

A forest scene with tall, thin trees and a glowing, winding path of light that curves through the forest floor. The light path is bright yellow and orange, creating a sense of movement and energy. The background is a dense forest with sunlight filtering through the trees.

# Early Competition

## Transforming Network Investment

October 2022

This session will be recorded (slido  
code **EC041022**)

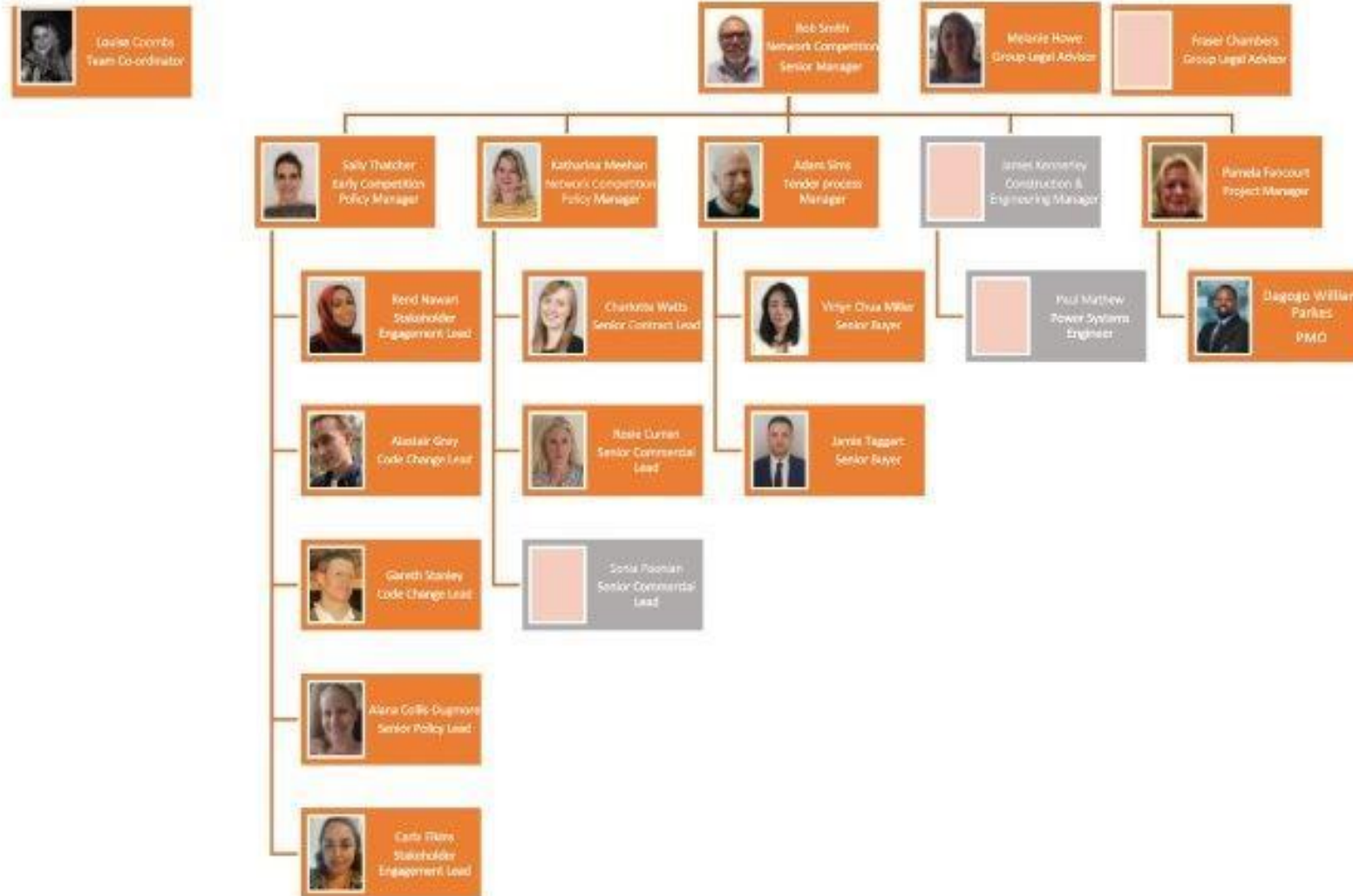
**This session will be recorded**

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# Network Competition



# What is Early Competition?

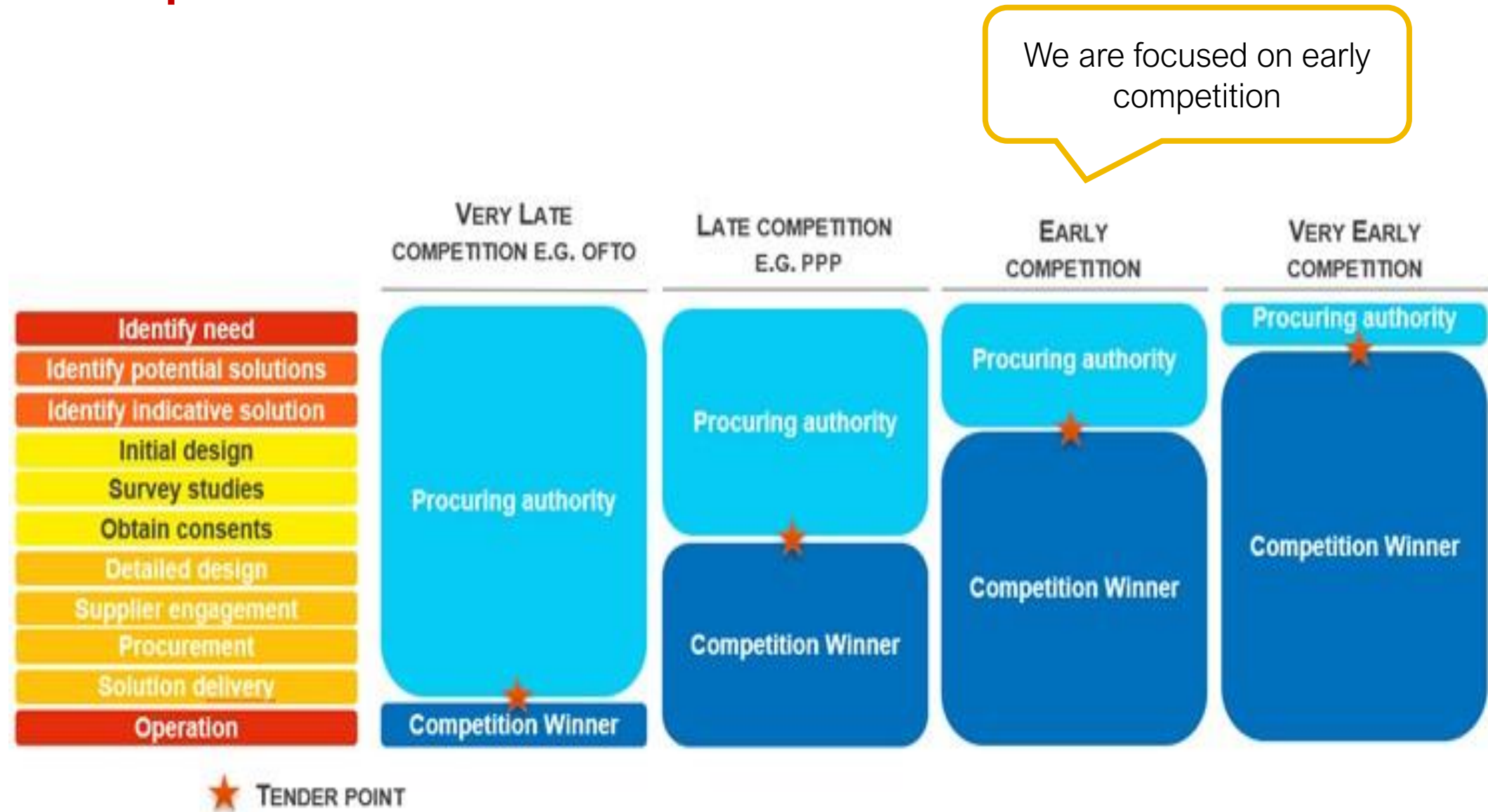
- Competition that occurs prior to the detailed design, surveying and consenting phases of solution development.
- Can help to generate a wide range of ideas for solutions to system needs, and there bring net benefits for consumers.
- Open to as many potential solutions as possible, including proposals from the full range of both network and non-network options.

**ESO ambition to “introduce competition everywhere”**

Competition can minimise costs to consumers by considering innovative ways to deliver network investment

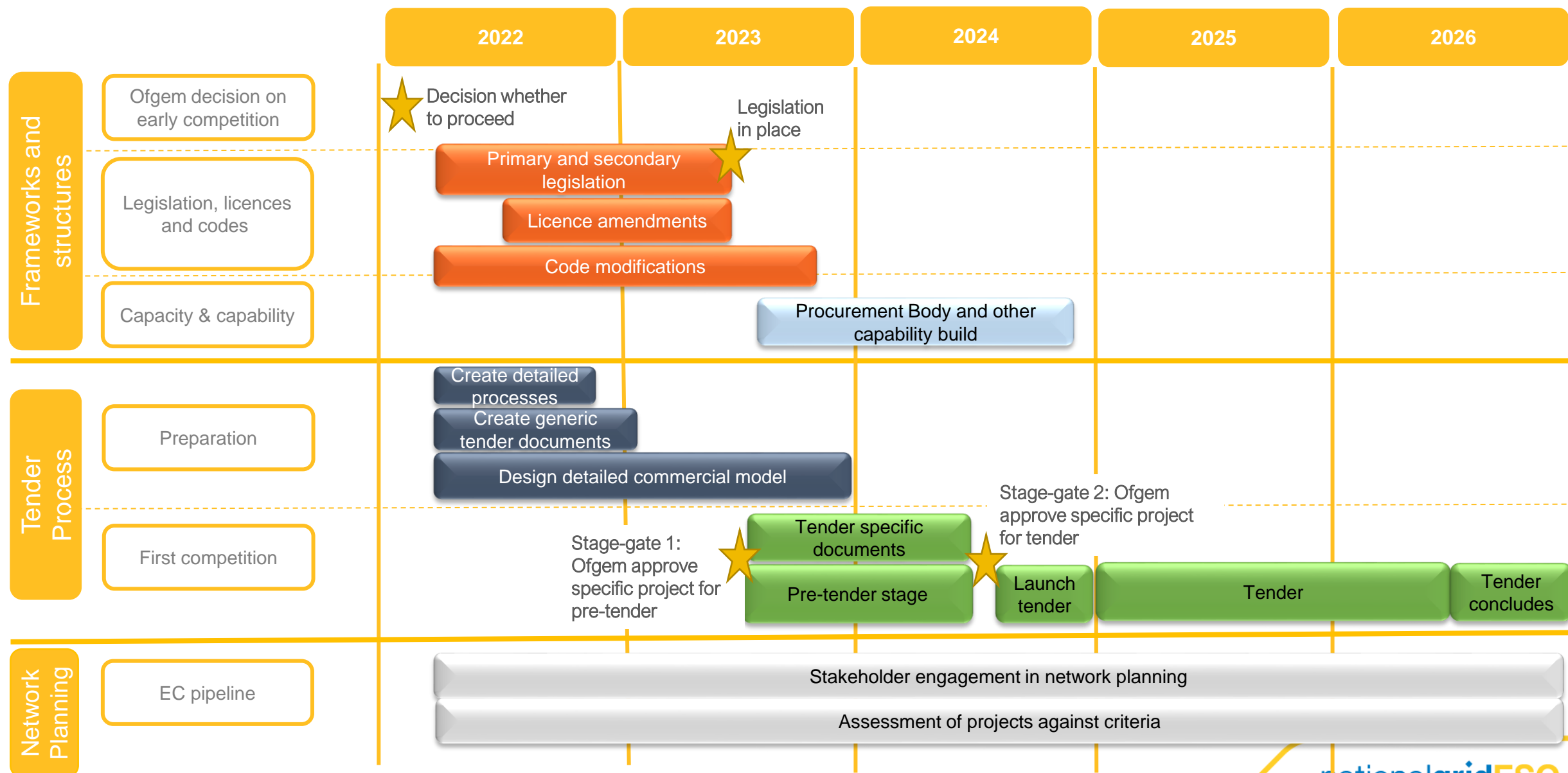
Competition is one of the enablers of net zero

# Competition models



# Indicative timeline

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# Legislation

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We are working with BEIS and Ofgem to ensure legislation provides the right framework for Early Competition

Primary Legislation: Energy Security Bill

Criteria regulation (draft available)

Designation regulation (draft available)

Tender regulation (draft in progress)



BEIS expect to  
finalise  
legislation in  
Autumn 2023\*

\*subject to next steps on the Energy Bill

# Tender Process

Aim of this workstream is to design and implement the enduring tender process. Our new team came together in July this year.

Delivery plan for the  
workstream



Draft map of enduring  
process



Tender skeleton  
documentation

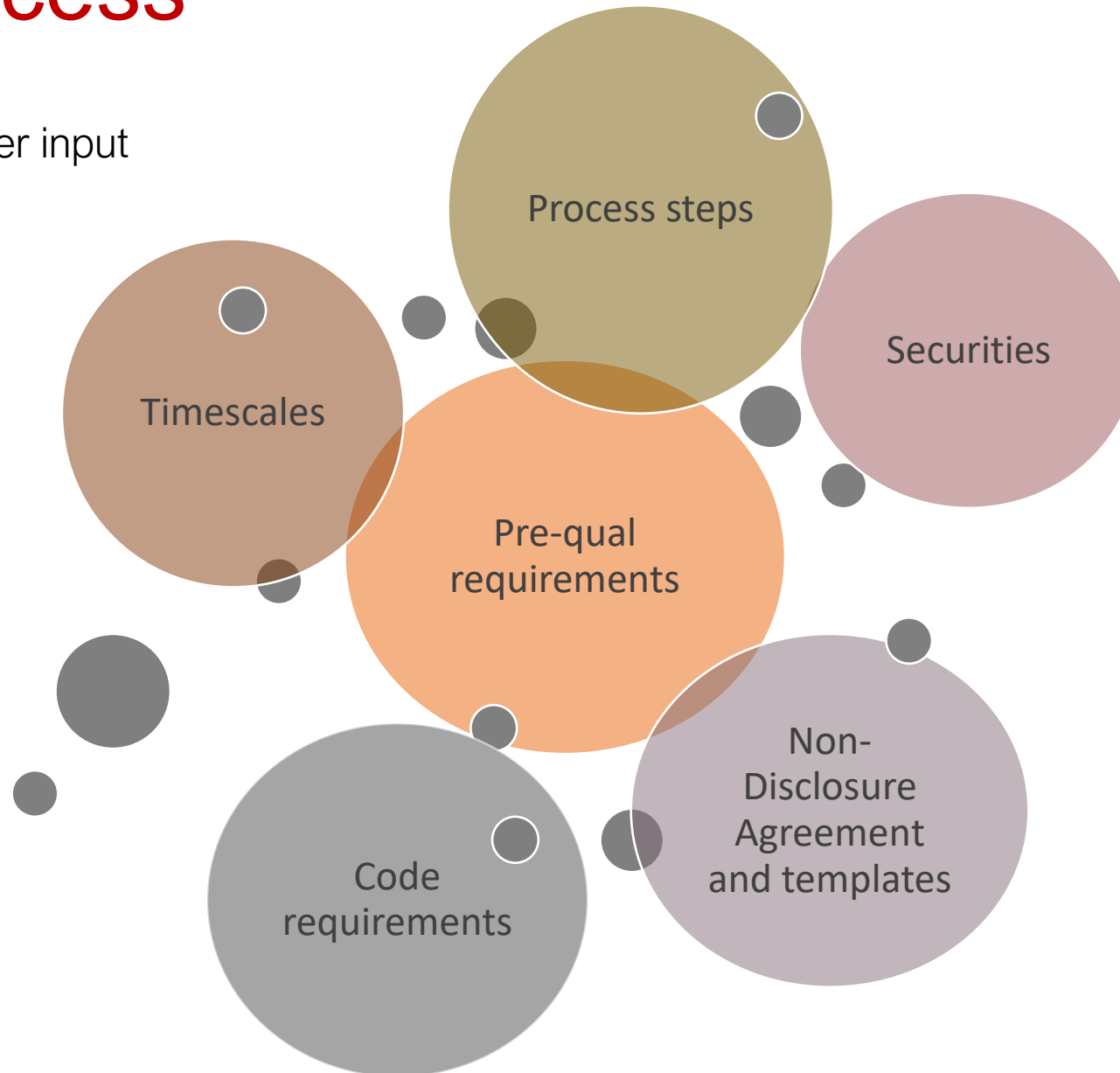


Future work will focus on further developing detail of each activity and testing our ideas with industry parties.

# Tender Process

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Key areas for stakeholder input



# Technical Workstream

We are implementing project identification and developing the detail of the technical aspects of the tender process

## Project Identification

- Drivers for projects
- Criteria for Early Competition
- Cost Benefit Analysis  
- EC vs TO delivery

## Preparation of technical aspects of tender

- Technical Specification
- Development of network models

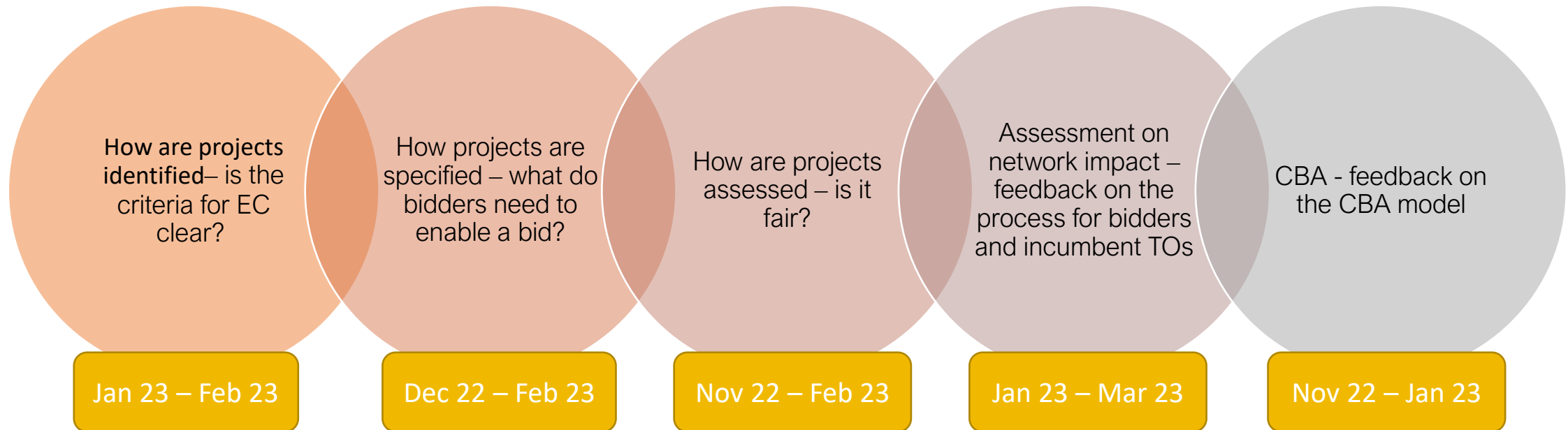
## Technical assessment of bids

- Deliver the need
- Deliverability

# Technical Workstream

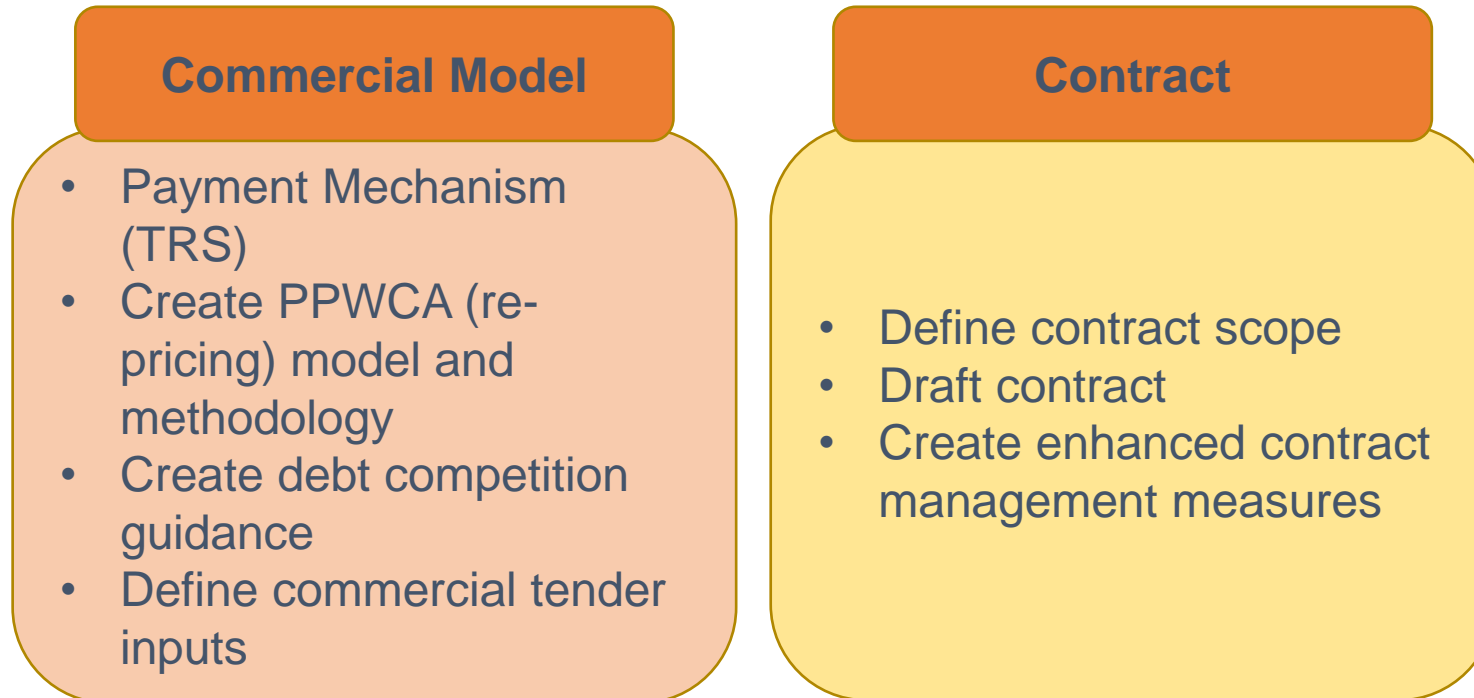
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Key topics for stakeholders input:



# Commercial model

The commercial workstream delivers the commercial model and contract by considering practical ways to implement the proposals in the Early Competition Plan



Draft proposals for the payment mechanism (TRS), PPWCA (re-pricing process) and contract scope will be shared with stakeholders in due course

# Codes at a glance....

## What are codes?

- The industry codes underpin the electricity wholesale and retail markets
- They set out clear rules, objectives and obligations for all who are party to the codes

## Who has to follow them?

- All organisations that perform licensable activities in the Electricity Market

## Who administers the codes?

- The ESO is the Code Administrator for four industry codes (see next slide).
- The Code Administrator is responsible for managing the process to make code changes happen.

## Who can propose a code change?

- Anyone

# Industry codes

We are modifying the industry codes that early competition winners will need to adhere to



## Connection and Use of System Code (CUSC)

The Connection and Use of System Code is the contractual framework for connecting to and using the National Electricity Transmission System (NETS).



## Grid Code (GC)

The Grid Code is the technical code for connection and development of the National Electricity Transmission System (NETS).



## System Owner – Transmission Owner Code (STC)

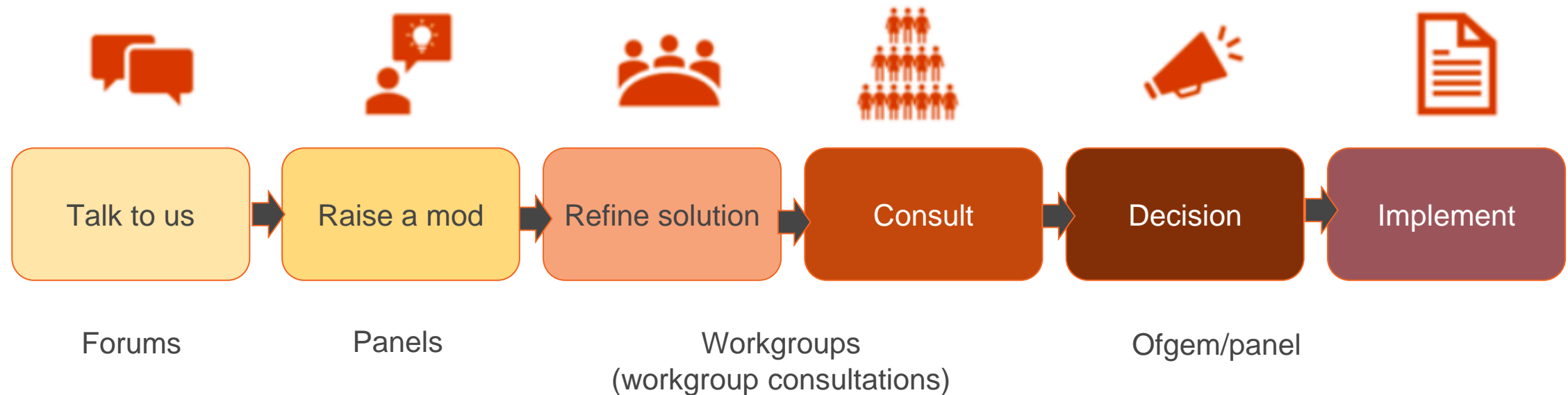
The System Operator – Transmission Owner Code defines the relationship between the transmission system owners and the system operator.



## Security and Quality of Supply Standard (SQSS)

The Security and Quality of Supply Standard set out the criteria and methodology for planning and operating the National Electricity Transmission System.

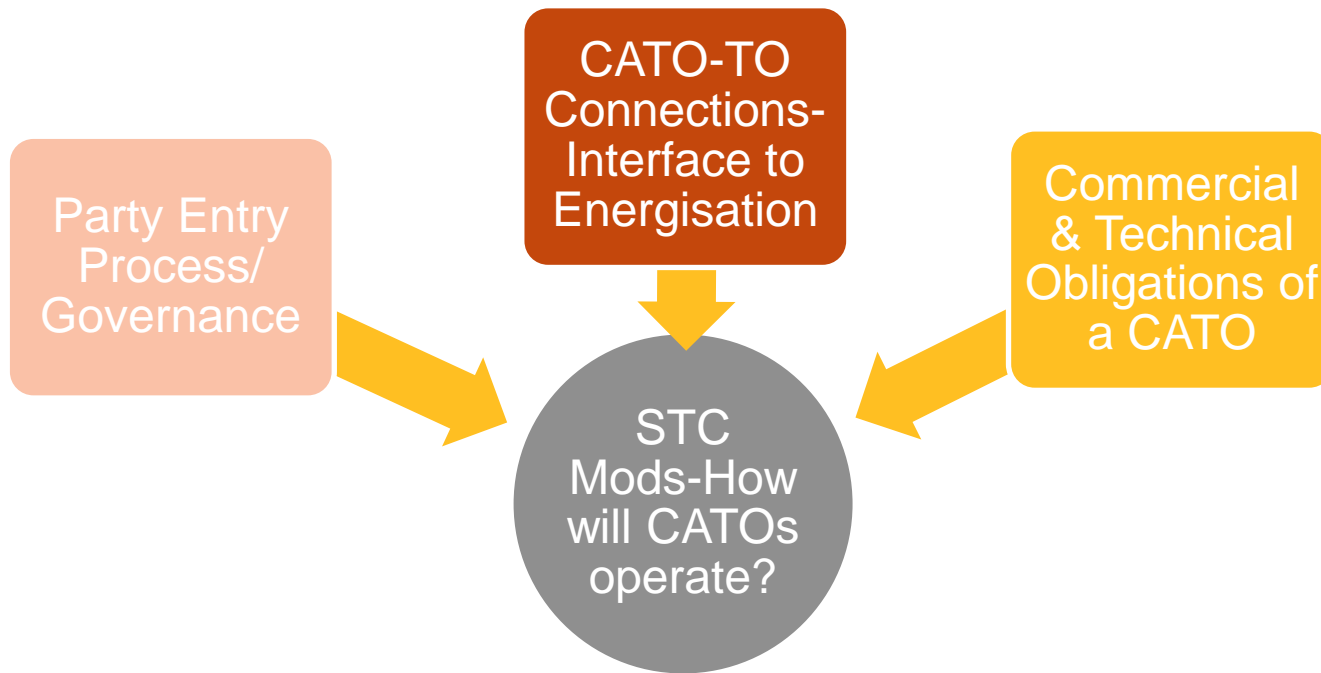
# Industry codes: modification process overview



The ESO will ensure the views of new parties are fed into the code change process

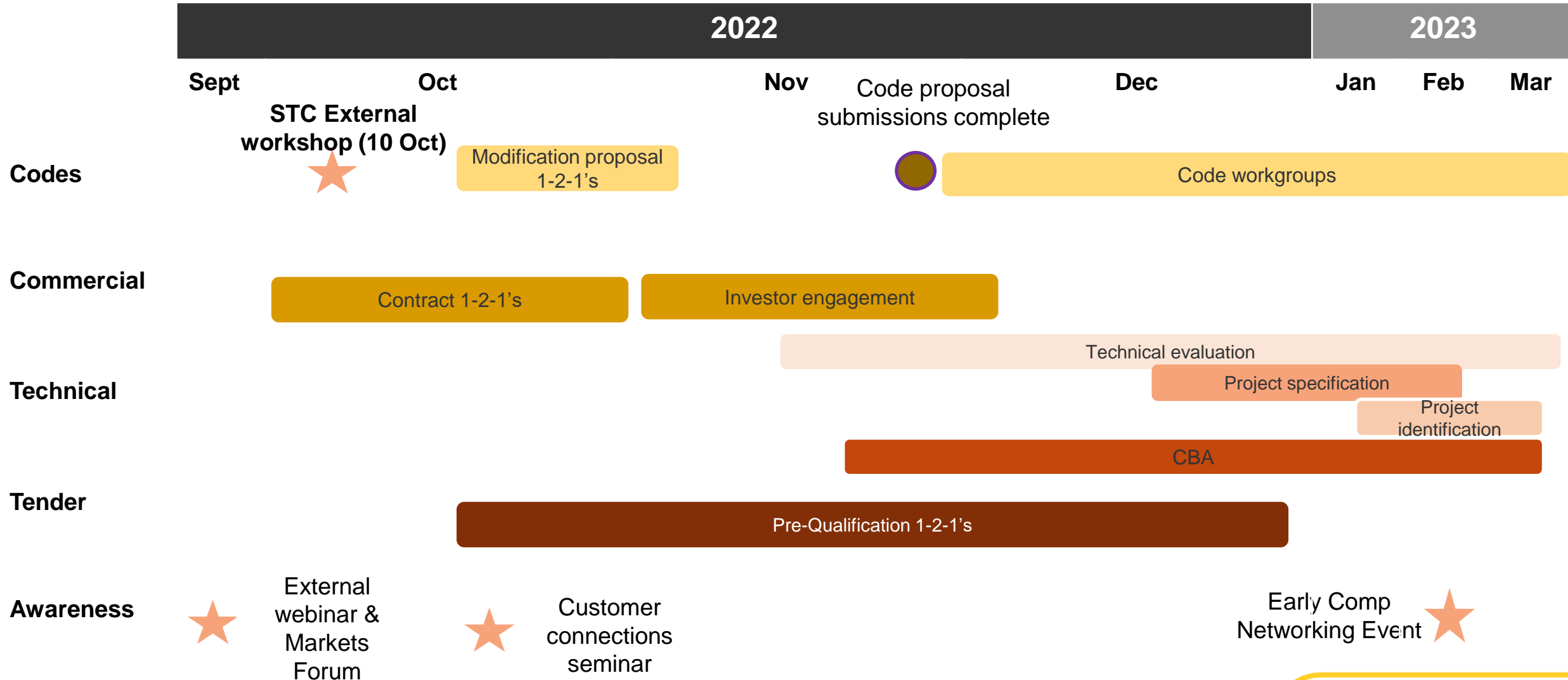
# What's coming up...

## Hot topics...



- STC Modifications Workshop- October 10<sup>th</sup>
- **Continued engagement with industry and stakeholders**

# Indicative upcoming stakeholder engagement

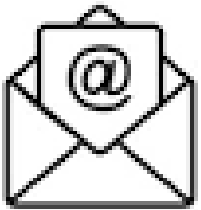


# How to get involved

There are a number of ways to get involved as we implement Early Competition, including webinars and 1-2-1 meetings:



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