

16 June 2023

Ofgem  
Open Letter response

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Dear Sir or Madam

## **Response to Open Letter on future reform to the electricity connections process**

I write regarding your Open Letter dated 16<sup>th</sup> May 2023 where you invited stakeholder views on the above proposals, on:

- The nature and priority of connections issues (section 1 - *the challenge*).
- Priority areas of focus for Ofgem (Section 4 – *what you can expect from us*).
- Our proposed objective, outcomes, and guiding principles (Annex A); and,
- The illustrative reform stages and options for consideration (Annex B)

## **Summary**

We are very supportive of the direction of travel and the reforms and changes outlined in the letter. We absolutely agree that action needs to be taken **now**. There must be a **fit for the future connections regime**. Changes must be made if we are to achieve the common goal of enabling a **timely transition to net zero**, we must act now to maximise the existing capacity on our grid network in advance of any transmission upgrades which will take years to deliver. In this regard, our Allt Na Moine project (outlined in more detail below) is a clear example of where a quick win of getting a further 2MW of additional renewable generation onto the system can be delivered **today**, and we have been lobbying hard recently with SSE and NGESO to effect some of the changes you are suggesting. We have outlined these below as we think these examples will help to support your objectives.

## **Allt Na Moine Hydro (ANM)**

Foster Turner Hydro Limited is a joint venture formed by CRF Hydro, who have operated 12 hydro schemes over the last decade, and the Turner group based in Glasgow, who have over 100 years of global engineering expertise. Together as Foster Turner Hydro, we have 4 operational schemes with one under construction and another planned developments. We have a significant amount of capital invested in this sector, and we have a long-term approach and commitment to these investments.

Foster Turner Hydro recently constructed and commissioned a 2-megawatt hydro scheme at Allt Na Moine, located to the North of Applecross in Wester Ross, Scotland (see photo of powerhouse opposite). This is exactly the type of scheme that should be prioritised in the new connections process.



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A briefing paper which provides more details on ANM is attached to this letter, but in short, the scheme is Grid Connected at the Distribution level, however, due to protracted delays in upgrading the Transmissions network between Fort Augustus and Broadford, the scheme is currently operating under a transmission constraint which limits it to exporting only 50 kilowatts of electricity. **Our the scheme has the capacity to generate more than 10,000,000 kilowatt hours of renewable electricity each year - equivalent to the annual consumption of more than 2500 homes but is currently limited to circa 400,000-kilowatt hours pa.**

We would hope that situations like ours (we cannot be unique) will **not be overlooked** in the drive to accommodate new applications to get grid connected. **ANM Hydro scheme is an immediate 2-megawatt connection opportunity – the scheme is fully commissioned and operational, and it can be ramped up to 2 megawatts of output in a matter of days**, as opposed to many of the schemes in the connections queue which are literally years away from the same situation. As the statement in your letter says:

*“We must use all available network capacity- new and existing – as effectively as possible to enable us to maximise the number of parties that can be connected.”*

You also highlight the requirement to *“develop a standard for network data provision and signalled our intent for it to be used widely across industry. We encourage industry to move to swiftly implement and extend this consistency in providing transparent accessible data for customers.”*

Our experience suggests this would be a very welcome step. It is also important from our experience that there are **sufficient resources** to support the provision and explanation of the data and to ensure that the data is in an easy-to-read format. You could go further to suggest establishing some common templates as part of this process.

In our dealings to date with SSEN and indirectly with NGESO to try and get increased capacity to export we have come across several obstacles in our discussions which I would like to share.

- The primary obstacle is the Derogation covering this sector of the network applied by SSEN Transmission with Ofgem approval from 2010. This states that no new connections of more than 50kW can be added until further Transmission upgrades are completed. We are told this is now covered by the “Connect and Manage” regime. We request OFGEM revisit the Derogation from 2010 and hopefully conclude that more capacity can safely be added, albeit with no constraint payments being applicable this time round. This is aligned with the final point of the NGESO’s 5-point plan.
- We are told we are “third in the queue,” though the two local schemes ahead of us, are looking at small increases 90kW in total).
- We requested data to establish what the capacity on the network is. On days when there is no wind, it is our contention there must be “spare” capacity. When we got data for the last 3 years HH it was impossible to analyse [REDACTED]
- We have looked for potential solutions. We proposed both a non-Firm connection – with no constraint payments, as well as enquiring about Active Network Management However again the response to date has been very poor [REDACTED]
- Given that we are currently restricted to only generate [REDACTED], this has a massive financial impact. Effectively it is costing us [REDACTED] million for every year. This is not sustainable for a period of years.

We hope that the two preceding examples above are the types of initiative you will support to **“drive targeted measures at pace to address key issues”**.

## Priority Areas of focus for Ofgem

We fully support and agree with the thrust of your arguments on your role in the connections process. It is heartening to see that you are looking at scenarios such as *“Solutions could cut across multiple processes and rules “and that “To inform the action plan, we will be reviewing incremental improvements to the current*

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*connections regime.*” We just trust that such interventions and supervision will be granular enough to get down to specific live projects and not just at the policy level.

You have stated that you are looking at the queue methodology and *“how changes are applied to both new applicants and those parties already in the queue with a connection agreement*” Hopefully that means that our project at Allt Na Moine, along with all other operational but transmission constrained schemes are very much in focus.

We would also welcome a review into the calculations and methodologies used to determine capacity utilisation on the transmission network (see above example on this point)

Above all we support your statement that - Ofgem will work with the ESO and SCG etc ***“to ensure that the connections process is an enabler of decarbonisation and not an obstacle – where we identify gaps in priority areas, or the need for action to support swift delivery of benefits we will work with all parties to address this.”***

We would very much like to think that these initiatives can be delivered extremely quickly, enabling us to deliver a speedy transmission connection to maximum export levels for Allt Na Moine. To our minds this is a quick win in this area that will immediately unlock 2 megawatts of renewable generation into the UK system. **Given the strategic priority of this area connecting already operational generators as soon as possible should be the priority of anybody working in this area.**

We also welcome the approach of Ofgem take a central role in driving progress on the reform of connections arrangements, including in monitoring the progress of the ongoing industry initiatives. We would ask Ofgem to hold the industry to account to deliver immediate tangible and quantifiable outcomes from these initiatives and to ensure that the whole process doesn't disappear into an industry-only silo filled with endless conferences and no meaningful action (as has been our experience in the recent past).

Looking forward, we also welcome the proposals to review the FCFS queue methodology and would welcome proposals to focus more on deliverability of projects within a certain pre-defined timescale.

## Annex A: Proposed objective, outcomes, and principles for reform

We support and agree with your identified reform outcomes – specifically.

- Transparent, consistent data giving applicants advance, granular insight into expected grid capacity and level of investment needed.
- More robust connection applications, enabling well – progressed projects to proceed.
- Reforms deliver improvements swiftly enabling shorter average connection dates to be offered to customers.
- Greater coordination and consistency across system boundaries, supporting more consistent outcomes and efficient and coordinated approaches.

We would just stress that there must be circumstances analogous to ours at Allt Na Moine and we would press you to ensure that these are fully transmission connected by the end of 2023 if possible, so we accelerate the drive to net zero and increase the swift decarbonisation of the grid.

## Annex B: Illustrative reform stages and options for consideration

We are fully supportive of both the ESO 5- point plan and the ENA Strategic Connections 3 step plan.

We are pleased to see the priority assigned in both to storage and would highlight that “storage” must include hydro schemes with storage capacity. At Allt Na Moine and our other projects we have the potential for 10 – 20 days of storage in our dams and reservoirs and it makes strategic sense to accelerate and prioritise these schemes. The attached phrase is particularly welcome – ***“we would expect to see the most significant improvement in connection dates for smaller solar, wind and storage connections, currently impacted by significant reinforcement works on the transmission system.”*** We would ask you to hold the ESO to account in delivering clear and immediate actions to back up these comments. This is the situation at Allt Na Moine in a nutshell and hopefully these statements lead to a quicker connection for us?



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In terms of feedback on the 4 stages at the end of the annex. We fully support the moves highlighted to encourage **Incremental improvements**. We also welcome any moves which **Improve transmission /distribution interfaces**. Our experience in trying to engage with both suggests that great coordination and interface will certainly help land technologies such as "Active Network Management" which require input and coordination from both parts.

A move away from the queue-based system to a **Controlled access** arrangement also has our full support, given the necessity of the need to achieve net zero.

Finally, we both agree with the sentiments on driving a **Planned and coordinated connections** concept as well as recognising that this may take on a different role in various parts of the country. For our business in Northern Scotland, having greater transparency on what is planned both from a transmission and distribution perspective would be welcomed. As enthusiastic backers of the renewable energy sector we would welcome the opportunity to collaborate with other stakeholders in identifying "win win" scenarios, such as collaborating with companies keen to use renewable power or flexing connections to decarbonise the grid. A new charter on how stakeholders work together might be welcome in this regard.

We hope this response and feedback on the letter and consultation are useful and helpful as you move the process forward. We would be grateful if you can examine the briefing paper on Allt Na Moine and identify any similar cases in your thought process to ensure that such "quick wins" are fully within the scope of the reforms you are championing. We welcome your involvement and hope OFGEM can revisit this Derogation from 2010 and hopefully conclude that more capacity can be safely added. Of equal importance, Allt NA Moine provides OFGEM (and NGENSO) with a prime opportunity to demonstrate a new approach to enabling additional capacity, with such a "quick win" being reflective of the urgency of the situation. We are more than happy to engage further in the process with you and other stakeholders.

Should you need to contact us to discuss the items in this letter please contact [REDACTED]  
[REDACTED] ) in the first instance.

Yours Faithfully

[REDACTED]

[REDACTED]

Director – Foster Turner Hydro Limited

Copy to:

Steve McMahon, Ofgem (Scotland)