

Open letter on future reform to the electricity connections process

National Grid response to Ofgem's open letter

16 June 2023

This response to Ofgem's "Open letter on the future reform to the electricity connections processes" dated 16 May 2023 (the open letter) is from National Grid plc (NG), including our electricity distribution business, National Grid Electricity Distribution Holdings Limited (NGED) and our transmission business, National Grid Electricity Transmission plc (NGET). A separate response will be submitted by National Grid ESO.

National Grid Electricity Distribution (NGED, formerly Western Power Distribution) owns and operates the electricity distribution networks in the Midlands, the South West and Wales. National Grid Electricity Transmission (NGET) owns the high voltage electricity transmission network in England and Wales. Together, NGED and NGET facilitate the connection of supply and demand customers to the distribution and transmission systems and are investing to adapt and develop the network to connect new sources of low carbon and green energy to homes and businesses in support of the transition to net zero.

The response consists of five parts:

- Part 1: National Grid plc's perspectives on connections reform, which sets out our central messages in response to the open letter
- Part 2: Our feedback to the four sections Ofgem identified in their letter
- Part 3: Specific actions from NGET to facilitate connection reform
- Part 4: Specific actions from NGED to facilitate connection reform
- Part 5: Appendix detailing cross-industry roles and responsibilities for connection reform

PART 1: NATIONAL GRID PLC PERSPECTIVES ON CONNECTIONS REFORM

Connecting clean energy to the network at pace is critical to achieving our shared net zero ambition. We welcome the opportunity to respond to this open letter and believe that there is a high degree of alignment between our and Ofgem's thinking on reform, as set out within our response.

Improving the connections experience for our customers is one of the five priority actions we set out in our Delivering for 2035 report, which we believe are necessary to fully decarbonise the power sector by 2035¹.

What is the current status of connections?

We hear frequently from our customers, both directly and within the media that timescales to connect to the transmission network are too long, and for many customers this impacts the viability of their future developments. The first-come-first-served nature of transmission connections incentivises customers to secure their place in the pipeline regardless of the maturity of their project, and this has also impacted the ability for distribution generation customers to connect. This drives a significant volume of connections applications to apply in timescales earlier than would normally be expected,

¹ [Decarbonising the power system | National Grid Group](#)

leading to long connection timescales. Whilst the current rules have served the industry well, they are today no longer effective in delivering connections in a timely manner.

The connections problem is complex, and we feel it is helpful to break it down into three key components.



The Market (directed by policy)

An open market for generation and demand driven by a first-come, first-served process. This drives behaviour for developers to apply simply to secure their place in the pipeline as it is many cases the connection is the longest lead time component.



The Contract (governed by the process)

The connection agreement is captured within a contract, currently lacking required, consistent obligations for developers to demonstrate progress and ability for capacity to be re-allocated accordingly to avoid connections being delayed by non-progressing projects.



The Physical Works (the products provided to facilitate a connection)

A physical connection 'socket' to connect a customer (e.g., a substation bay) and potentially increasing the size or number of 'wire' (overhead lines or cables) may be needed to support the required capacity. Existing arrangements result in inefficient allocation of works as they are linked to specific capacity requirements of contracted customers and 'reserves' capacity for customers, potentially blocking access for others.

There is a relationship and therefore balance required between the **market** and the **contract**. The contract (including the process for a connection) needs to be appropriate for the way in which the market behaves and meets the needs of those wanting to connect. Currently, customers are applying in volume, regardless of maturity of project, simply to be allocated capacity and cover off the risk of not being in the contracted background.

This significant volume of applications has resulted in a contracted background for NGET alone of 221GW, which has increased by 75GW in the past eight months alone. This is over 3 times the amount of transmission capacity required by 2030 across Great Britain when comparing it against any credible energy scenario that is on track to achieve decarbonisation targets. Likewise, NGED's connected position plus pipeline is now 3.5x the current peak demand.

The **physical works** are driven by both the number of projects and their requested capacity. Currently, with the background of 221GW contracted to connect, this is driving the need for over 50 new transmission substations, with a footprint of the size of 2-4 football pitches and a cost of approximately £5bn for consumers. When we consider what is required to meet targets then you need a much lower number of new substations, potentially only 15-20. Crucially, some of these substations would also be required later in the net zero journey.

Despite these challenges, our business plans reflect the need to connect customers to the England and Wales transmission network at a rate of 4.5GW a year, every year, to 2035 to enable the progress required to achieve net zero. We remain committed to making sure we are working openly and transparently with stakeholders including our supply chain partners as we step up to achieve this ambition.

Why should the connections arrangements be reviewed to ensure fit for the customers today and in future?

When the connections arrangements were implemented, they were designed to facilitate the connection of a small number of large-scale centralised generation projects to the network. Connection timescales aligned for these types of projects, and the low volumes meant that the process could also cater for bespoke connection offerings to be delivered efficiently, resulting in a reasonable confidence of progression and build. This is a stark difference to situation today where a large volume of smaller scale projects are seeking connection. This creates a need for the process to align with changing customer needs on the pace to connect to the network and the commercial risk and business models that exist today.

Connection arrangements are governed by industry codes, which set out the details for connecting customers. Proposals to change the codes can be raised by any code signatory and will be administered through a code modification processes, led by an independent code administrator. Today this creates challenges as the changes are both resource and time intensive for industry, and for the most part address singular company led issues, rather than strategic change. The timescales are in part down to the commercial consequences of the proposed change, which creates winners and losers and creates a battlefield environment with differing objectives from parties. This results in a lack of flexibility to effectively coordinate strategic industry change. While action is needed now to make the connection arrangements fit for purpose today, timely implementation of the Government's reforms to code governance could provide an enduring solution to ensure the arrangements keep pace with the operating environment. The proposal for a licensed code manager, which proactively identifies issues and solutions and can propose modifications would be part of a longer-term institutional arrangement that could help keep the connections process fit for purpose.

The connections arrangements are no-longer fit for purpose and require significant change to the industry codes. Strategic oversight and coordination is required across this process, so that it is achieved at pace to deliver the benefits and outcomes required.

What needs to change?

The existing connections arrangements allocate capacity (in terms of a 'socket' and expected works to upgrade 'wires') within a customer's connection offer. This capacity is essentially reserved for that individual customer regardless of their progress and cannot currently be reallocated to ensure more efficient use of existing sockets and wires. These are two interlinked issues which need to be addressed together, and we see as a priority to fix the connections problem:

1. **De-couple network investment and individual customer need.** We need to invest strategically in sockets (and wires) creating capacity hubs, to ensure the network is 'connection ready' for customers to connect at pace, decoupling the investment from individual need. This will also ensure more efficient planning of outages and supply chain requirements and deliver a better proposition for customers and consumers. This applies to both transmission and distribution.
2. **Implement a 'connect or move' policy within the connections process.** This will ensure capacity 'reserved' by non-progressing projects could be re-allocated to customers ready and willing to connect to deliver a more efficient connection, driving value for end consumers.

The ability to re-allocate capacity to drive more efficient connections can in part be enabled through implementation of CMP376 'Inclusion of Queue Management process within the CUSC' which is

currently with the Authority (Ofgem) for final decision. **We urge Ofgem to prioritise resource to assess the final CUSC Modification Report and make a timely decision on CMP376.** A decision on this modification will, importantly, provide contractual tools to free up capacity that is held by projects not progressing. Once this capacity is released, the Connect or Move policy then enables fit for purpose prioritisation to accelerate projects forward to the benefit of both transmission and distribution customers.

Who is responsible for change?

To date, when attempting to improve connections arrangements (which is wider than the process), roles and responsibilities have been unclear as to who should be responsible for addressing each part of the problem. The problem is complex, and issues can vary between transmission and distribution, and between regions. Therefore, we do not believe it is the role of one industry party to address it. We have used how we have broken down the problem into the three constituent parts, to help explain our view on which parties are most appropriately informed and positioned to make the decisions on what changes should be made to reform the connections arrangements.

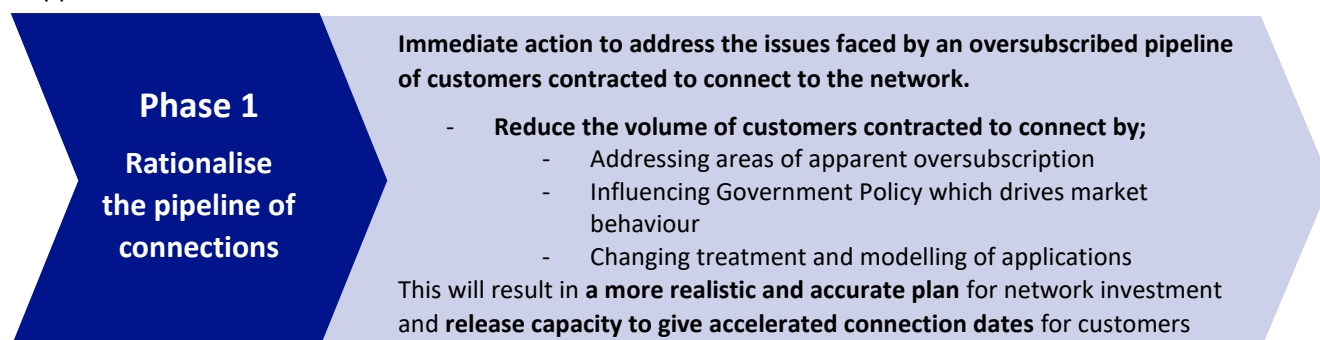
The Market – Government and/or Ofgem to set the policy and/or regulation to send the right market signals to ensure the contracted background of connections aligns with the UK future energy strategy whilst continuing to support continued investment in low carbon technologies. Whilst Government and/or Ofgem are accountable, we expect industry parties/experts to input into development of actions to help inform and advise on the best course of action.

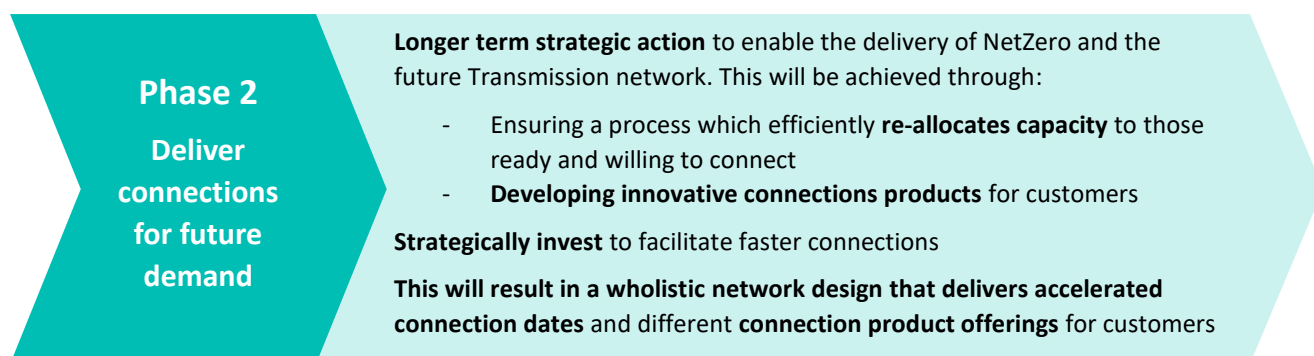
The Contract – ESO leads reform of the transmission connections process, supported by TOs who have an active role in connecting transmission customers. Wider industry stakeholders, including DNOs, impacted by changes to the connections process, can help develop options. Ofgem is the decision maker in approving and directing changes to the contract where set out in industry codes e.g. Queue Management and beyond.

The Physical Works – TOs and DNOs will facilitate the physical connection of customers through developing ‘sockets’ and ‘wires’ on the network. The ESO has a role in the planning of the network design (i.e. HND), TOs and the DNOs deliver the physical connection design in order to meet future needs for the system.

What are we doing to reform the connections arrangements?

Please see parts three and four for specific actions from NGET and NGED. Our priority for transmission connections is to ensure the effective and efficient connection of low-carbon technologies at pace to meet our combined net-zero ambition. However, there is one very clear issue which is the significant volume of contracted customers wanting to connect. Therefore, we are delivering a two phased approach as follows:





The actions for the first phase are primarily focused on releasing capacity and have been prioritised given their importance and short term benefits ahead of wider reform improvements. These actions are broadly set out across the ESO and the ENA respective 5 point and 3-point plans. Below is a summary of activities in the first phase with which NGET is involved.

- **Coordination of capacity between Transmission and Distribution** – At the heart of this work is looking at developing a new methodology for calculating a limit that can optimise the capacity that can connect behind a Grid Supply Point. NGET is working closely with the DNOs through the ENA to determine the new technical approach. We are strongly supportive of this proposed approach replacing the current statement of works process that is too slow and cumbersome with the pace that is required to deliver for net zero.
- **Treatment of Storage** – Our role is at the heart of implementing the policy that the ESO has published for the treatment of Battery Energy Storage Systems (BESS). This new policy delivers a radical step change in how we model the impact of BESS connecting to the system and this will deliver new contractual arrangements for the treatment of BESS.
- **New Construction Planning Assumptions** – Applying a new background from the ESO that includes updated modelling assumptions to reflect current connections rates. NGET is actively restudying the contracted background for over 600 contracted customers. We expect to be able to discuss acceleration opportunities with customers during the summer.
- **TEC Amnesty** – Throughout the TEC Amnesty window 6.7GW (across 31 projects) have opted to give up capacity through this process. We are working closely with NGESO on how capacity that could be released from this process could be allocated so projects can come forward.

Our work and focus on these phase one initiatives is currently providing opportunities for over 40GW of capacity to be released by NGET. This will then benefit many customers who will have their connection dates accelerated. We see this as a positive step forward in enabling improvements in the current situation ahead of more broader reform decisions. We discuss the specific actions being taken by NGET in section four, and their plans for releasing additional capacity for re-allocation across their grid supply points.

Conclusion

We recognise that individual networks need to take actions in their own areas to improve physical works. This includes building ahead of confirmed need and establishing the products and processes to practically implement queue management once the regulatory regime has been updated.

We are keen to remain engaged with Ofgem on this topic. Should you have any questions about the points raised in this consultation, please contact Chris Bennett at chris.bennett@nationalgrid.com.

PART 2: OUR FEEDBACK TO THE FOUR SECTIONS OFGEM IDENTIFIED IN THEIR LETTER

The following section provides our specific thoughts on the four sections of Ofgem's letter on which they have specifically invited comments.

Our comments to Section 1 – The challenge

We agree with Ofgem's overall framing and description of the challenges and in particular the descriptions Ofgem set out below. We have provided our characterisation of the challenge in Part 1 and welcome opportunities to continue the discussion as well as continue working collaboratively toward fit-for-future solutions.

- Recognising that the 'Connect and Manage' regime on transmission network and flexible connections on distribution network have progressed us to where we are today, and we need solutions fit for the future.
- Customers are experiencing an increasing impact from transmission and distribution reinforcement delays.
- Volumes of applications are increasing leading to contracted capacity in excess of every FES scenario.
- The 'First Come First Served' approach, coupled with the contractual mechanisms, leads to a long connections pipeline, and it doesn't support strategic investment

Our comments to Section 4 – What you can expect from us

We agree with the role and approach Ofgem proposes to take. In particular:

- Using existing network capacity as effectively as possible, including how to ensure we can make best use of this capacity to advance connection dates (e.g. by allocating to projects that are ready to connect).
- DNOs embracing their role as enhanced system operators.

We believe there are some important considerations for the ESO's July plan and Ofgem's Connection Action Plan expected later in the summer and we look forward to continuing to engage with you and across industry, providing our experience and view on what we believe we and others including Ofgem may need to do. We support moving away from the 'First Come First Served' approach without greater consideration of market behaviour and in so doing, we would want to be careful to avoid unintended consequences which could undermine investment in the sector. We recognise there is value to UK plc in early project development which happens at an early stage and allows investors to take a portfolio approach to their investment decisions but that combined with the current contractual and physical work arrangements is leading to problems.

We are keen to work collaboratively with Ofgem, Government and industry to ensure market reforms preserve investment and that entry requirements balance the risk of customers applying and the benefits of connected assets to consumers through pipeline management methods, commensurate processes and barriers to entry and appropriate market signals.

Our comments to Annex A: Our proposed objective, outcomes and guiding principles

We support Ofgem's proposed objectives, outcomes and guiding principles. The table below provides some specific feedback on the guiding principles set out in Table 1 on page 15 of the open letter.

Guiding Principle		National Grid's feedback
1	Reforms deliver benefits to current and future consumers	We suggest that an assessment of current detriment and future detriment might help network companies phase the reforms.
2	Reforms accelerate progress towards net zero	<p>We agree that a new connections framework should be focussed on delivering the UK's transition to net zero. We would like to understand better how this guiding principle might have an impact in principle given networks overall responsibilities on connections, e.g. they need to operate the connections process on a non-discriminatory basis.</p> <p>We also recognise that some projects are strategically important to meeting net zero or deliver broader economic value. Actions which align to this principle could include developing a fast-track route for such projects to ensure these can connect to the grid in a timely manner to maximise these benefits. This would require clear and transparent criteria, potentially aligned with the government's sector deals, for projects to qualify.</p> <p>We suggest developing strategic, capacity hubs to enable a more coordinated and innovative approach to connections. This applies to both transmission and distribution.</p>
3	Reforms begin to deliver as soon as possible, with impacts seen by 2025	<p>We agree urgent action is needed across the board by all parties. While we support queue management and expect it to be effective in the future, there will be a delay before we start to see full benefits. As explained above, we think an urgent decision on CUSC modification CMP 376 would help.</p> <p>Looking longer term, implementation of the Government's code governance reforms (included in the Energy Bill currently before Parliament) have the potential to accelerate reforms. Empowered code managers, held to account through a licence, would be able to take a more proactive role in developing and implementing solutions than today's code administrators – in this instance, giving greater accountability and tools for the ESO in how they manage the CUSC.</p>
4	Reforms support improved coordination across the onshore and offshore networks on the transmission and distribution grids	As the largest TO and DNO in Great Britain we are very supportive of this principle and engage actively with other DNOs to provide whole system thinking. We do not have additional specific comments.

5	Connections reforms are resilient to wider reforms	We expect that policy decisions elsewhere will interact with connections reform, including those in relation to the Centralised Strategic Network Plan and plans that a Regional System Planner might produce. With greater strategic planning – at least for certain assets – will necessitate consideration of whether aspects of Stage 4 to be considered in the future. We support such consideration taking place.
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Our comments to Annex B: The illustrative reform stages and options for consideration

We agree with Ofgem’s characterisations of Stages 1 and 2 of the illustrative stages of reform as well as the improvements already underway. We encourage reforms to proceed at least as far as Stage 3, and specifically, we support shifting from ‘first come first serve’ to a ‘connect or move’ approach where projects can be prioritised based on deliverability and other relevant conditions. This includes revisiting thresholds for those applying for connections and giving industry the ability to move projects that are not ready to connect, so as not to block or delay others. Furthermore, we support a whole system solution where customer connections are complimented with the enhanced role of the DNO to ensure efficient and flexible network management.

We support the outcomes expected from Stage 4, although we expect that aspects of a more centrally planned approach could also be possible under Stage 3. As previously mentioned, we support investing strategically to create capacity hubs to ensure the network is ‘connection ready’ for customers to connect at pace, decoupling the investment from individual need, to the benefit of connections across transmission and distribution. This will also ensure more efficient planning of outages and supply chain requirements and deliver a better proposition for customers and consumers.

Regarding the dependency Ofgem mentions for Stages 3 and 4 (“the ability to visualise and analyse the contracted background (including demand) as a set of interactive projects with specific locational characteristics, rather than a linear queue”), we are happy to share our track record in distribution on data and digital and would welcome a conversation around lessons learnt and how our experience. For example, in 2016/17, our stakeholders requested improvements to our online network capacity/constraint maps. We delivered significant improvements to them in 2017/18 and welcome any further changes needed for this resource to become more standardised, transparent and dynamic to help progress reform into Stage 3. We have also:

- In 2021/22, following feedback from customers, we issued a “Milestones and Queue Management” guide to explain queue and milestone management to customers and stakeholders.
- In 2021, we implemented queue management milestones in relation to land rights, planning applied for, consecutive delays in 2017 and updated in line with 2021 ENA Guidance.
- In 2018/19, we consulted on a “flexibility first” approach. As a result, in 2019, we introduced a “Flexible Power” and created a separate DSO function, enabling a more flexible approach to managing our network.
- Since 2017, we have been publishing Distribution Future Energy Scenarios which provide a bottom-up picture of the anticipated demand and generation growth based on connections pipeline data and forecasted out to 2050.

PART 3: SPECIFIC ACTIONS FROM NGET

This section contains NGET's commitments for enabling the acceleration of the physical infrastructure required for a connection given its core role in this area. As set out earlier in this response we are also heavily involved in delivering on the actions covered within the ESO and ENAs 5- and 3-point plans, which we do not cover further in this part.

Innovative connection products - Alongside these initiatives we are also working on the development of a new, innovative connection product which can be delivered ahead of need and will enable further optimisation of any outages required. The development work will produce a 'proof of concept' product for delivering new socket connection for customers.

Today each socket is tailored to the technical characteristics of a project, this in turn provides challenges in moving customers to a different socket where projects may not have progressed in line with their milestones. We believe with the right technical, commercial, and operational innovation a proof of concept can be launched to pilot this across strategic connection hubs by 2025. This will enable standardisation of sockets across a substation, providing better flexibility to move customers where this makes sense.

Whilst the actions will provide improvements to contracted dates for many customers in the pipeline, for it to have long term success it is conditional on longer term reforms being implemented in parallel. Ultimately the long-term reforms will enable capacity gaps to be maximised with the connect and move proposals along with appropriate anticipatory investment decisions so that the network is future ready for projects.

Anticipatory investment – To provide a long-term solution on connections, we will also need to invest ahead of confirmed need in both wires (additional capacity in the network) and sockets (spare connection bays at substations). Our overall approach combines bottom-up assessments of need across a range of investment drivers and top-down scenario-based assessments which back cast from 2035 and 2050, including likely connection requirements into holistic Site Strategies which include anticipatory investment. We are working on these Site Strategies now and will include such approaches to future-proofing our investment plan for the next price control period.

Designing ahead of need – The new Yaxley 400kV substation is a project to connect a 299MW OCGT generator. In January 2022, two additional bays were sanctioned to be built at Yaxley for the Stability Phase 3 Pathfinder as part of the reservation and instruction by the ESO. These works are to be delivered as part of the main substation build. The ESO has now completed the assessment for Stability Pathfinder and has identified that only one bay is required at Yaxley.

NGET has completed a cost risk assessment for the second bay (that was progressed following the initial ESO instruction) and determined that the works for the second bay should proceed to take the opportunity to ready the network for additional customers.

Pathfinders – NGET continues to work closely with NGESO on the delivery of their for pathfinders processes. We have created novel and innovative solutions for how the pathfinder process can work with the connection process. For example, for the Stability Phase3 Pathfinder working with ESO we identified a risk that the connections process could impact the results of the pathfinder process. Understanding the requirements, and working with the ESO and Ofgem, we were able to reserve bays coordinated with the pathfinder needs. This provided confidence to those customers that were successful in that process that a connection is viable in the timescales required by the ESO and

prevented inefficient work and costs being triggered by applying for a connection and ensured that innovation solutions were able to connect for the benefit of consumers.

Grid Parks – NGET is also developing so called “Grid Parks”, which are new connection solutions that better suit the increasing number of smaller connection projects being requested by their changing customer base. A Grid Park is a 400/33kV transformer that connects up to three customers. It therefore has benefits in being a single construction solution that enables quicker and more predictable connection routes for customers. We are currently delivering this solution at our Sundon substation and looking at several other sites across the network to roll out further schemes.

Collaborating to tackle specific regional challenges - The nature of new forms of technology coming into the connection market has provided new challenges. One of these areas has been in West London where we have seen a trebling of demand capacity in that area through the demand for data centre connections. Working collaboratively with NGESO, SSEN and UKPN, NGET has put forward a range of short-term measures to improve the situation, such as agreeing, via the ENA, a de-minus 1MW level for demand not going through a transmission impact assessment. NGET is also looking at how changes to operation load flows between the transmission and distribution system can be optimised. This has meant that residential schemes for local areas such as housing and hospitals can continue as planned.

PART 4: SPECIFIC ACTIONS FROM NGED

This section contains NGED's commitments to tackling the connections problem, the capacity we can release and when as well as a commitment to report transparently on those milestones.

Our distribution network is neither full nor is it closed for new customers. Around 25% of projects that apply today can connect without waiting. Between 75% (domestic) and 95% (commercial) of low carbon technology applications are energised within one year. We are continuing to work hard to energise new connections, and in fact, we connected more EV charge points in 2021/22 than in all previous years combined. We support the need to be bolder and to drive reform across policy, regulation, and the industry.

The embedded generation pipeline across our region has built up due to limited transmission capacity; this affects 47 of our 58 GSPs. We have 9.8GW of 1MW+ DER connected, and we have agreed connection of 10GW of DER which could potentially be reallocated. However, our accepted pipeline of connections trying to access the network is currently 37.2GW. We're continuing to work with the ESO and industry to explore how we might open this to other connections based on first ready first connected principles.. Initial modelling suggests around 10GW of capacity could be available for re-allocation across all our GSPs. We seek to reduce our 37GW pipeline to projects which can progress at pace.

NGED has already delivered changes to simplify connections for customers such as:

1. Our new automated online process for domestic EV charger connections means that applications always get a response instantly (compared to 24-48 hours in 2021/22) with any remedial works taking place following the installation.
2. Our budget estimation tool, ConnectLite, gives customers an instant estimate for their low voltage connection, providing the information upfront so they can get connected quicker.
3. For connections that require a site visit, we are adopting an innovative new 'virtual inspection' tool which enables our engineers to assess sites remotely, at a time that suits the customer.

We are working with the ENA and aligning our approach to the ENA 3-point plan. Specifically, NGED is taking the below actions with respect to Pipeline Management, Transmission-Distribution Boundary and BESS.

Queue Management: “spring clean”

Current Update

NGED has enhanced the Connections Strategy team, and new roles of Connection Strategy Officers are now in place with a remit for assisting the business in implementing the ENAs 3-point plan and accelerating connections.

- We have targeted the pre-2017 offers with a view to moving them onto project milestones. We have developed a communications strategy to engage our connections customers, and the majority of them have already received personal communication from NGED where we informed regarding expectations and process.
- To date (16/06/23) contact has been made with customers (where possible) to initiate a variation of their Connection Offer to include milestones. So far, 22 pre-2017 schemes have varied onto milestone offers and 2 offers have been terminated, removing 21MW from the pipeline.
- The pipeline of 28 schemes on pre-2017 offers who are not yet connected (633MW) breaks down as follows
 - Now varied onto milestone offers: 22 (568MW)
 - Terminated or cancelled: 2 (21MW)
 - Customer communications sent awaiting further engagement: 4 (44MW)

Queue Management: Non-firm connections

Current Update

Connection contract clauses are already in place to enact SCR, RDP and ANM, which covers the majority of use cases. A total of 6 DSR and BESS clauses are drafted and being reviewed to cover all eventualities. IT changes and staff training is being planned in time for implementation of the new arrangements.

Transmission-Distribution Boundary: Boundary limits

Current Update

The boundary limits methodology is being finalise through the ENA SCG through the ENA SCG to enable existing capacity usage to be maximised. Use cases and site prerequisite requirements are developed. ICCP, MW dispatch and Visibility & Control capability/terms are already in place. ANM rollout programme is well established and on-track.

Transmission-Distribution Boundary: objective criteria for capacity reallocation across Transmission-Distribution

Current Update

Clauses for Appendix G Schedule 2 from the ESO-DNO BCA have been identified for development/improvement. ESO and TOs are reviewing to ensure equitability. Training for SoW team and modifications to current data exchanges is to be developed ahead of go-live.

BESS: Demand security of BESS aligned to generation security standards

Current Update
A letter on demand security proposal for BESS customers has been sent to Ofgem. Changes to policy and training planned to enact DSR clauses. We will undertake further actions to align ANM and flexibility markets following customer uptake.

NGED is aligned with the definition of anticipatory investment presented earlier in this response. We are currently assessing the role anticipatory investment can play in relation to connections at the distribution level and how it can be supported through the load related expenditure reopeners in RIIO2. We will take a data and evidence-driven approach to ensure that any potential requests for investment are in the best interest of current and future electricity consumers.

In the meantime, we are committed to driving forward demand flexibility, which is a cheaper alternative to network reinforcement, helping to reduce costs and improve energy security at a system-wide level, while also supporting cost savings for Individual households in return for managing their energy needs for flexibly. Given its importance in a 2035 system (alongside other flexibility options), government should accelerate and prioritise retail market reforms to unlock this opportunity, including the building blocks underpinning this such as completing the smart meter rollout and setting a backstop date for all suppliers to opt-in to half hourly settlement.

Appendix – Draft RACI for ESO 5 point plan and ENA 3 point plan

In the tables below, we have used the following definitions:

- **Responsible:** those who carry out or do the work.
- **Accountable:** the “owner” of the work who provides sign off or approval of the policy.
- **Consulted:** those who need to give input and advice to the Responsible party, such as through analyses or studies.
- **Informed:** those who need to be kept “in the loop.”

ESO's 5 point plan to accelerate connections						
		Ofgem	DESNZ	NG ESO	TO (e.g. NGET)	DNO/DSO (e.g. NGED)
1	TEC Amnesty until April 2023 - allowing developers to terminate contracts without charge	A	I	R	C	I
2	Updating modelling assumptions to reflect current connection rates	C,I*	I	A	R	C
3	Changing treatment of storage allowing them to connect faster and freeing up capacity (interim approach)	C,I*	I	A	R	R,C**
4	Development of new contractual terms to manage the pipeline of connections more efficiently (queue management)	A	I	R	C	R,C**
5	Interim option for storage projects enabling more non firm connections sooner	A	I	R	C	R,C**

*Ofgem is taking a prominent role in ensuring that connections reform succeeds. Where Ofgem is not accountable, they are consulted and informed.

** Items 3-5 will need the ESO to provide accelerated connection terms into the DNO BCAs and then the DNO will need to discharge these into the DNO connection offers and connection agreements – the latter is the DNO's area of responsibility. For the terms to be sensible, the DNO should be consulted on the relevant terms being added to the BCA, so they can be appropriately discharged.

ENA's 3 point plan to accelerate connections							
		Ofgem	DESNZ	ENA	NG ESO	TO (e.g. NGET)	DNO/DSO (e.g. NGED)
1	Reforming the distribution network connections queue, promoting mature projects that are closer to delivery above those that may be 'blocking' the queue	I	I	A	I	C	R
2	Changing how transmission and distribution networks coordinate connections, improving their interactivity	I	I	A	C	R	R
3	Greater flexibility for storage customers through new contractual options.	I	I	A	C	C	R