

A landscape photograph featuring snow-capped mountains under a cloudy sky. Several bright, glowing yellow light trails curve across the foreground and middle ground, suggesting a path or a journey. The overall tone is warm and dramatic.

Early Competition Plan

Agenda

- Introduction
- Early Competition Model
 - Suitability for early competition
 - Commercial model
 - Tender process
 - Roles and responsibilities
- Stakeholder timeline



Early Competition

- Ofgem asked the ESO to deliver an Early Competition plan by end of February 2021*
- We are working with stakeholders from inside and outside the energy industry to develop a plan for the introduction of early competition
- The plan will explore:

Early & very early
competition models

Competition for non-
network solutions

The role ESO could play in
distribution level
competition

- The plan will set out:

The scope and form of each
model, and associated
processes

Pathways and timeframes for
introduction, including legislative
and framework changes

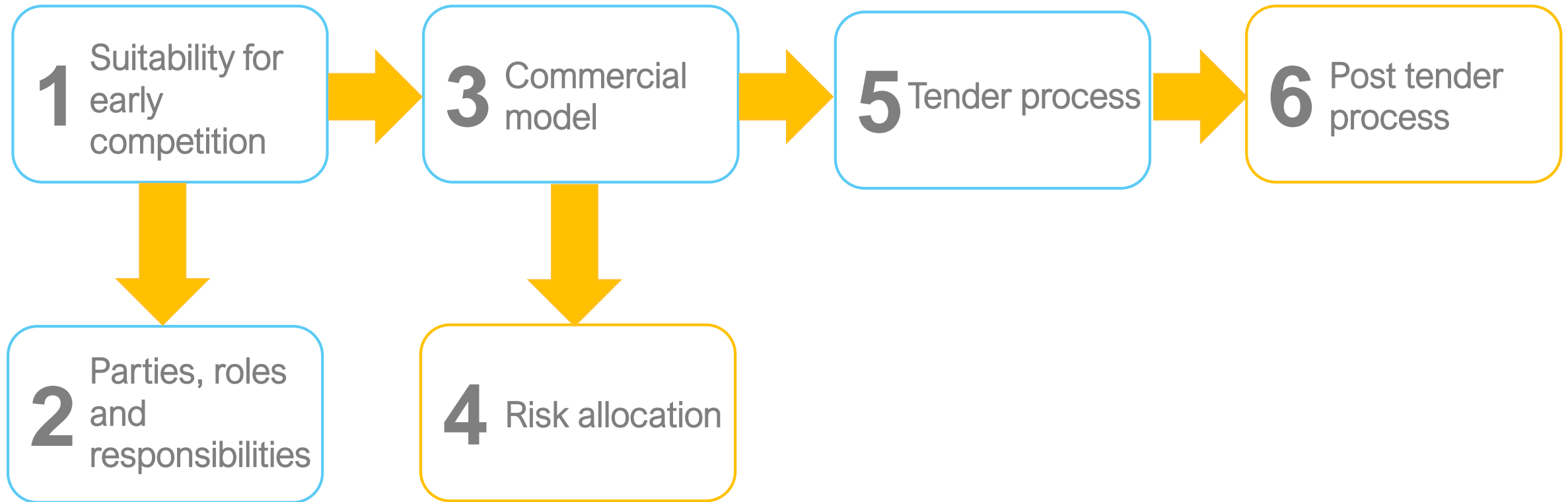
Roles and responsibilities of
different parties

*extended by agreement with Ofgem to April 2021

Stakeholder timeline



Early Competition Model



Suitability for Early Competition

Drivers of network needs

Understand applicability to all types of system need, e.g. boundary needs, voltage, stability, asset health and connections

Process

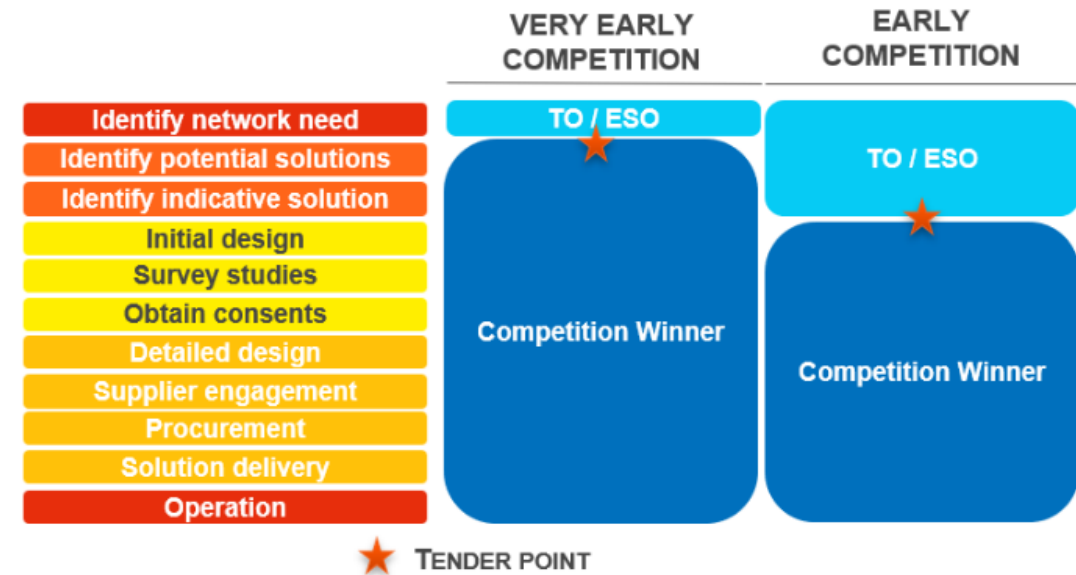
Launch tender at 'early' point (after indicative design developed through NOA process)

But.... begin market engagement 'very early' in order to ensure the indicative design considers as broad a range of options as possible.

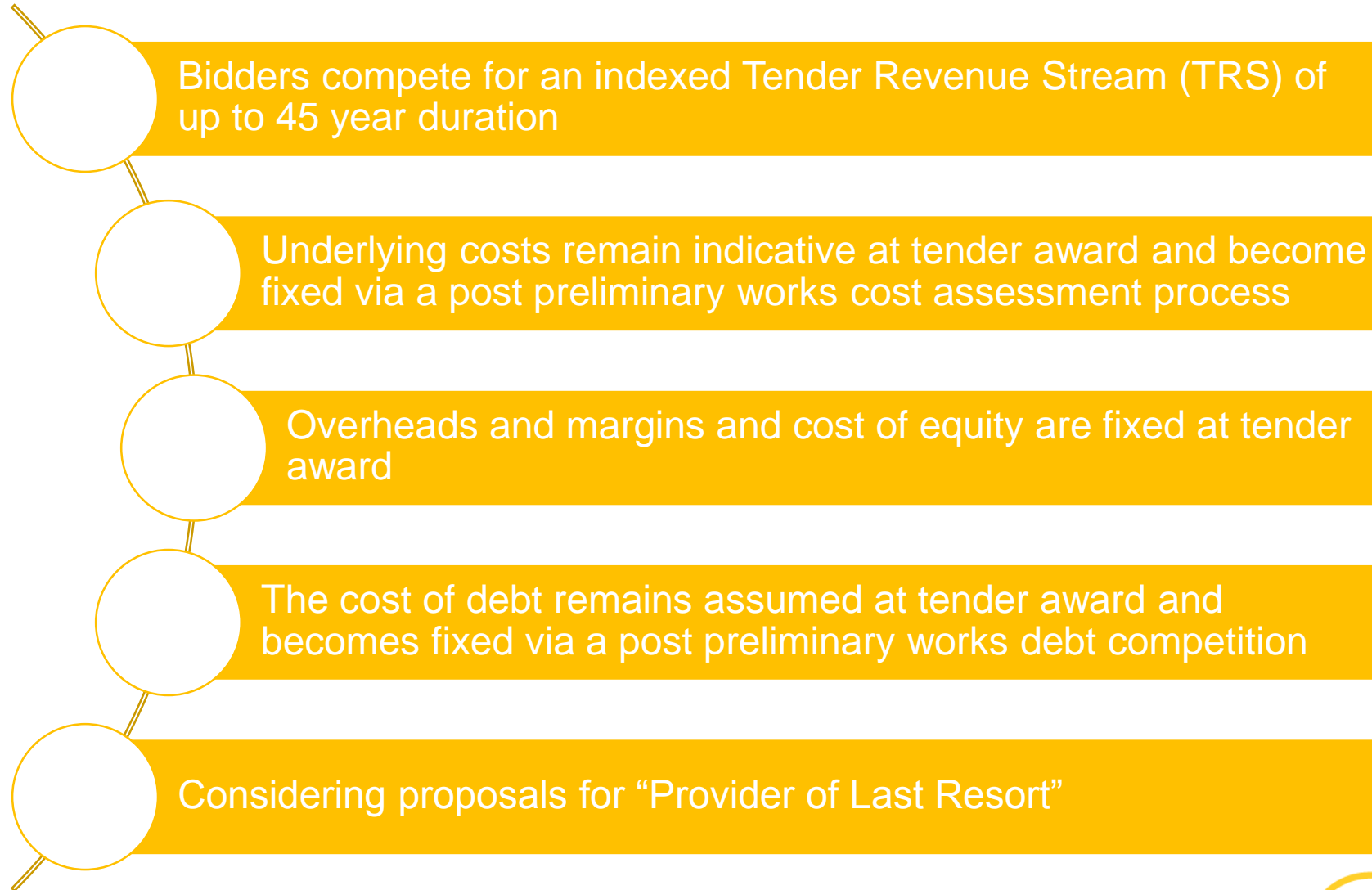
Criteria

Propose **no minimum value threshold** – instead a **CBA** undertaken on individual projects

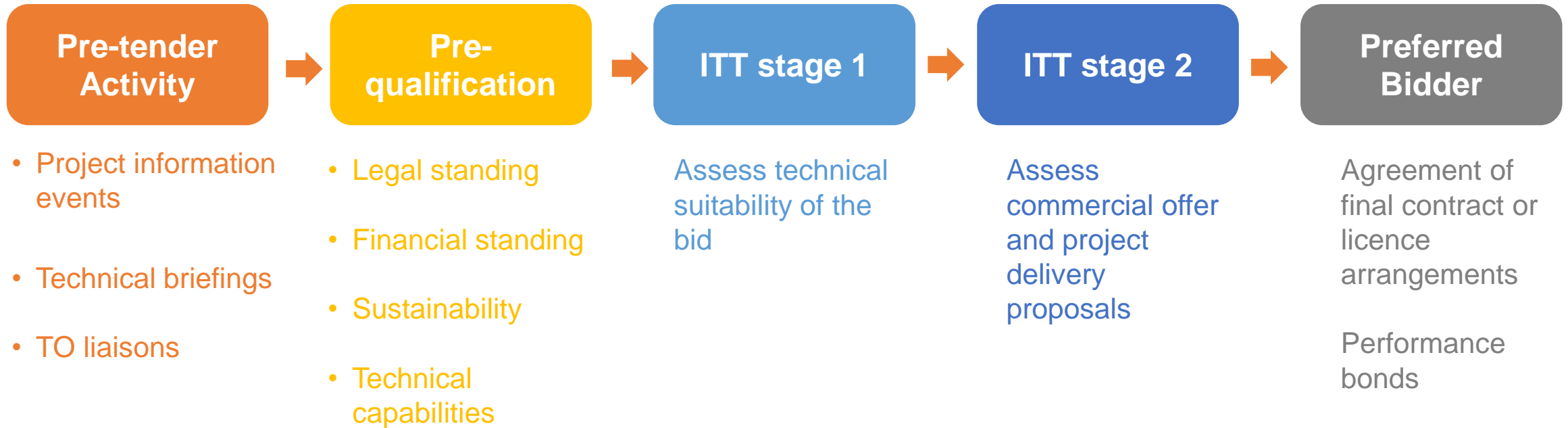
Also propose market appetite, certainty, new and separable



Commercial Model



Tender Process



Roles and Responsibilities

- New roles are required for Early Competition. We have identified the following roles:



Procurement Body

Responsible for design and running of the procurement process



Approver

Makes the formal decision to conclude a stage of early competition



Licence Counterparty

Issues licence
Manage and monitor obligations on any winning bidder issued with a transmission licence (network solutions)



Contract Counterparty

Manage and monitor obligations on any bidder issued a contract (non-network solutions)



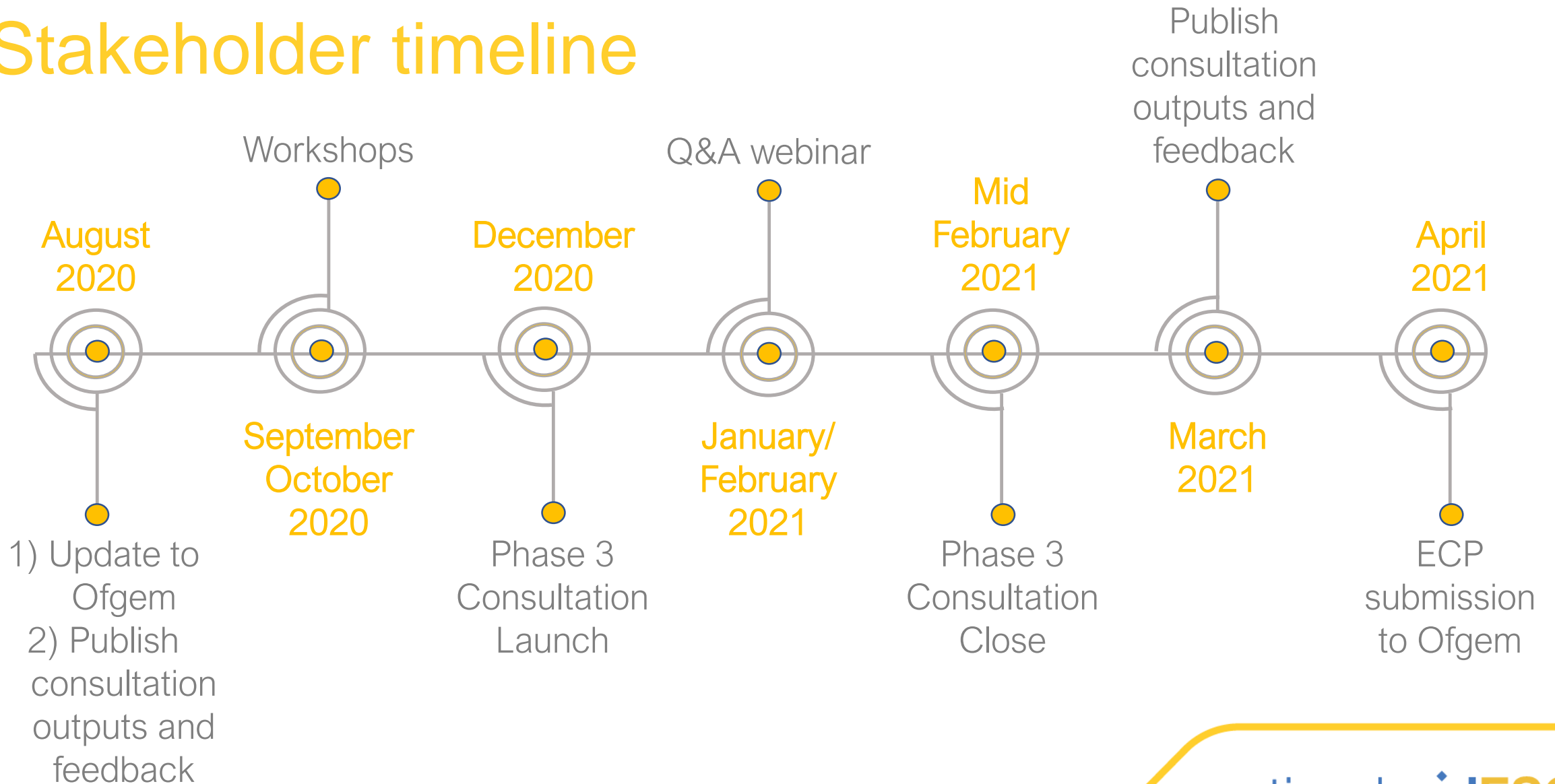
Payment Counterparty

Will manage financial transactions between the winning bidder and the other counterparties



ofgem

Stakeholder timeline



Questions?

Get in touch:

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<https://www.nationalgrideso.com/future-energy/projects/early-competition-plan>