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By email only to: Connections@ofgem.gov.uk

07 May 2024

Dear Peter,

Response to Update on reform to the electricity connections process following proposals from the ESO

Thank you for the opportunity to respond to the above open letter dated 19 April 2024. 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.

The ability of customers to connect to the electricity network in a timely and efficient way is an integral part of our country's journey towards Net Zero. We take this responsibility extremely seriously and remain committed to working with all stakeholders that are part of making this happen. This includes the work led by Ofgem to reform the connections process which encompasses management of the connections queue.

In this context, we welcome this proposal and agree with Ofgem's view that it warrants further development and assessment on its path towards possible implementation. We are already actively engaging with the ESO, Ofgem and DESNZ to better understand how customers will be impacted by this approach. While it has the potential to accelerate the connection of developments supporting Net Zero, we believe this benefit will only be delivered fairly if it is developed in a way that works for customers in the distribution connections queue as well as those connecting directly to the transmission network. Many customers are in the distribution connections queue due to work required on the transmission network to unlock the capacity required to get them connected. The proposed TMO4+ would apply to these customers and therefore would need to be implemented in a way that fully recognises the characteristics of distribution connections, in particular where they differ from transmission arrangements.

We also note that a key part of unlocking the benefits of this proposal rely on applying the new rules retrospectively. We believe that this means it will be imperative to not only work closely with customers to ensure this experience is as smooth as possible, but also to include a thorough and realistic review of the legal implications in the assessment. The combination of engagement with



customers and legal standing are likely to be the biggest determining factors in the success, or otherwise, of this particular reform.

From a distribution network perspective we look forward to further engagement on this. In particular, how we can support it with the wider package of reform being delivered by the Strategic Connections Group under the ENA and Ofgem's wider review of distribution connections arrangements. Some key successes from this work to date include:

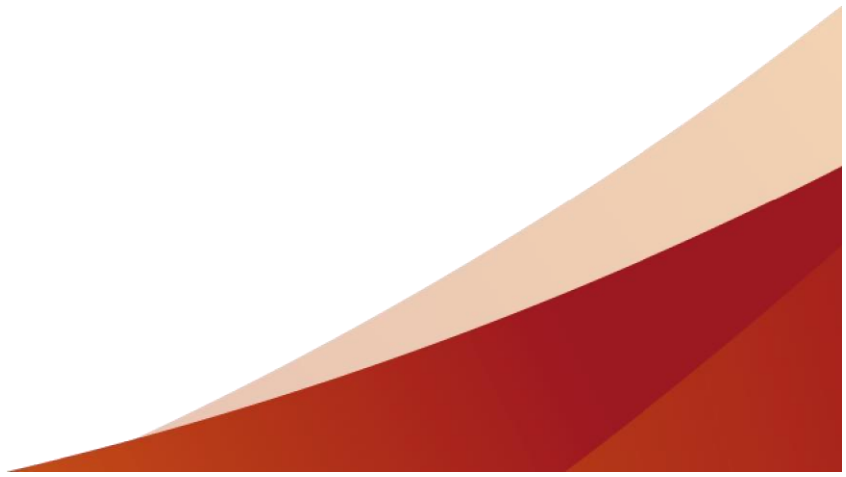
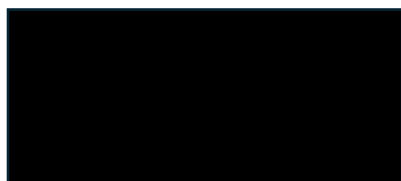
- Strengthening the requirement for a "Letter of Authority" which is assessed to ensure it covers the rights to a suitable size of land for the proposed development;
- The use of Technical Limits where customers are connecting in areas with transmission constraints – allowing over 7GW of distributed generation to connect years earlier in UK Power Network's area alone; and
- Review of Assessment and Design Charges by DNOs to better reflect the costs involved in processing applications to connect to the network – helping to deter purely speculative applications.

These initiatives have all proven successful in making sure that connection applications, assessments and offers are all of a high standard and have the right level of commitment to delivery before being accepted and entering the connections queue. This will help ensure parties that are ready to connect are not being held back from supporting the transition of the energy system to Net Zero.

We know there is still further work to do to support our customers and managing their progress through the connections journey most efficiently. We look forward to continuing our engagement with Ofgem and the wider industry to build on recent successful initiatives as we work towards this important goal.

We have provided answers to the questions in your open letter as an appendix to this letter. If you have any questions on this response, please do not hesitate to contact me in the first instance.

Yours sincerely,



Specifically, we are interested in views from stakeholders on the following:

- The work to develop this proposal needs a strong focus on how it will impact and work alongside distribution connection arrangements.

2. Our view of next steps (including reference to Annex B) We agree with Ofgem's next steps and commit to further engagement as necessary to support the assessment and subsequent delivery, if adopted, of the developed proposal.

- a. Are there any other proposals you would like to see brought forward as part of, or alongside, this reform to achieve the aim of significantly reduced connection timescales?

b. What obligations and incentives for the ESO and network companies would you like to see introduced alongside, or a part of, the TMO4+ proposal, to ensure the intended outcomes of better customer experience and timely connection dates are delivered? (See Annex A, point CAP 3.5)

We note that Ofgem have recently launched a specific review into arrangements for connections to distributions networks including incentives and wider obligations. This could be used as a suitable vehicle to develop the wider landscape to ensure all arrangements and initiatives work well together, ultimately delivering timely and

efficient connections to the electricity network. We remain committed to playing an active role in this programme.

- c. Do you believe additional criteria beyond readiness are needed to deliver**
- i. security of supply; ii. system efficiency iii. strategic network plans; and**
 - iv. the energy mix GB needs to meet net zero? (See Annex A, point CAP 3.6)**

We note there is a strong focus on developments having planning permission in this proposal. While we understand this is a good indicator of readiness to energise, there is a risk it favours technologies that are easier to gain permission for. For example, it can often be harder to gain consent for technologies with a larger visual impact (e.g. Solar PV) than those with a smaller footprint (e.g. energy storage). This could impact the mix of technology brought forward under this proposal and therefore impact the energy mix. This may mean there could be a requirement for closer management of the technology/energy mix where wider market signals are not strong enough to match system needs with which developments are coming online.

There is an additional risk that the focus on planning permission leads to a “catch 22” situation where granted permission may have a time limit that is not compatible with the timing cycles of the new proposal. For example, a developer is required to apply earlier for planning permission to enter the connections queue, but this could mean the granted permission expires before the connection can be made under the new regime.

We believe it would be sensible to consider these two points in the wider assessment and further development of the ESO’s proposal.