

Date: 24 August 2021
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Dear Mr. Cassels,

**Response to: Access and Forward-looking Charges Significant Code Review:
Consultation on Minded to Positions**

Background

The Greater Cambridge Partnership (GCP) is the local delivery body for a City Deal with central Government, bringing powers and investment, worth up to £500 million over 15 years, to vital improvements in infrastructure, supporting and accelerating the creation of 44,000 new jobs, 33,500 new homes and 420 additional apprenticeships. Cambridge is also part of the Oxford-Cambridge Arc, a globally significant area supporting jobs and growth in England.

Further details can be found at <https://www.greatercambridge.org.uk/about-city-deal>.

Context

Electricity grid capacity constraints in the Greater Cambridge area represent a significant barrier to growth, and the way the electricity market operates is extremely problematic for areas such as ours with high growth forecasts and ambitious plans for addressing climate change.

The Chair of the Greater Cambridge Partnership Executive Board wrote to Ofgem on 9 June 2021 about the unsatisfactory operation of the electricity distribution market and current constraints on utility providers to operate reactively to confirmed demand. To avoid significant delays in housing and commercial developments, GCP is in the unenviable position of needing to 'forward fund' substantial grid reinforcement (estimated cost in excess of £45m). The timing of grid capacity availability is critical to Greater Cambridge's growth plans since there is a risk that the vibrant business community for which Cambridge is rightly famous will choose to invest in attractive locations outside the UK if the issues cannot be resolved sufficiently quickly.

GCP is working with considerable urgency with our technical and legal consultants to prepare a business case to support this potential investment and avoid the barrier to growth that grid constraints represent. The business case is only viable if the capital investment can be recouped from developers when they connect to the new infrastructure.

Response to question 3 of the consultation

Our response relates to question 3 generally and question 3h in particular.

As stated above, GCP is currently progressing a project to forward fund grid connection infrastructure, and the ECCR payments from future demand connectees are critical to underpin the business case.

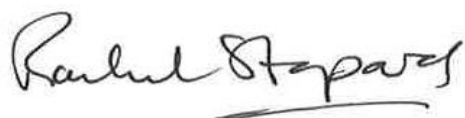
In our case, GCP will potentially be fully funding reinforcement works (due to the applications for multiple future developments being deemed speculative under UKPN's current charging rules), and so we stand to lose out financially if this investment cannot be recovered from future connectees. However, we are also concerned that the presence of historic ECCR charges due to this proactive investment may, perversely, make it less appealing for developers and growth as they would face higher connection charges than elsewhere where new demand connections would not contribute to reinforcement.

If we are not able to recoup our investment, forward funding will not be an option for the GCP. We could then be left in a situation whereby we are unable to facilitate the resolution of the grid constraints ourselves but also lack clarity about when the market operators will address the issue. In the meantime, there is a risk that businesses will choose to relocate outside the UK if they do not have a firm commitment to resolve these issues in a timely fashion.

Next Steps

We believe a meeting to discuss the issues raised in this response would be beneficial to both parties and look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rachel Stopard', with a horizontal line underneath the name.

Rachel Stopard
Chief Executive, Greater Cambridge Partnership