

Att: Ofgem Electricity network charging team
Ofgem, The Office of Gas and Electricity Markets
Commonwealth House
32 Albion Street
Glasgow, G1 1LH

Sent by email to: electricitynetworkcharging@ofgem.gov.uk

CIP response to Ofgem open letter: Regulatory arrangements for independent distribution network operators (IDNOs)

1. december 2023

Dear to whom it may concern,

Firstly thank you for the invitation to contribute to Ofgem's consideration of regulatory arrangements relating to IDNOs. We are grateful to your officials for their constructive exchanges on this topic, which have helped clarify the context for the Open letter's publication. We understand Ofgem has recently become aware of a number of issues relating to the efficient implementation of the IDNO regime, predominantly affecting EHV IDNO customers, as referenced in CUSC Modification Proposal 425, and as indirectly triggered by recent changes to TNUoS charging.

Whilst we agree it is important for Ofgem to understand changes in IDNO behaviour, if any, such charging reforms may have delivered to the practical application of the IDNO regime, we would emphasise the benefits of the overall IDNO regime in delivering value to network customers (including generation customers). We understand Ofgem are considering conducting further reviews of IDNO arrangements, and what scope such reviews should enclose. On this specific point, should further reviews be required, we would encourage they be narrow and targeted to demand side considerations only at this stage. It is important that the value currently being delivered by the IDNO regime to network customers, and specifically on the generation side, are not unduly hindered, and/or delayed and that investor confidence in the development of generation and network assets alike is preserved. In the context of ongoing reviews/reforms to grid queue management, charging methodologies, market arrangements, and the framework via which networks are planned and delivered, where possible we encourage Ofgem to add to prevailing regulatory uncertainty only where necessary.

CIP was created in 2012, and has since grown to become the world's largest fund manager dedicated to renewable and the net zero transition. To date, we have raised approximately Eur 30 bn for investments in green energy and associated infrastructure. Since 2012, on behalf of our investors, CIP has committed over GBP 1.5 bn to UK energy infrastructure. Our current UK development pipeline stands at

over 18 GW, covering 8 technology classes, representing GBP 5-15 bn of forward investment potential (depending on project realisation). Specific to networks, CIP has invested, alongside our development partners Volta Partners Ltd, in the development of three interconnectors representing a total of 4.2 GW of capacity. Aminth (linking UK-Denmark), Cronos (linking UK-Belgium), and Tarchon (linking UK-Germany) have been deemed eligible for Ofgem's Window three Cap and Floor regime, and which are progressing through the Initial Project Assessment (IPA) process, and stand to contribute the UK's Interconnection target of 18GW by 2030. We are also an investor in Bute Energy, noting its affiliated company, Green Generation Energy Networks Cymru Ltd, is currently engaged with Ofgem with regard to securing an IDNO license.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Alex Murley', written in a cursive style.

Alex Murley
Head of Government Affairs & Communications (UK & Ireland)

almu@cisc.dk
+44 77 88 350 719