

Response to Ofgem's Open Letter On Changes to the Electricity Connections Process-June 2023

About EQUANS

EQUANS is an autonomous business within the Bouygues Group. It brings together Bouygues services-led activities, providing technical, FM, energy solutions and regeneration to support businesses and communities through the energy, digital and industrial transitions.

EQUANS is present in 17 countries - mostly across Europe, but also with significant interests in North America, Latin America and Australia. EQUANS also has specialist energy related capabilities: smart buildings, green mobility, district & embedded energy and decentralised renewables.

In the UK, EQUANS Urban Energy is the market leader in city centre district heating schemes providing heat, cooling and/or power to commercial, public sector and residential customers. With investment >£300m, we sell more heat via district heating than any of our competitors and own or operate city centre scale schemes in seven cities – five more than our nearest competitor.

Response

EQUANS welcomes this opportunity to respond to Ofgem's Open letter on future reform to the electricity connections process. We particularly welcome the following proposed objectives:

- To see electricity connection offers with shorter average connection dates which better meet customers' needs and enable a timely transition to net zero. Current constraints in network capacity can result in delays to project development as well as present an obstacle to meeting wider decarbonisation targets.
- To be more transparent by giving applicants advance, granular insight into expected grid capacity and level of network investment needed. This will help equip parties across the system with information on when and where is optimal to connect.
- To prioritise projects that are progressing as planned and are ready to connect to the distribution network – ahead of projects that are delayed and have not met their milestones.
- To enable greater coordination and consistency across system boundaries - particularly across transmission and distribution, and to support the planning of network expansion and efficient use of network capacity on a whole systems basis.

However, we believe that any future reform to connection arrangements:

- Should promote innovation and encourage the installation of new technologies such as large-scale heat pumps which are pivotal to the decarbonisation of existing heat network schemes. There is a risk that connection delays present an obstacle to meeting decarbonisation goals. It is important to ensure the connections process is an enabler of decarbonisation and not an obstacle. Additionally, installing large scale heat pumps alongside thermal storage within a heat network adds significant system value relative to individual heat pumps- as it helps manage grid peaks.
- Should consider that there are added benefits to the growth of decarbonised heat networks that can help DNO's reduce the investment needed to distribution networks, as customers implement their own decarbonisation plans. This is particularly true in densely populated areas. The addition of many individual heat pumps in customers premises will present load constraints on old cables and substations that will, eventually, need to be replaced with suitably rated equipment. The result of this is expensive and time-consuming asset replacement projects in congested highways. The expansion of heat networks can help mitigate this by focussing the additional energy requirement

into a single hub, reducing the requirement to replace a wide network of LV cables, HV cables and distribution subways. A concise statement suggesting the merits of collaborative working and shared benefit may be worthwhile.

- Should align and interact as seamlessly as possible with current policy reforms and plans underway- such as Local Area Energy Planning, heat network zoning as well as any future changes the governance of local energy institutions.
- Consider a “whole energy system planning approach” and the synergies/interactions between the different energy networks i.e., across power, gas, heat, and transport networks. EV charging (for example) is a vital component of the UK route to decarbonisation. There are potential synergy savings in delivering EV charging networks (Powered from the same energy hub) in parallel with new heat networks.

Additionally, to address the current connection issues, we believe there is need for:

- More strategic network investment by network operators. Network companies should be encouraged to build ahead of need where (for example) new generation and demand requirements are anticipated. This will help increase capacity as well as reduce the time required for network reinforcements etc.
- More efficient network management and optimisation to enable the use of all available network capacity and maximise the number of applicants that can be connected.



Lawrence Chamboko
Energy Policy Advisor
Digital & Energy Services
Urban Energy
UK & IRELAND
M: 07557163469