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By email only: connections@ofgem.gov.uk

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Dear Akshay

Open letter on future reform to the electricity connections process

Thank you for the opportunity to respond to the above open letter. This response is on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. We are Great Britain's largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.5 million homes and businesses.

We are fully supportive of the work being undertaken in this area, recognising the strategic imperative around ensuring that the electricity connections process is fit, proper and fair for all customers at all voltages. With respect to the three key factors, which Ofgem believes will work collectively to reduce connection lead times our high level views are:

- **Strategic network investment to bring forward significant new network capacity efficiently, and at the right time and place.** We are supportive of there being clear and transparent rules around what constitutes sensible anticipatory investment, recognising that in essence all capex investment is, to a degree, anticipatory. However, we remain laser focussed on keeping costs down for customers, and believe there should be a high regulatory hurdle, with appropriate delivery arrangements attached (e.g. PCD/outputs) associated with investments that are predicated on future scenarios many years into the future.
- **Efficient and flexible network management to get the most out of the existing network.** We are fully committed to this workstream and recognise the immediate benefits that can be realised from being as dynamic and innovative as possible when it comes to accommodating additional load on the existing network. We clearly recognised this as part of our recent RIIO-ED2 Business Plan, where we removed over £1bn from our ex-ante allowance request as a result of taking a "flex first" approach and making extensive use of

the suite of uncertainty mechanisms to unlock additional allowances should the need to reinforce materialise; and

- **A fit for the future connections process, which optimises allocation of available capacity so that connections can proceed at pace.** This strand of Ofgem's proposals has our unwavering support. Reforms to the connections process that facilitate "shovel ready" projects connecting to the network ahead of projects which, despite entering the queue earlier, are not as progressed, can only be good for wider society. Ensuring that this acceleration of timescales for those projects that are ready to progress is done without undue detriment to those previously ahead in the queue will be necessary to ensure the reforms are seen as "fair" and stakeholders remain bought into the benefits the reforms seek to deliver.

In respect of the areas which you sought specific views from, these are set out in the appendix to this letter.

We hope that this feedback is helpful. If you have further questions, please do not hesitate to contact me.

Yours sincerely



Mark Adolphus
Director of HSS & Connections
UK Power Networks

Copy Suleman Alli, Direction of Finance, Regulation, Strategy & Technology, UK Power Networks
James Hope, Head of Regulation & Regulatory Finance, UK Power Networks
James Devriendt, Head of Commercial Services, Connections, UK Power Networks
Paul Measday, Regulatory Reporting & Compliance Manager, UK Power Networks

Appendix

The nature and priority of connections issues (Section 1 – The challenge):

The challenge identified in section 1 of your open letter accurately describes the issue of generation connection congestion, but there are also substantial adjacent challenges which should be considered together with connection congestion.

Firstly, as the UK progresses towards the electrification of transport and heat, the load on the network will increase considerably, naturally driving the need for greater utilisation of existing assets as well as investment in greater capacity. Whilst this is discussed elsewhere in the open letter, the coincident need for a significant volume of reinforcement driven by increased zero-carbon generation and through the greater usage of electricity across the whole economy should be joined up and considered as one challenge.

Secondly, to build on the first point, the consideration of the impact of data centres has not been acknowledged in the open letter. Over the previous two years, there has been a substantial increase in the proliferation of very large data centres securing significant capacity on electricity networks. Again, this exacerbates the challenges and data centres should be considered as part of the same challenge. The risk that this presents to national decarbonisation appears not to have been considered. Examples of this dialogue are numerous; in Singapore, the Netherlands and the Republic of Ireland but are absent in this paper.

Priority areas of focus for Ofgem (Section 4 – What you can expect from us):

The priority areas presented explain some of the major areas UK Power Networks believes Ofgem should focus on. However, given the wider context of the open letter and the national challenge, we believe that Ofgem should focus on aligning its approach to the strategic need of the country's net zero transition rather than tactical initiatives to resolve particular issues. One example of this would be to prioritise a review of charging signals, access allocation and market reforms, referenced under the Longer Term Plan sub-header, over reviewing the Connections Standards of Performance.

Our proposed objective, outcomes and guiding principles (Annex A):

The objectives, outcomes and guiding principles appear appropriate, accepting the points raised above in our response.

The illustrative reform stages and options for consideration (Annex B):

UK Power Networks supports the views expressed in Appendix B, again accepting the other points made in our response. Stages 1 and 2 are underway at present and it is imperative to their success that Ofgem supports these phases fully. Whilst stage 3 requires further exploration, stage 4 should be considered fully and urgently when the government communicates policy intent. It is key that the priorities in government policy are clearly conveyed in the government strategy paper anticipated in summer 2023. The competing demands for network capacity, whether through electrification of transport, electrification of heat, data centres or de-carbonisation of the generation mix must be considered in the evolution of the regulatory framework.