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15<sup>th</sup> June 2023

Dear Sirs,

## Open letter on future reform to the electricity connections process

### *Introduction*

ABP welcomes the opportunity to respond to Ofgem's open letter on future reform to the electricity connections process.

At ABP we are keen to our play a part in the transition to a greener economy as we fully support net zero emissions by 2050. We have recently published our own sustainability strategy.

As a major importer of electricity from the grid (140GWh per annum) we are embarking on a programme of installing further renewable generation and storage on our port networks which would be of benefit to the environment and the electricity system as a whole. We already have a total of 26 MW of solar and wind generation on our networks. We have plans to develop battery storage as well as more on-site generation to around a total of 100MW in the next five years. Co-locating demand with green generation helps us, as well as our customers, to decarbonise. However, the connections queues and other obstacles are pushing dates out well into the 2030s.

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- Troon

ABP is also keen to pursue these projects in order to try to control electricity costs, which are very high for UK industry and were already high even before the last 18 months of market volatility. For us these projects are vital in order to provide a cost effective foundation to grow UK business, which in turn provides prosperity for the UK overall.

### *Background to ABP*

ABP owns and operates 21 ports around the UK which together handle around a quarter of the nation's seaborne trade. We operate four ports on the Humber, Hull, Goole, Immingham and Grimsby, which together constitute the largest ports complex in UK and serve its busiest trading estuary. ABP's Port of Southampton is the UK's principal port for the automotive trade and cruise, and home to the nation's second largest container terminal. ABP also operates five ports in Wales which form the backbone of the South Wales industrial cluster and handle a broad range of cargoes in support of local and national industries and manufacturers.

By facilitating trade and connecting British businesses and manufacturers to international markets, our ports act as important drivers of economic growth in regions and coastal communities around the country. Together with our customers, our ports handle £150 billion of UK trade, including £40 billion of UK exports through the Port of Southampton. In fulfilling this vital role, the ports support 119,000 jobs and contribute £7.5 billion the UK economy. ABP's ports are also at the forefront of the renewable energy sector, supporting the growth of the offshore wind sector and driving decarbonisation in the supply chain through on-site renewable energy generation for ports operations and our customers.

### *Response to open letter*

Given the nature of the decarbonisation challenge we agree with Ofgem that action needs to be taken now in order to ensure we are on track for 2035 and 2050.

Ofgem correctly identify that the impacts on the transmission connections process cascade down to the distribution networks, sometimes quite unnecessarily.

We agree with the principle of DNOs optimising the capacity headroom in distribution connection queues by actively accelerating projects that are ready to connect, ahead of projects that have failed to achieve their progression milestones and where other projects can be connected without the need for reinforcement works.

As part of this it is essential that consideration is taken of the nature of the connecting customer/network. ABP is an industrial consumer and most of the power generated would be consumed at the port by us and our customers. In a number of respects the Open Letter doesn't do enough to challenge the high levels of risk aversion inherent in the current system which, in effect, constrains the pace and scale of industrial decarbonisation and harms long term UK industrial competitiveness. For example, any DNO/TSO review should take into account the reality that any export volumes from ABP's onsite generation would be much less than the nameplate capacity of the new asset(s).

Another way in which it is clear that that greater consideration of the nature of the connecting customer/network needs to be taken is in the current use of worst-case modelling which assumes that

everything beyond the grid connection point would fail or underperform at the same time. However, in reality, electrical loads on our networks are independent of each other, hence if one factory is turned off for some reason others would not be. Also, generation on our networks is usually small scale and spread across the vast ports to collocate demand with generation. This essentially means that if one system trips off or is faulty it would not affect other systems.

We have become aware of some sort of CUSC allowance for sites which do not already have generation to be swiftly approved up to 950kW in zones that are congested, whereas sites which already have some generation (but the requested additional generation would not exceed 950kW) are deemed by the Network Operators to need to go through the full Statement of Works process with a likely connection date well in the future. This is grossly unfair and potentially discriminatory. We would be grateful if Ofgem could investigate this matter. Interested Parties also do not have any ability to propose rule changes if they are not members of the CUSC. We believe the CUSC should be brought into line with the BSC where there are channels for stakeholders to raise modifications.

Looking at the 'resilience' relationship between ABP sites and the Distribution Network Operators we believe that there needs to be more use of ANM, DERMS and any other digital real-time instrumentation/monitoring to allow more generation to connect. We would be happy to be constrained off if the network is under stress at any point in time because the main purpose of our projects is to provide power to our ports.

Finally, we believe that there needs to be a truly strategic reappraisal of the role of installations on brownfield sites, like ports, including the regulatory framework impacting these sites. Greater onsite generation and storage is a vital element of industrial decarbonisation and competitiveness. The sites themselves have numerous attributes – such as colocation with existing demand and potentially easier planning requirements – over greenfield sites. Simply put, there is a strong case that brownfield sites should be prioritised over greenfield applications, not only for sake of UK industry, but also for wider environmental benefits. Specifically for ports, in a number of cases – and ABP is very much in this category – they are going through a dramatic strategic evolution to being green energy hubs. This step change requires a change in the way they feature in long-term network planning and capacity allocation, both at Transmission and DNO level.

If you have any questions regarding this response please do not hesitate to contact me.

Yours sincerely,

Colin Prestwich

**Energy Regulatory Manager**