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16 June 2023

Akshay Kaul
Interim Director of Infrastructure and Security of Supply
The Office of Gas and Electricity Markets
10 South Colonnade
Canary Wharf
London
E14 4PU

Dear Akshay,

Open letter on future reform to the electricity connections process

I am responding to your letter on future reform to the electricity connections process, dated 16 May 2023. We agree with you that now is the time to act to address the major problem of grid connection delays that act as barrier on Great Britain's journey to net zero. Industry, regulators and government must take seriously this challenge. Positively, it appears that all parties are agreed on that and are actively working together to address it.

The positive and constructive intent from all concerned must continue to recognise the following key challenges:

- **Scale:** Like many parts of the country, Northern Powergrid has seen a significant increase in the number of customers seeking connections over the past few years, from 1.5GW of accepted offers in 2019/20 to 8.1GW in 2022/23. We currently have 13.6GW of accepted offers with 6.5GW dependent on system reinforcement.¹
- **Reform:** In terms of that queue for connections, we realise that the first-come-first-served application management approach is no longer fit for purpose and means that applications can be delayed by slower moving projects. Developing revised guiding principles and processes that accelerate connections while modifying the definition of non-discrimination between customers is essential. However, given what is at stake it is important to get it right first time. The work must be subject to the necessary due diligence while at the same time maintaining urgency.
- **Urgency:** In the meantime we are also working to provide short-term relief while resetting for an enduring connections framework that delivers increased volumes of connections efficiently.

¹ All data relates to larger connections above 1MW

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- **Whole System.** This will require more dynamic and improved whole system coordination across the transmission-distribution interface in order to enable cost effective transmission system access for parties connecting to the distribution network.

In order to address these challenges:

- We support the need for *strategic network investment* – particularly on the transmission system where the Holistic Network Design has identified the better outcomes delivered by such processes to connect offshore wind. Regionally, there is a need to build on Distribution Future Energy Scenarios and Local Area Energy Plans with regionalised strategic network plans to set out pathways to deliver most efficiently the investment needed to support changing societal energy needs.
- More dynamic and flexible power systems and processes are required. On our distribution system we are well on with this:
 - a) We are active in *efficient and flexible network management* installing monitoring equipment at all voltage levels to establish better mapping of our network.
 - b) We are also actively engaged in flexibility contracts and are seeking opportunities for operating and facilitating more flexible connections – now to be operated as an integrated whole system solution with transmission networks.
- We support the objective to “see electricity connection offers with shorter average connection dates which better meet customers’ needs and enable a timely transition to net zero.”
- We recognise the need for transparency of connection and congestion information but note that standardisation will not be possible for all historical data and will take time to implement for future data collection.
- We encourage exploration of methods to maximise capacity and improve connection dates, appreciating that this will likely involve further reform as the system changes.

In response to the challenges we are working on a range of initiatives:

- We are actively participating in all areas of the ENA’s Strategic Connections Group and are engaged with the Electricity System Operator’s 5-point plan. We have a focussed delivery programme within Northern Powergrid to ensure we manage the change and delivery in conjunction with our customers and industry parties in a co-ordinated and efficient manner.
- We are working with all the other industry players to pursue a range of short and medium-term congestion relief measures, together with more wholesale connections framework reform. As part of that, we are engaging extensively with policy makers, regional stakeholders and customers.
- Leading the workstream on the approach to distribution queue management; we appreciate Ofgem’s explicit support for this work. Most parties recognise that removing stalled or non-viable projects from the queue is a reasonable action to take in order to utilise the capacity for those that are ready to proceed and assist in meeting the UK’s climate change actions.
- We support the need to focus on shorter term reforms, to resolve immediate issues, whilst being aware that the connections process may change significantly in the longer term. The solution that needs more

attention is the potential value from making interim solutions permanent. Flexible connections in order to obtain transmission system access more quickly will carry with them a risk of curtailment of output. It is currently envisaged that this access is only on an interim basis while the transmission reinforcement is carried out and the connected party pays its share prior to the connection being converted to full access rights with the risk of curtailment removed. More work is required to understand if there is an enduring solution to maintain the flexibility in the connection, avoid the reinforcement, and save the connecting customer and the wider customer base from the increased cost.

- We expect material benefits to come from the improvement activities over the next six months. However, we expect that not all customers will benefit. It is important for all network companies to track these benefits and communicate them clearly so that the value to society may be understood.

Ofgem's recognition of and support for the changes required is appreciated and necessary and we look forward to the publication of the connections joint action plan with government. In the meantime Ofgem can be assured of our continued support for driving forward the necessary solutions in line with our customers' needs.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'P. Glendinning'.

Paul Glendinning
Director of Policy & Markets