

Akshay Kaul
Interim Director of Infrastructure and Security of Supply
Ofgem

Email to: connections@ofgem.gov.uk

16 June 2023

Dear Akshay

Re: Ofgem Open letter on future reform to the electricity connections process

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore, offshore wind and solar generation, and energy storage. With around six million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

EDF welcomes the invitation to provide views on the Ofgem Open letter on future reform to the electricity connections process dated 16 May 2023. In general, we agree with the description and categorisation of connection issues in the letter, and how this could affect the achievement of Net Zero.

EDF also broadly agrees with the areas of focus and the proposed reforms to the connection process. A more rigorous management of the connection process should help to remove non-viable projects from the queue, but care must be taken to ensure that credible and important projects are not jeopardized. It is important that legitimate delays to large projects, where there is significant role for Government, do not create unintended outcomes. Any reforms must avoid material changes to developer risk because this could lead to increased project costs and potentially affect progress towards Net Zero. Auctions for grid capacity is an example of a change to connection processes that should be avoided for this reason.

EDF would also emphasise the additional need for a plan that sets out what needs to be built, where, and when. Our view is that significant network investment is needed, whatever reforms are progressed with the connection queue, and this investment will always be essential to the achievement of Net Zero. Added to this, it is evident that for some technologies, increased coordination and strategic planning is needed. For example, with offshore wind, where there is a clear Government target with limited seabed areas. The auction of the seabed could be better coordinated with network development planning. This would mean that it is only necessary to design the network for the expected GW development in any area and provide connection offers to successful developers. This could be linked to a spatial assessment for large GW development to help assess realistic scope for development.

In this we are in alignment with the proposal, in the National Grid Delivery 2035 document, for the establishment of a 'Strategic Spatial Energy Plan' by 2025.

Views on particular areas under the headings requested by the Ofgem letter are set out as follows:

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

EDF agrees with the challenges identified in the Ofgem letter:

- *Increasing application volumes, which have led to significant growth in the amount of new generation capacity in the transmission queue, with 280GW now holding connection agreements.*
- *Long connection times. Over half of generation customers in the transmission queue have a connection offer date at least 5 years in the future, with over 10% due to wait 10 years or more.*

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

EDF notes the Ofgem priority areas of focus detailed in the Open letter:

- *A central role in driving progress on the reform of connections arrangements, including through the industry initiatives. Close collaboration with key stakeholders (including the ESO, notably on its upcoming consultation on Connections Reform) will be essential to inform this direction.*
- *Working closely with government on connections arrangements. As signalled in the government's Powering up Britain report, a connections action plan is underway, due for publication later in the summer.*

As stated below, our view is also that Ofgem should take a significant role in progressing a substantially planned and coordinated network.

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

EDF notes the objectives, outcomes and guiding principles included in the Ofgem letter, but would add that care must be taken to ensure that credible and important projects are not jeopardized. Additionally, there should be no material increase to developer risk.

- *Our objective for connections reform is to see electricity connection offers with shorter average connection dates which better meet customers' needs and enable a timely transition to net zero. This should be part of a transparent and auditable process, underpinned by standardised and accessible data.*

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

As included in the Ofgem Open letter as reform stages 1 and 2, EDF also notes the near-term work being led by industry to improve the connections process, under the ESO's 5-point plan and the SCG's 3 step plan. These plans include a more proactive approach to queue management, with an ability to remove projects which are not progressing from the queue and an emphasis on enabling projects which are ready to progress. There is agreement, in principle, with these plans but there must be an emphasis on the need for transparency and fairness in implementation. Care must be taken to ensure that credible and important projects are not jeopardized and there should be no material increase to developer risk.

In our view it is important that work is accelerated in order to progress parts of the reform stages 3 and 4 from the Ofgem Open letter.

As described in stage 3, controlled access via the introduction of stricter qualification gates could provide benefits. However, we do not believe that a workable system could be set up that included application windows, trading, or auction-like mechanisms.

EDF believes that the maximum benefit would come from progressing reform Stage 4, which would provide a network that is substantially planned and co-ordinated. It is encouraging that Ofgem are working to introduce a Centralised Strategic Network Plan (CSNP) to identify the network upgrades needed to meet 2035 and 2050 decarbonisation targets. There is the need for a plan that sets out what needs to be built, where, and when. Our view is that significant network investment is needed, whatever reforms are progressed with the connection queue, and this investment will always be essential to the achievement of Net Zero. Added to this, it is evident that for some technologies, increased coordination and strategic planning is needed. For example, with offshore wind, where there is a clear Government target with limited seabed areas. The auction of the seabed could be better coordinated with network development planning. This would mean that it is only necessary to design the network for the expected GW development in any area and provide connection offers to successful developers. This could be linked to a spatial assessment for large GW development to help assess realistic scope for development. In this we are in alignment with the proposal, in the National Grid Delivery 2035 document, for the establishment of a 'Strategic Spatial Energy Plan' by 2025.

I confirm that this letter may be published on Ofgem's website.

Yours sincerely

Rebecca Beresford
Director of Net Zero Strategy & Policy