

Dear Mr D'Alterio,

Response to Ofgem Consultation: “Incentive on Connections Engagement (ICE) consultation on the Distribution Network Operators’ 2022 submissions”

Renewable Connections Developments Limited (RCDL) is a UK-based developer of solar and storage projects, primarily focussed on distribution connections at the EHV level. We wish to respond to this year’s consultation in a letter format as there are broad issues and examples of best practice that are common across most of the networks. While the ICE plans do provide tangible goals, for which the DNOs broadly meet, they do not always address recurring issues or focus on continuous improvement. For this reason, we welcome the introduction of the Major Connections Strategy ODI in RIIO-ED2.

In the ICE period April 2021 – March 2022, RCDL has made 51 applications across all DNO licence areas, totalling 1,476 MW of export capacity. This includes re-submissions, variations and applications withdrawn pre-offer. We have an active development pipeline of projects across all DNO licence areas.

RCDL regularly engages with the DNOs at their engagement events and via continuous feedback to their ICE teams, for which feedback has been acted on positively.

2021-22 has been a year of unprecedented growth in the distributed energy sector, which has provided a level of challenge to network operators not seen before, key themes outlined below:

- **Transmission interface** – This is seldom mentioned in the ICE plans and is one of the largest issues that distributed developers face. A DNO is obliged in the CUSC to make a submission to the ESO for a Statement of Works (now Project Progression in almost all cases) “as soon as is reasonably practicable”. Despite ENA guidance to the contrary, most DNOs choose to batch submissions for understandable reasons. This means a wait of up to 3-6 months can be expected if a Project Progression is in flight.

Unfortunately, we have had to wait 12-18 months in some cases for a submission, with little communication throughout the process. In one particularly acute case in UK Power Networks’ (UKPN) Eastern area we waited 29 months for a Project Progression response. The delays have been most noticeable in UKPN Eastern, Scottish & Southern Electricity Networks (SSEN) Southern and to a lesser extent, Northern Powergrid (NPG).

Due to increasing congestion on the transmission system, this has resulted in projects accepted with the DNO over a year ago and with planning permission, coming back with connection dates at the end of the decade or later. DNO delays; the new interactivity process; the lack of a whole-system queue; and the increase in transmission applications (which do not require a level of land commitment, unlike a DNO application) is disadvantaging quicker-to-deploy, consented DNO customers.

Customers had been assuming in good faith that DNOs were making these submissions on time. We have raised formal complaints with UKPN and SSEN on this matter and have been told that the reason for delay was due to lack of resource.

Examples of best practice include Western Power Distribution (WPD), SP Energy Networks (SPEN) Scotland and SSEN Scotland who have dedicated teams to manage this interface and submit on a rolling basis with good communication throughout the process. We understand that UKPN, SSEN and NPG are looking to implement this which is welcome. We would like to see far more integration between distribution and transmission with dedicated resourcing across networks to manage this process.

UKPN's pro-activeness in launching RDP programmes with the ESO has been welcome, but it would be good if this could become business as usual, with a clear trigger point, to prevent otherwise viable projects being cancelled.

Appendix G 2.0 will be a welcome improvement and we would like to see all DNOs publish updated Appendix G tables monthly.

Timelines to accept Mod Offers following Project Progression have also often been compressed due to DNO negotiations with the ESO. In one case, NPG issued a Mod offer on a non-standard form with a two-week acceptance window. Mod offers should be issued quickly, on industry-recognised templates with S-Curves provided.

Customers should be brought into discussions with the ESO/TO at the earliest opportunity if an unfavourable solution is anticipated. In one case with SPEN Scotland/SP Transmission, a minor design change would have avoided the need to specify vast capital works, which now must be addressed by Mod App.

- **Resourcing** – Due to the marked increase in applications over the last year, customer service from DNOs has suffered. Response times can now take weeks or months. In many cases pre-app support has also suffered and inconsistent information provided. In NPG and SSEN's Southern region it is not uncommon to be offered a pre-app surgery date 2-3 months in the future, by which time an opportunity may be unavailable.

With up-front Connection Offer Expenses customers expect a level of pre-app support to give confidence in committing to the fee, as well as reducing the level of speculative applications. For the next year we would like to see a commitment to higher levels of resource across the DNOs, as it is expected that application levels will increase further.

Examples of best practice include WPD where a surgery date is offered within 10 days of enquiry via a triage service, which includes initial e-mail feedback. UKPN are also good at turning around pre-app enquiries reasonably quickly, particularly in the South Eastern region.

- **Curtailment assessments** – The increased roll-out of ANM is welcome, however accurate curtailment information is needed to build a business case, as per ENA best practice guidance. In some cases curtailment reports do not come with the offer, we would like them to be included in any GSoP for a flexible offer or allow acceptance periods to be suspended until they are received.

It is also important that data and assumptions behind these reports is provided so that customers can perform independent assessments as we are advised to. WPD make this available under NDA, but UKPN so far refuse to provide this. On one NPG project, it took over 6 months to receive this data. Customers should also be asked to provide generation profiles as in some cases DNO assumptions are not correct.

SSEN still do not have any curtailment reports in place, but I believe are planning do so soon. In some complex cases such as SPEN's Manweb mesh network or where constraints are on the transmission system, data is not provided, which makes it difficult to build an investment case.

Better, timely information provision and harmonisation of approach across the networks would be welcome, so that assumptions are the same across all DNOs.

In many areas ANM is now becoming "full" and we welcome WPD's proactiveness in exploring Category B ANM as well as resolving System Integrity issues with National Grid Electricity Transmission (NGET). We also welcome UKPN and WPD's exploration of demand ANM, which we would like to see nationwide.

- **Battery modelling** – An issue across the networks at present is the treatment of battery energy storage systems (BESS), particularly in ANM modelling. At present, standards such as P28 are applied differently across the networks. Electricity Northwest (ENWL) recently re-assessed their conservative assumptions which is welcome. WPD have been offering demand side response contracts to mitigate P2 compliance issues which is welcome.

With the new G99 standard application form v8 providing more space for customers to input BESS characteristics, these should be asked for and used in modelling rather than the conservative assumptions currently being used. The current practice is a barrier to BESS development.

UKPN have been very proactive in addressing BESS constraints using contractual and technical means, which is best practice that should be rolled out across the networks.

- **Pre-application resources** – These are a key tool in allowing customers to self-serve and have more informed discussions with the DNOs. There has been a marked improvement in these resources across most of the DNOs this year, which is welcome. For these to be useful they must be updated accurately on at least a monthly basis. For example, the Embedded Capacity Registers do not always appear to be accurate.

SPEN unfortunately have taken the retrograde step in removing access to their GIS and replacing this with Linesearch. This is a wholly unsuitable substitute for wide areas of search. This leaves customers with fewer resources to self-serve and will result in more inbound enquiries to the DNO.

- **Access & Forward-Looking Charges Significant Code Review (SCR)/Transmission Connection Assets** – DNOs have been good at communicating the impacts of this to their customers. Further engagement should continue as the implementation process is finalised.

Unfortunately, the SCR did not consider Transmission Connection Assets. On Connection Sites, the costs are passed in full to the triggering customer/customers following Project Progression. The cost quoted at this point requires all customers to proceed. Should any terminate in future, the costs are still recovered in full so a single customer's contribution could increase to 100% of the asset cost – this is uninvestable.

To date, DNOs have done little in organising meetings amongst affected customers to discuss the projects and gain assurances on projects proceeding. More co-ordination across the networks to allow greater collaboration by customers would be welcome.

Further exploration of DNOs in absorbing these costs and recovering via DUoS (as in SHEPD) should also be explored, in parallel with the apportioning of transmission third-party works costs as proposed by DCP392.

- **Quality of offers** – Offer documents vary in quality across the networks. WPD consistently have the most accessible offers with clear cost breakdowns. NPG's offers are to be commended for their detail and their very useful Functional Specification. Cost breakdowns in SPEN and UKPN offers can be challenging due to formatting, or in UKPN's case not breaking down each cost centre into line items. To aid in competition all DNOs should offer tabulated line-item breakdowns and descriptions of works, so that quotes can be compared with each other and the contestable element with ICP quotes or IDNO specifications.

In the last year, SSEN and UKPN have had to rescind/vary offers post-acceptance due to errors in their production. This has affected financial returns of projects and has occurred after development spend has incurred elsewhere. Better quality control on offer issuance should be put in place.

Communication during offers is generally good, with most DNOs taking a proactive lead in suggesting "tipping points" for reinforcement and offering chances for reduction. This should be considered best practice.

- **Site Boundaries** – The ENA "*Fair and Effective Management of DNO Connection Queues: Treatment of Requests to Change Connection Applications*" document is ambiguous on the changing of site boundaries, where the point of supply remains inside the original boundary. UKPN, NPG, SPEN and ENWL take a pragmatic approach in allowing minor changes to these site boundaries post-acceptance. SSEN and WPD do not allow any additions to these site boundaries. Harmonisation across the networks on this should be reached.

While we appreciate the need for a sensible site boundary to be submitted to prevent capacity banking, in the case of solar PV there are often reasons why certain areas may become unusable later – for example planning considerations following detailed survey, ecological buffers, land grade, landowner negotiations etc.



3rd Floor, 141-145 Curtain Road,
London, EC2A 3BX

Tel: 0207 749 2400

Email: info@renewableconnections.co.uk

Web: www.renewableconnections.co.uk

For this reason, it would be good to see WPD and SSEN take a pragmatic approach at adding additional land in lieu of another, for example, to allow the agreed export capacity to be reached without changing the characteristics of the connection. Without this, viable projects risk termination.

In all a common theme this year is that the increased demand on DNOs has created challenges for all involved and we welcome initiatives from the DNOs to relieve these constraints.

Going forward, we would like to see far more integration across the whole system and harmonisation of approach and standards across the DNOs. We would like to see more sharing of best practice via the Open Networks Project. This will allow for a more efficient customer experience and prevent parallel workstreams being undertaken by multiple DNOs to reach the same goal.

We hope the above is useful and should you wish to discuss further do not hesitate to contact me.

Yours sincerely,

Charles Deacon

Connections Manager