

10/02/2025

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Non-confidential

Dear Alasdair,

Drax Response: Connections end-to-end review - Consultation

Drax Group plc (Drax) owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. Drax also owns two retail businesses, Drax Energy Solutions and Opus Energy, which supply renewable electricity and provide energy services solutions including Electric Vehicle (EV) chargepoints to business premises.

Our views expressed in this response to the consultation are informed by extensive recent experience of the connections process, including connecting our four new-build Open Cycle Gas Turbines (OCGTs) in England and Wales, development works associated with the expansion of our Pumped Storage Hydro (PSH) power station in Scotland (Cruachan), modification applications for our existing Cruachan PSH asset and our Drax Power Station in Yorkshire, and numerous EV charge point connections across the country at the Distribution level.

We welcome Ofgem's review of the regulatory framework surrounding electricity grid connections as it is critical that connecting parties ('customers') receive a good level of service and are afforded appropriate protections where their connections are wholly reliant upon the performance of regulated monopoly providers.

We believe that the proposed changes have the potential to significantly improve the grid connection process for customers. We've provided herein some additional suggestions that we believe would further enhance the proposals and would help ensure the connections process delivers an acceptable level of customer experience. Those suggestions are designed to ensure that the final package of reforms focus on:

- the importance of timely and proactive engagement with and support to customers,
- the need for transparency, consistency and minimum service standards throughout the connection processes,
- the need for reliability, robustness and accuracy in data and information provision, and
- the need for clear lines of accountability and customer recourse in the event things go awry.

In addition to those suggestions, we believe there should be a licence obligation on NESO to keep the connection process (and associated regulatory/code framework) and the efficiency of the resulting queue

under review. This would go some way to mitigate the risk of the new connections framework not keeping pace with the evolving needs of the net zero transition.

Our detailed responses to the consultation questions can be found in the appendix to this letter. We would be happy to discuss any aspect of our response with you further if it would be helpful.

Yours sincerely,

Matt Young

Group Head of Regulation

Drax Group Plc

Appendix – Drax response to questions in the consultation

Theme 1 – Visibility and accuracy of connections data

1a. Do you agree with the issues we have set out under Theme 1 - Visibility and accuracy of connections data and network capacity? Are there any other issues under this theme that we should consider or be aware of?

We agree that the issues outlined under Theme 1 are critical to address in order to enhance the connections process. Access to clear, reliable and accurate data is essential for all market participants to operate efficiently and effectively.

1b. Do you agree with proposal 1a (new regulatory requirement on single digital view tools)? Do you have any views on how this should be implemented?

We welcome a single digital view tool that enables customers to access and view up-to-date data. The introduction of this would support Ofgem's goal of helping customers to understand network conditions in different locations to support their decisions. The use of a digital view tool would provide an improved level of transparency for customers, but alongside the tool, or embedded within it, there should also be information explaining what the data means in practice to support and inform customers' decision making.

While we recognise the benefits of a single digital view for customers, this must be paired with customers having sufficient access to support (e.g. a helpline). At present, accessing support to navigate the tools currently available is difficult and unclear. Customers should be able to easily access support and guidance on the data provided in the digital tool.

It is also key that a robust governance framework is in place to ensure that data available on the digital tool is up-to-date and supports customers in a practical way.

1c. Do you agree with proposal 1b (new regulatory requirement on the creation of guidance / standards for data visualisation tools)? Do you have any views on how this should be implemented?

We agree that there should be standards for data visualisation tools and that this should be a regulatory requirement. This would ensure that data is consistent, reliable and accurate. Previous data visualisation tools have not evolved with the connections process and become outdated. Placing requirements on the NESO to create guidance and adhere to standards would help to ensure the data visualisation tool remained useful and effective.

For instance, at present, there is a lack of clear, direct support that customers can easily access. It is our view that implementing standards or requirements on the NESO to provide contact methods and clear access to support would enable a more seamless experience for customers using the digital tool.

1d. Do you agree with proposal 1c (new regulatory requirement to provide connections data)? Do you have any views on how this should be implemented?

It is important that those wishing to develop a project and connect to the grid have sight of relevant connections data. We therefore believe that there should be a regulatory requirement for connections data to be provided for all customers, at all levels. There should also be a robust governance process to assure the veracity of the data and to review its usefulness to those utilising it.

1e. What are your views on the completeness and discoverability of connections data that would be useful to you? Are the existing resources clear and transparent?

The connections data currently available is often incomplete and doesn't provide the full context. It is also often difficult to find and access due to existing resources being difficult to locate and lacking transparency. This makes it difficult for customers to have a comprehensive understanding of the make-up of the grid. It is our view that data available to the NESO should be readily available to all customers (subject to commercial sensitivity). We would also emphasise the need for access to data and supporting guidance to be clear and easy to follow for customers.

1f. Is there additional connections data that would be of use but legal barriers prevent it from being published? If so, do you consider that there are solutions that would enable this data to be made available, for example by aggregating it to appropriate levels / anonymising it etc.

There are instances where specific data would be valuable for customers to access but legal barriers prevent them from being able to do so. For example, access to detailed capacity data to understand potential capacity constraints at the local level. In such instances, anonymised or aggregated data may be sufficient for customers' needs while overcoming the legal barriers or privacy concerns.

1g. Is there anything else regarding Theme 1 – Visibility and accuracy of connections data and network capacity that you consider we have missed?

As referenced above, robust validation and quality control processes need to be in place to ensure the accuracy and reliability of connections data on an ongoing and timely basis. Moreover, a clear data governance framework is essential to ensure that data is collected, managed, used and shared responsibly to the benefit of all parties.

Theme 2 – Improved standards of service across the customer journey

2a. Do you agree with the issues we have set out under Theme 2 - Improved standards of service across the customer journey (not including "minor connections")? Are there any other issues under this theme that we should consider or be aware of?

We strongly agree that focusing on improving standards of service across the customer journey is critical and requires urgent attention. As noted in the consultation, the current customer journey lacks consistency and transparency, resulting in insufficient measures and accountability.

We believe the core issue is the absence of clear service obligations for all parties involved, including the NESO, Transmission Owners and Distribution Network Operators. This lack of defined standards leads to inconsistent communication, unclear roles, and a lack of consistent support for customers throughout the connection process.

Our experience of the connections process has been significantly impacted by a lack of timely and proactive communication, a lack of clarity on who can be contacted during different stages of the process, and a lack of a consistent point of contact for support.

We would highlight the following overarching concerns:

- Lack of accountability: Currently, it is unclear who is responsible for ensuring a positive customer experience at each stage of the connection process. Clear accountability mechanisms are needed to drive performance improvements.
- Inadequate communication and support: Customers often face difficulties in obtaining timely responses to queries, accessing personalised support and receiving updates. This needs to be addressed through improved communication channels and dedicated relationship management between the NESO and customers.
- Inconsistent service levels: The lack of standardised service obligations leads to a variation in the quality of service experienced by customers and across different projects. Establishing clear service level agreements would ensure a baseline standard of service across all projects and customers.

We urge Ofgem to prioritise the development of comprehensive service standards that apply equally to all customers across the customer journey.

2b. Do you have any views on proposal 2a (general principles-based licence condition and supporting guidance around standards of service throughout the entire customer journey)? Do you have any views on how this could be implemented?

A general principles-based licence condition and supporting guidance around standards of service throughout the customer journey would be a positive step forward. Those standards of service should be regularly reviewed and assessed to ensure they meet the needs of customers.

The general principles-based licence condition should be implemented in conjunction with proposal 2b to ensure the right outcomes for customers. We do not believe that proposal 2a on its own would be sufficient to drive the right behaviours and outcomes.

2c. Do you have any views on proposal 2b (new prescriptive condition(s) around standards of service)? Do you have any proposals for any specific areas of the connections customer journey that should be subject to such a requirement?

We believe that proposal 2b should be implemented in conjunction with proposal 2a to ensure that customers receive a consistent minimum level of service. An accompanying incentive or penalty mechanism would help drive compliance. That incentive/penalty mechanism could sit within the price-control framework but could also be complemented by broadening out the scope, requirements and payments under the Guaranteed Standards of Performance framework.

For example, placing a time limit on monopoly providers to respond to queries and complete actions will focus minds and deliver quicker and better outcomes. At present, there are no standards or service level agreements that oblige monopoly providers to provide data or substantive responses to queries. In our experience, the lack of such standards and obligations has caused considerable frustration and places an unnecessary/avoidable resource burden on customers to chase-up queries.

2d. Do you consider that any of the existing standards of service requirements set out in the regulatory framework for provision of specific products / services should be revised or removed? Do you consider that there is any duplication or overlap of regulatory requirements across the regulatory framework that needs addressed?

There are instances where standards of service requirements need to be reviewed or removed to better reflect the evolving needs of the industry. For instance:

- Legacy technology requirements – Requirements related to technology that are no longer relevant to the industry (such as metering requirements) should be updated, given the increasing prevalence of newer/different technologies.
- Clarity on EV charging infrastructure – The standards around EV charging infrastructure connections could benefit from greater clarity to reduce confusion, delays and costs, that are currently experienced across the industry.

There are also instances of duplication of regulatory requirements across different parts of the connection's regulatory framework. This creates confusion for both network operators and customers and lead to unnecessary complexity around the process.

2e. Is there anything else regarding Theme 2 – Improved standards of service across the customer journey (not including “minor connections”) that you consider we have missed?

To ensure monopoly providers are held to account for meeting the standards of service, and that the standards of service remain sufficient and effective, we would encourage the regulatory framework to include a requirement for regular customer engagement and feedback, along with performance reporting and associated monitoring.

Theme 3 – Requirement on networks to meet connection dates

3a. Do you agree with the issues we have set out under Theme 3 - Requirement on networks to meet connection dates in connection agreements? Are there any other issues under this theme that we should consider or be aware of?

We fully agree with the issues identified under theme 3, although we believe they arise across all monopoly providers rather than necessarily being unique to any one of TOs, DNOs or the NESO. In our experience, the key impacts of these issues are:

- Frequent delays and changes to connection dates causes project and business plan uncertainty and customers to incur additional costs.
- Lack of transparency around reasons for delays and limited accountability when agreed dates are not met creates uncertainty and hinders remediation.
- Delays have a direct financial impact on connecting parties, can impact a project's viability and significant impacts investor confidence.

3b. Do you have any views on proposal 3a (strengthened principles-based licence condition around meeting connections dates)? Do you have any views on specific wording that would achieve the intended outcome?

We support Ofgem's proposed approach to strengthening the principles-based licence condition, including additional requirements to provide timely and accurate information to the connecting customer on all related matters. We also support a more prescriptive approach, as proposed within the consultation, and offer the following suggestions:

- Clear definition of “reasonable” timeframes within the principles-based condition for different connection types/sizes. Different connection types should have clearly defined baseline timeframes and should account for different capacity levels.
- Explicit requirements for networks to provide notice of, and justification for, any date changes. For example, placing a 3-month written notice for connection date changes would promote transparency and communication between the network operator and the customer. Justification for changes should include specific reasons for the cause of the delay (e.g. technical blockers or resource constraints), the measures taken to mitigate the delay. This would need to be accompanied with the customer having the right to challenge the justification through independent review. In addition to holding the network operators to account, it will provide a clear picture of the factors contributing to connection delays.
- Mandatory regular progress updates against key milestones which could be provided to the customer on a monthly or bi-monthly basis. A standardised process such as this would focus minds and give some comfort to customers.
- Specific wording in the principles-based condition should include “firm commitment dates” rather than “target dates” and licencees should be held to account for meeting those dates.
- Include requirements for networks to demonstrate sufficient resource capacity and capability so that customers are reassured that their projects are being handled by suitably trained professionals who have an understanding of the technical requirements to enable a project to connect.

While we welcome proposal 3a, we believe it needs to be further strengthened by proposals 3b and 3c to drive the right behaviours and outcomes.

3c. Do you have any views on proposal 3b (minimum standards / SLAs around meeting connections dates)? Do you have any views on specific standards that could be introduced and how they would work in practice?

We believe that proposal 3b should be implemented in conjunction with proposal 3a (and 3c) to ensure that customers receive a consistent minimum level of service and greater certainty. Introducing minimum standards gives certainty to customers as well as clarity to monopoly providers as to minimum performance benchmarks they must achieve.

An accompanying incentive or penalty mechanism would help drive compliance. That incentive/penalty mechanism could sit solely within the price-control framework, rather than result in direct payments/compensation to customers, as long as it is implemented alongside proposal 3c, discussed further below.

For minimum standards/SLAs, it is our recommendation that Ofgem considers the following:

- Maximum timeframes for initial connection offers.
- Guaranteed response times for technical queries.
- Clear milestones and progress reporting requirements.
- Specific deadlines for design approvals.
- Different tiers of SLAs based on project complexity, size and/or technology.

3d. Do you have any views on proposal 3c (a financial instrument designed to offer recourse to connecting customers who face detriment due to delays)? Do you have any views on how this should be implemented?

We fully support the implementation of direct customer recourse/compensation mechanisms. Most, if not all, projects that experience delays incur both costs and financial losses.

The quantum of compensation that would be proportionate and appropriate for any individual project delay will vary greatly, particularly for larger (typically Transmission connected) and/or more complex projects. For those larger and/or more complex projects, we would support a bottom-up approach to deriving the appropriate level of compensation, factoring in:

- Demonstrable direct resource costs and indirect sub-contractor/supply-chain costs.
- Consequential losses ('opportunity costs'), where incurred, including lost operational income and/or foregone support payments (such as Capacity Market payments).

An alternative to direct compensation covering all losses for those projects, would be to oblige TOs (and NESO as applicable) to include proportionate Liquidated Damages into connection agreements. Importantly, the liability for any Liquidated Damages payments should not be passed on to consumers and thus should not be recoverable through the price-control, instead being borne by the monopoly provider itself. This would protect connecting parties from any financial losses arising as a direct result of connection delays that were caused by factors reasonably within the control of the monopoly provider, and would act as an incentive on them to deliver in accordance with the connection agreement.

For simpler and/or DNO connected projects, it may be possible to implement standardised compensation rates based on project size/type. Adopting this simpler option in those circumstances would be worthwhile exploring further.

3e. Is there anything else regarding Theme 3 - Requirement on networks to meet connection dates in connection agreements that you consider we have missed?

We would highlight the need for consideration of the additional points listed below and how they would/could be addressed through the regulatory framework:

- There is a need for better coordination between transmission and distribution works to avoid any disconnect. Where disconnects occur, they can be extremely disruptive to project progress and have a detrimental impact on customers.
- There is a need to recognise the importance of early engagement on technical requirements.
- There is a need for improved communication protocols during delivery of the connection. There is often a lack of communication during this phase which can often cause further delays.

Theme 4 – Quality of connection offers and associated documentation

4a. Do you agree with the issues we have set out under Theme 4 - Quality of connection offers and associated documentation? Are there any other issues under this theme that we should consider or be aware of?

We agree with the issues set out. The quality of connection offers, and associated documentation is often inconsistent and can lead to delays and uncertainty in the connection process.

We would highlight the following additional issues:

- Lack of clarity on costs: The potential costs associated with connections offers should be clearly provided to customers to ensure transparency and enable appropriate planning.
- Inconsistent use of terminology: The use of technical jargon and inconsistent terminology act as a barrier for customers to understand the information relating to their connection offers and the expectations of them.

4b. Do you have any views on proposal 4a (principles-based licence condition on the completeness / quality of the offer and supporting documentation)? Do you have any views on specific wording that would achieve the intended outcome?

A principles-based licence condition would help overcome some of the existing issues and would promote greater quality in connection offers and documentation. This proposal should be paired with minimum standards (proposal 4b) to drive standards. This two-pronged approach would ensure robustness and consistency in connection offers.

This licence condition should emphasise the importance of providing clear and accurate information in a timely manner and should specify the type of information that should be included in the offer.

4c. Do you have any views on proposal 4b (minimum standards / SLAs on the completeness / quality of the offer and supporting documentation)? Do you have any views on specific standards that could be introduced and how they would work in practice?

We support the implementation of proposal 4b in conjunction with proposal 4a. Implementing minimum standards and SLAs would ensure that customers receive consistent and timely information.

Minimum standards could cover areas such as the timeliness of responses to queries (with specified SLAs), the accuracy of information provided, and the level of detail included in the offer.

4d. What do you consider would constitute a 'high quality offer'?

We would consider a high-quality offer to be:

- Clear and concise: The information should be easy to understand and free from inconsistent terminology.
- Complete and accurate: The offer should include all relevant information about the connection process, including potential costs, timelines and requirements of the customer.
- Transparent: The offer should clearly explain what is required of the customer as well as set out any assumptions or uncertainties relating to the offer.
- Timely: The offer should be provided in a timely manner, allowing customers to make informed and timely decisions about their projects.

4e. Is there anything else regarding Theme 4 - Quality of connection offers and associated documentation that you consider we have missed?

We feel that the following areas should also be considered as part of this review:

- Customer engagement: The process should involve timely and thorough customer engagement to ensure that the needs of customers are understood and met consistently.
- Digitalisation: The use of digital view tools (as proposed in Theme 1) could support the efficiency and transparency of the connection process. Access to this data can enable customers to understand the connection queue, technology types and geographical constraints.
- Training and resourcing: A lack of sufficiently competent individuals has hampered the provision of high-quality connection offers. Ofgem should consider if the capacity and capability of resource maintained by network companies and NESO is sufficiently promoted within the regulatory framework.

Theme 5 – Ambition of connection offer

5a. Do you agree with the issues we have set out under Theme 5 - Ambition of connection offers? Are there any other issues under this theme that we should consider or be aware of?

We agree with the issues identified and believe it is crucial that connection offers are sufficiently ambitious. There are some additional elements that Ofgem should consider as part of this review:

- Clear, measurable targets: There is a need for clear targets and metrics to ensure connection offers are ambitious.
- Short-term solutions: Connection offers must consider the extent to which projects are meeting the long-term needs of the grid, particularly as the connections process evolves to align with the Government's Clean Power 2030 Action Plan.

5b. Do you have any views on proposal 5a (strengthened principles-based licence condition around offering earliest achievable connection dates)? Do you have any views on specific wording that would achieve the intended outcome?

We fully support a strengthened principles-based licence condition. The licence condition should reflect the need to balance the earliest possible connection date with the extent to which the project meets longer-term strategic goals.

5c. Is there anything else regarding Theme 5 - Ambition of connection offers that you consider we have missed?

We would welcome increased collaboration and coordination with customers. This is essential for both planning and achieving ambitious connection dates and is not currently happening in practice.

Theme 6 – Minor connections

6a. Do you agree with the issues we have identified? Are there any other issues under this theme that we should consider? Please provide data and evidence to support your views if possible.

The issues identified align with our experience of the connections process. Collaboration and coordination between customers and DNOs is often inconsistent and leads to uncertainty and delays in the connection process.

In addition, there is limited data sharing by DNOs which hinders customers from fully engaging in the connections process. In our experience, requests for data and information (both on a general and technical level) go unanswered or are not provided in a timeframe that would be considered reasonable.

6b. What are your views on our proposals designed to address these issues? Are there other proposals you consider would achieve the intended outcomes?

We are supportive of the proposals set out. We believe they would be complemented by specifying clear lines of accountability and providing clarity over respective roles and responsibilities.

6c. Do you have views on how poor performance could be addressed under these proposals to ensure the smallest scale customers are protected and LCT roll out is supported?

Poor performance could be addressed through a combination of measures, such as:

- Performance targets: Setting clear performance targets for DNOs and holding them accountable for meeting those targets.
- Performance monitoring: Regular monitoring of connection performance against specified targets (timelines, cost and customer service).
- Financial penalties: Imposing financial penalties for failing to meet targets or for providing poor customer service.

Theme 7 – Provisions and guidance for determinations

7a. Do you agree with the issues we have set out under Theme 7 - Provisions and guidance for determinations? Are there any other issues under this theme that we should consider or be aware of?

We agree with the issues set out. It is our view that the connections determinations process can often be lengthy and complex. We would advocate for a process that fosters open communication, has clear lines of responsibility and promotes easy access to information and guidance.

7b. Do you have any views on proposal 7a (Ofgem to review the guidance for connection determinations)?

We believe that a review of the guidance for connection determinations is necessary, particularly as the industry introduces a reformed connections process.

Dispute resolution should be centred around transparency, clarity and communication. From our experience, the process does not currently satisfy these principles and has often caused further delays to the process.

7c. Is there anything else regarding Theme 7 - Provisions and guidance for determinations?

None of note.