

### **Impact Analysis Methodology Statement**

Energiekontor has assessed the impact of enabling contestability at transmission by estimating the impact of the change proposal against a portfolio of projects which are currently being developed for connection in Scotland.

Energiekontor has quantified two savings that result from the introduction of contestability as follows:

#### **Reduced construction cost**

The total construction cost for each site has been summed by site. Energiekontor forecasts a saving of around 15% is achievable and this has been estimated from savings observed when connecting 132kV sites in England and Wales and distribution sites in Scotland. Based on the 11 projects in the impact analysis and a total construction cost of £79m, this results in a saving of c£11.9m.

The impact analysis has also taken the capital saving for each project and divided it by the estimated export over 20 years for each project to derive the £/MWh saving. This gives an indication of the actual saving on a CfD submission and therefore the potential saving to consumers.

#### **Enabling quicker connections**

Energiekontor has identified that five of the eleven projects could connect 2 years earlier if a contestable approach was used. The time saving is based upon Energiekontor's experience of connecting 132kV network sites in England and Wales and distribution sites in Scotland.

For each site that has been identified as having a potential accelerated construction timeline, the gross annual income has been derived, based on a load factor of 30% and strike price of £65/MWh. This value has been used to determine the change in the NPV of the project using a discount rate of 10% over two years. Across the five sites, this shows a saving of £10.1m.