Ofgem will make its final decisions through staged phases.

- Ofgem has not assessed the Sea Link project in any of the detail which the ExA does and has not heard the comments from the local community.
- By providing funding in advance of a DCO, Ofgem is pre-determining the outcome of the DCO Examination and the SoS's decision.

• **Focus on faster approvals over detailed scrutiny:**

Ofgem still has to scrutinise project costs and risks. Volatile prices and the bespoke nature of many projects reduce Ofgem's ability to rely on benchmarks, requiring it to make broader judgements about whether Transmission Owners are managing and procuring projects efficiently. This places greater demands on Ofgem's capacity.

However, any delays could increase constraint costs for consumers. It has therefore changed its risk appetite to prioritise faster funding decisions, where possible, over more detailed scrutiny of project costs and risks.

- With less detailed oversight, there is more use of PAMs and Cost Plus reimbursement. This does not encourage TOs to obtain fixed price quotations.
- This lack of oversight could encourage seeking greater profit margins.
- Ofgem noted in its Project Assessment (paras. 1.20 to 1.22) that the ASTI Uncertain Cost Reopener (AUCR) is being developed to provide a route for TOs to apply for funding at a later stage for specific cost items that are agreed as eligible during the PA process.
- This can be justified where there is significant uncertainty and demonstrated that it would not be in consumers' interests to include them within ex-ante project allowances.
- However, this should not be an excuse for procrastination to move design elements into the Rochdale Envelope or hide incompetent design.
- **Representations by myself and others during the DCO document these points in detail**

• **Reduce duplication with NESO's assessment of need:**

Ofgem introduced a streamlined project approval process in 2022, the Accelerated Strategic Transmission Investment (ASTI) framework.

This seeks to reduce duplication in its project approval with NESO's assessment of strategic need.

Twenty-six of the 88 projects use this process.

- Costs are being based on Estimates and not fixed price Quotations
- How many of Sea Link's purchases and sub-contracts are within the ASTI framework?

• **Place increased reliance on incentives:**
Ofgem's current price control relies on incentive payments and penalties for TOs to control costs and deliver upgrades on time. However, these reward delivery ahead of regulatory target dates, which are often later than NESO's assessment of when projects would be optimally delivered.

- Delivery should be timed contractually to meet NESO's requirements. TOs should be penalised for being breaking the contract by being late. If TOs are ready earlier, they should wait for the contracted connection time and not receive any CfDs.

KF21: DESNZ and Ofgem are considering wider reforms, but these will not significantly affect the delivery of current projects to support Clean Power 2030.
These reforms are intended to make sure generation, demand and the grid are developed in a more coordinated way. Key elements include the following:

• **The Strategic Spatial Energy Plan (SSEP):**
NESO will set out a long-term plan for the type, location and timing of energy infrastructure between 2030 and 2050. This is intended to differ from the current regime, where network upgrades respond to generation decisions, by planning the whole energy system together.

NESO plans to publish its plan [by the end] of 2027, subject to approval by the Secretary of State for ESNZ. It then intends to publish a Centralised Strategic Network Plan (CSNP) [by the end] of 2028 to set out the required grid infrastructure investment required to support the SSEP.

- The methodology and draft SSEP have been produced already. Likewise, the CSNP is being developed. NESO has decided to limit consultation to stakeholders, not communities.
- The House of Commons DESNZ Committee report[10] has noted that early engagement with local councils and communities will be essential to inform them on options and proposals.
- NESO must avoid the shock of communities discovering the formal adoption of a strategic site which they had never heard about.
- The Committee were concerned that consultation is being conducted too close to the end of the SSEP's and CSNP's production deadlines. Not enough time was being allowed for changes and circulation of further information.
- **Above all, with so many questions about the logic and location of Sea Link, it should be stopped until the SSEP and CSNP are finalised**

• **The Reformed National Pricing:**
DESNZ's April 2026 delivery plan has three broad aims:
- *to encourage new generators to locate in areas aligned to the SSEP, through changes to network charges and connection arrangements;*
- *to reduce the need for constraint payments through better use of network capacity, storage and flexibility; and*
- *to reduce balancing costs through reforms to the way NESO manages the grid.*

• **Competition:**
Ofgem intends to open future connections and upgrade projects to new entrants to reduce costs, an approach it has not yet applied to the Clean Power 2030 projects. NESO is assessing which future projects are suitable for competition.

[10] HC 868 2025-07-07 DENZ Committee – Gridlock or Growth? Avoiding Energy Planning Chaos

- This is too late for this Sea Link application.
- DESNZ could also consider either using the PFI model to retain ownership of the assets, the government undertaking the work itself.

NAO'S Conclusions

KF22: *DESNZ views upgrading the electricity transmission network as necessary to support Clean Power 2030, longer-term net zero objectives, and economic growth. Its case for action arises largely from the need for the grid to catch up with the growth in renewable generation and limit rising constraint costs borne by consumers.*

- Increasing the supply of renewable energy is the best long term goal to deal with climate change, but its implementation must change.
- The timing of energy projects completing before the grid is ready to receive them has been and remains a serious blind spot
- Loading all the Contracts for Difference and Constraint Costs onto consumers' bills is a fundamental and unjust flaw in the current financial construct.
- The consumer is being penalised for decades of mismanagement.
- Sea Link's near tripling in cost is another example of this.
- The acceleration of Sea Link must be halted

KF23: *Value for money now depends on delivery. Delivering all the grid upgrades by 2030 will be very challenging. There remain significant planning, supply chain and system access risks and some of the projects are already forecast for delivery after 2030. This means some new generation is likely to connect before necessary grid upgrades are complete. It is important to minimise this gap, as delays will increase project and constraint costs and postpone the benefit of achieving clean power.*

- DESNZ, Ofgem and NESO are currently in a Catch-22 situation.
- What will be delivered, by whom, and when?
- If either the grid works are accelerated or developers' connections slowed down, the consumer pays for both the costs of construction and / or the CfDs and CCs.
- Sea Link has the additional problem of not being compliant with the EIA Regs, not the best interconnector solution, and excessively expensive.
- **All those responsible must recognise that the consumers are the victims. Procedures must change now, well in advance of the SSEP and CSNP.**

KF24: *DESNZ, Ofgem and NESO have taken steps to accelerate approvals, enable earlier investment, and join up their oversight. The upgrades represent a significant shift from historical regulatory approaches and will test systems not designed for delivery at this pace and scale. Delivering upgrades at lowest cost to consumers will require stronger oversight of delivery, transparent monitoring of progress, and sufficient regulatory capability to scrutinise costs and the operation of incentives.*

- I agree with the principles but the gaps in strategy, management roles, and accountability remain very vague.

• Recommendations

I agree with the NAO with a few clarifications relevant to Sea Link

KF25: *DESNZ, Ofgem and NESO have plans in place to improve spatial planning and coordination of generation, grid capacity and demand. These will not have an impact until after 2030. In the meantime, to improve their oversight and alignment of grid upgrades in the run up to delivery of the Clean Power 2030 target, they should*:

a **strengthen the grid upgrades portfolio management function**.

- Focus on the effects of the above on consumers
- Acceleration should not be prioritised as a principle
- develop a single, consistent view of portfolio performance,
- assess and prioritise projects according to their impact,
- identify the projects and risks that present the greatest threat to achieving Clean Power 2030,
- This is all in the future – what about the present?

- identify the interventions available to address the most significant delivery risks and barriers.

b **publish regular updates on the cost, timetable and delivery status of grid projects.**

- Developers may also need to have their contracts and licenses changed
- Ofgem will need greater powers to strengthen its control over TOs and what incentivises them

c **review options for Clean Power 2030 generation projects expected to connect to the grid before sufficient network capacity is available.**

- Does DESNZ know what powers it has to delay a connection to the grid?
- The failures in the existing strategy and procedures should be openly acknowledged, especially the existing and future costs to consumers
- This will provide justification for amending existing contracts
-

d **review whether the Security and Quality of Supply Standard strikes the right balance between maintaining system reliability and allowing network upgrades to be completed more quickly.**

- What are these potential risks to the safe operation of the grid?

KF26: *The number of approvals expected up to 2030, combined with the need to support timely project delivery, places greater demands on Ofgem's regulatory capacity. Ofgem should:*

e **assess the effectiveness of its regulatory approach in protecting consumers while supporting rapid delivery of network upgrades.**

KF27: *To strengthen decision-making for future network investment after 2030, and demonstrate that the chosen projects are optimal, DESNZ, Ofgem, and NESO should:*

f **consider and set out the economic, social, resilience, security and environmental costs and benefits**

6 Further NAO enlightenment on lessons to be learned from a previous National Grid undersea interconnector

The **NAO Report's Figure 7** is a Timeline of two critical subsea transmission links from Scotland to the north of England as part of Clean Power 2030. Eastern Green Link 1 (EGL1) was first proposed in 2009 and Eastern Green Link 2 in 2012. EGL1 was originally scheduled to be delivered no earlier than 2018. After a decade of delays when the urgency was downgraded, the needs case was reviewed, Ofgem finally approving funding in 2024. In 2026 the transmission operators rated both EGL1 and EGL2 as being on track for delivery dates in 2029-30 but with significant risk.

Figure 8 documents the total spend on the transmission grid from 2010 to date. This illustrates the lack of investment for 15 years before the rapid increase in FY 2026-27 and budgeted even higher at £13 bn per annum through to 2031.

- The historic slow decision-taking and procrastination accounts for the lack of investment in the grid while the offshore wind farms were being designed and built ahead of the required transmission improvements. The lack of a strategy and commitment to a logical programme to co-ordinate the connection of new energy supplies with an adequate grid is why the CfD and Constraint costs are so high and will increase.

7 The DCO Examination

Sea Link's Closing Summary Statement complained (6.1) that criticism from Interested Parties has been unfair and unfounded. The Applicant acknowledged the complexity and wide impact of the proposed project from Suffolk to Kent through the North Sea. It cannot have been surprised that its proposals would affect so many policies, people, interests and livelihoods.

From my experience in the three years from the PEIR to date, I refute NGET's complaints about:

The Volume of Material and Relevant Representations (6.2),
The Application not being ready for examination (6.3),
Insufficient engagement and consultation (6.4), and
The high number of errata (6.5).

- Many skilled professionals like me have devoted huge amounts of unpaid time analysing the mountain of submitted, updated and additional documents.
- Others with fewer formal qualifications have become equally adept with valuable contributions on technical and local matters.
- The statutory authorities have been swamped by successive DCOs for developments all outwith adopted District and Local planning policy.
- The ExA have followed our comments and suggestions with their own probing.
- NGET's failure to disclose the unresolved harmonic issue shows justification for representations on errata.
- Representations on missing information demonstrated NGET'S over-reliance on using the Rochdale Envelope to escape fair scrutiny.
- The paucity of the application has cast serious doubts about the adequacy of the Environmental Impact Assessment.

8 SoS's options for determining the Sea Link DCO

- Ofgem's has insisted NGET resolve the harmonics problem to guarantee the 2GW supply as contracted.
- NGET knew the problem had not been resolved before submitting the Application and before the Examination began.

The current government has inherited a method for procuring investment in renewable energy which is financially complex and very expensive for consumers.

- Wind farm locations are auctioned with the value of CfDs included in the proposed contract.
- They are guaranteed minimum payments through CfDs per MWhr supplied, even if not used in the grid.
- This gives developers the opportunity to establish financial feasibility before making their offer.
- Developers are required to co-ordinate their separate projects
- After receiving their DCOs, and final agreement with the Transmission Owners on the timing of connection to the grid, the developers borrow to fund construction.

- Upon construction completion, they have to sell the transmission parts of their development within 18 months.
- The Transfer Value of the assets are calculated by Ofgem who then auctions them to the new Offshore Transmission Owner (OFTO).
- The proceeds are paid to the developer who retains ownership of the energy generation assets
- The OFTO is granted a dedicated transmission license by Ofgem to own, operate, and maintain those cables for a fixed period (typically 20 to 25 years). In return, the OFTO receives a stable, inflation-indexed Tender Revenue Stream (TRS) paid for by UK consumer grid fees, which is completely insulated from wind farm performance and based purely on cable availability.
- To fund the purchase, the winning OFTO consortium raises its own long-term, low-cost project finance debt.
- This new OFTO debt is paid down gradually over 20 to 25 years using the guaranteed TRS by Ofgem. Because the revenue stream is paid by consumers, is government-regulated and virtually guaranteed, OFTOs can secure highly favourable, long-term financing rates.
- The consumers are the only people paying for multiple parts of this complex construction finance.
- The consumers will never own any of the generation and transmission assets
- This is a stark contrast to the Public Finance Initiative (PFI) where the assets are owned once the finance debt has been paid.

It has enabled ambitious schemes to be planned and built. But the ballooning costs of CfDs and Constraint Payments (CPs) would be entirely unnecessary if ESO and NESO had planned years ago a strategy for investment in grid repair and reinforcement for the new connections.

- They should not have allowed connections to the grid before knowing that the CfDs and CPs would be exceptionally high.
- The consumer is and will continue to pay unnecessarily for this serious failure.
- The NAO Figure 4 Timeline has exposed lack of: strategic thinking, delayed and postponed decisions, gaps in oversight by the Regulator and Ministries, and poor tendering, programming and cost control of developments.
- All governments share responsibility for this sequence of failures – how can this be stopped from continuing?
- The acceleration of key projects and the approval of the remaining projects identified as being crucial to meeting the 2030 deadline will be decided in advance of NESO issuing its SSEP in 2027 and CSNP in 2028

The SoS has been presented with impossible scenarios:

- Developers have started construction of their DCOs with a finite date for more energy being attached to the grid.
- The existing problems experienced by the grid will increase as the pace of its own works will not solve the transmission capacity required. Boundary constraints will remain.
- CfDs and CPs will increase.
- Consumer bills will continue to rise with these network costs as well as that of the electricity itself.

The Case for Refusal

- Does the SoS legally have a binary choice to only approve or refuse?
- Can the SoS postpone making a decision because of new information has not been available for the ExA, let alone the Interested Parties, to evaluate subsequent to issuing their Report?
- There is sufficient evidence of missing information, inadequate detail in the design, errors in and between the submitted documents, incomplete and superficial environmental assessment.
- Reliance on the Rochdale Envelope to postpone decisions and evade proper scrutiny.

- Project splitting to avoid cumulative environmental assessment of the four East Suffolk energy infrastructure projects – all against the spirit and letter of the original EU Environmental Directives and as implemented in UK law and the latest Planning Policy.

The Case for Re-Examination

- Reopen the DCO Examination so the Applicant can present the final elements of the design which will satisfy Ofgem's ExA.
- Permit the ExA, statutory authorities and Interested Parties to understand, question and respond to this extra information.

The Case for Postponement

- Evaluate whether the location of Sea Link would work better elsewhere
- Wait for the SSEP and CSNP to be concluded.
- Prioritise grid upgrades so it is ready to receive new energy inputs without overloading or causing issues at the EC5 and EC5N boundaries.
- Allow the ExA to conclude a reopened DCO Inquiry and submit a revised Report to the SoS.
- Abandon this DCO if Saxmundham and / or Richborough are the wrong places.

Key to Acronyms

APM	Advanced Procurement Mechanism
ASTI	Accelerated Strategic Transmission Investments
CATO	Competitively Appointed Transmission Owner
CC	Constraint Cost
CfD	Contracts for Difference
CPU	Clean Power Unit
CSNP	Centralised Strategic Network Plan
DCO	Development Consent Order
ExA	The DCO Examining Authority
ENP	Electricity Networks Programme
NESO	National Energy System Operator
NGET	National Grid Electricity Transmission [the Sea Link Applicant]
OFTO	Offshore Transmission Owner
OTNR	Offshore Transmission Network Review
PEIR	Preliminary Environmental Impact Report
RIIO	Revenue = Incentives + Innovation + Outputs
RNP	Reformed National Pricing
SoS	Secretary of State for DESNZ
SSEP	Strategic Spatial Energy Plan
TAAP	Transmission Acceleration Action Plan
TO	Transmission Owner
TRS	Tender Revenue Stream