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Response submitted to: [Alasdair.MacMillan@ofgem.com](mailto:Alasdair.MacMillan@ofgem.com)

12<sup>th</sup> February 2025

Dear Alasdair,

### **Connections end-to-end review of the regulatory framework**

Thank you for the opportunity to respond to this important consultation. As a major energy investor across the whole value chain, and with an investment ambition of £4 billion over the next 5 years, Centrica is keen to see a connections regime that is fit for purpose at both transmission and distribution level.

This is our full response to the End-to-End Review and should be read alongside our earlier response covering questions under Theme 8 on the RIIO-T3 incentives for transmission connections, submitted on January 13<sup>th</sup>.

In summary, the standard of service provided to connecting customers by network companies needs significant improvement. Obligations currently placed on distribution network licensees are not sufficient and the framework is failing to deliver acceptable outcomes. In our capacity as a developer of a significant number of distribution connected projects, we have firsthand experience of poor service from DNOs including inaccurate quotations, missed targets and delays to procurement. We have little in the way of recourse. This ultimately impacts project delivery – delaying connection dates and adding costs for us as the developer. It is clear that similar issues are experienced by connecting customers across the sector.

These issues need to be resolved urgently since progress towards key sector objectives will be undermined and Clean Power 2030 (CP2030) in particular will be unachievable. NESO and government projections for CP2030 require a fourfold increase in generation capacity, much of which will be at distribution level.

Our ultimate priority is that we want to see these changes in license conditions as well as a strong performance regime on connections being incorporated into the price controls for distribution companies going forward. These need to be developed as soon as possible and, in any case, should also be embedded within the methodologies Ofgem uses to develop the incentive framework for ED3 as part of the sector specific methodology.

We recognise further consultation may be needed but want to see implementation at pace given volume of projects as accelerate toward CP2030 and wider reforms to connection process are implemented.

We provide responses to each of the review questions below.

Yours sincerely,

Sam Railton

**Regulatory Economics and Policy Team – Centrica**

## **Question Responses**

### **Theme 1: Visibility and Accuracy of Connections Data and Network Capacity**

**Question 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 with the assessment of issues set out by Ofgem for this theme. There are often shortcomings in data made available by a DNO and used by a developer in preparing a connection request. Even data that is provided, can be inaccurate or misleading, for example data provided in SSE's Embedded Connection Register is not reflective of the dataset used by their System Planners to determine queue position. However, in our view the severity of these problems is, on balance, less significant than for other concerns, for example poor standards of service that we often experience after a DNO has issued a connection offer. Ofgem must prioritise resolution of these. We appreciate that such issues have been highlighted by Ofgem later in this consultation.

Ofgem has recognised there is an issue with 'large volumes of low quality or underdeveloped connection requests. While better information and additional obligations on DNOs here may lead to better proposals from more serious developers, it is unlikely to shift the dial in reducing the volume of speculative, undeveloped applications. The parallel work to reform the wider connections process and move from 'first come, first served' to a 'first ready and needed, first connected' approach will go further in addressing this issue as low quality, speculative projects are unlikely to pass through to Gate 2.

**Question 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 are supportive of the proposed regulatory requirement to develop data visualisation tools. All individual DNO tools should identify any transmission level constraints that could impact embedded connections. Some do this already but would benefit from greater detail.

Ofgem's suggested option of implementation through amending the Smart Optimisation Output (SOO) guidance for DNOs may make practical sense, though we have no strong views here. Ideally, a regulatory requirement here should include some provision to ensure the data provided in these tools is of sufficient quality and detail.

**Question 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. We recognise there will be benefits from standardization, particularly for larger developers with multiple projects in several DNO areas. Once such an approach is established it is also unlikely to present any genuine additional burdens for a DNO. Further, this would be

aligned with reaching Ofgem's long term goal for a single portal covering all networks across distribution and transmission. Regarding implementation, it would be appropriate to introduce into the SOO guidance, if introducing a regulatory requirement to create and maintain the tool (as proposed in question 1b).

**Question 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?

Data provided by network licensees on the size and composition of the connections queue has been useful, especially for policy makers in examining the impact of implemented reforms, and scale and detail of the connections queue necessary to informing future policy. We are supportive of continued production of this data, especially in the short term as we look for clear evidence of whether or not growth of the connections queue is being addressed, and capacity is being delivered.

We support a regulatory requirement to ensure this continues and argue that it poses no additional burden on licensees. However, in the long-term it may not be proportionate for DNOs, TOs and NESO to submit this data on a monthly basis, assuming that the growth of the queue is addressed and pressures on networks abate as we move beyond the Clean Power 2030 target. Accordingly, Ofgem may want to consider a mechanism to ensure that the frequency of this requirement is proportionate.

**Question 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?

There are some shortcomings with existing connections data, specifically a lack of visibility of where transmission level constraints impact embedded connections. We also recognise there could be more granularity to the data that is currently provided, for example a closer breakdown of the connection queues for distribution and transmission to show capacity of individual projects in the queue, by technology type. We recognise however, that further granularity here may have a limited positive impact, especially in the context of reform to spatial planning, and Government being more prescriptive around what projects are 'needed' and where.

**Question 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 (e.g., by aggregating it to appropriate levels / anonymising it)?

No

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

For project developers, there is currently a lack of visibility of Active Network Management (ANM) Schemes, and how they operate. This issue is also relevant to Theme 2 (customer service) and Theme 4 (quality of offers and associated documentation), as part of a remedy here may be to require the terms of connections under an ANM scheme to be part of the functional specification of a project and contractual in nature. This would avoid situations we have seen where a DNO is able to unilaterally make a change that negatively impacts the operation of an asset, and ultimately its commerciality.

In addition to this, there may also be value in producing an anonymised register of large scale (for example above 50 MW) demand connections at transmission level. This should be straightforward to produce and maintain and would be of benefit to prospective large scale demand applicants, as it would avoid submission of potentially wasteful applications.

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## **Theme 2: Improved Standards of Service Across the Customer Journey (Not Including "Minor Connections")**

**Question 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?**

In general, we would consider all of the problems explored in themes 2 to 5 as ‘standard of service provided by the DNO’ issues, arising from submitting a connection application, to a connection being energized. There have been issues experienced at nearly every stage, though a majority of problems arise at the ‘post offer negotiations stage’. Friction and issues at the Transmission Distribution Interface continue to be a major challenge for embedded generation. To avoid duplication in this response, we have considered specific issues relevant to meeting deadlines, and ambition and quality of offers in the respective sections.

For this theme, there are no additional issues we wish to raise. Ofgem’s consultation paper accurately documents the issues Centrica and other developers have been experiencing.

**Question 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?**

We support a combined approach, including both prescriptive regulations and where appropriate, more principles-based license conditions. This includes the issuance of relevant guidance, establishing standards of service that should be met by licensees. This would ideally be done in parallel to the introduction of some more prescriptive obligations within the license. As for our response to question 2c we believe certain issues lend themselves better to a principles-based solution, and some merit a clearer obligation.

As a starting point we suggest that a principle on standards of service could usefully focus on a DNOs engagement and communication with the customer from offer creation through to connection. It should set an expectation of:

- Standards of engagement with a customer at the application stage.
- Standards of engagement with a customer post offer acceptance (arguably the bar here should be set higher than for the application stage as delays once progressed past this stage can be more costly).
- Standards of communication with a customer, including timeliness and quality of written communications.

We recognise guidance will be key, and welcome further consultation on the form, content and process for implementing any such principles.

**Question 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?**

Alongside more principles-based conditions, we believe there is a clear need for more prescriptive requirements. These should set out minimum requirements that licensees must meet in key areas, where a consistent standard of service would have a tangible benefit for customers.

There are already elements of the connections process where such standards are in place, for example the Connection Guaranteed Standards of Performance “DG Standards”<sup>1</sup> requirements for licensees to provide connections quotations, information and design submissions, and final works and phased energisation, within a set number of days of receiving the request. We believe additional standards could cover the stage of the customer journey that begins after offer-acceptance. Standards introduced here may include:

- Appointment of a Lead Point of Contact and completion of a first formal meeting to commence a project, within 6 weeks of offer acceptance.
- Appointment of a Project Delivery Manager, Principal Designer, Commercial Manager, ANM Engineer (where relevant) and Telecoms Lead within 3 months of offer acceptance.
- Completion of a Transmission Impact Assessment submission within 3 months of offer acceptance.
- Where applicable, a requirement to submit Project Progressions to NESO in a timely manner, consistent with the outcome of a decision on new obligations for DNOs proposed in Ofgem’s recent policy consultation on required licence changes for connections reform<sup>2</sup>.

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<sup>1</sup> [The Electricity \(Connection Standards of Performance\) Regulations 2015](#)

<sup>2</sup> [Policy Consultation on Required Licence Changes for TMO4+ Connections Reform](#)

More prescriptive action here may also help to mitigate issues covered later in this consultation, for example requiring DNOs to engage with projects within a reasonable time post-offer, may for example help to avoid longer term delays and failure to meet dates in connection agreements. We recognise firm proposals here will benefit from further consultation.

**Question 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?**

The RIIO-ED2 Major Connections Customer Satisfaction Survey (MCCSS) that Ofgem references in paragraph 2.46 is only sent out to customers at two stages in the customer journey: 1) following quotations and 2) following connection. This means the MCCSS fails to capture issues in the post-offer acceptance period. A better approach would be for DNOs to issue six-monthly surveys to all or an agreed % of contracted customers.

It's also worth noting that the existing standards of service requirements, which focus on the offer creation state, appear to result in DNOs diverting resources away from the rest of the customer journey. We believe this is part of the problem and adding targeted SLAs across the customer journey, combined with an overarching licence obligation, will correct this distortion.

**Question 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?**

No. As set out in answer to question 2a, we explore other concerns in later responses.

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### **Theme 3: Requirement on Networks to Meet Connection Dates in Connection Agreements**

**Question 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 agree with Ofgem's description of the issues. In our experience as a developer, DNOs delaying connection dates for our projects has had significant impacts. While we recognise that there are sometimes circumstances where this is not a result of DNO failures, we have had projects that have been delayed for 12 months, for a reason wholly within the DNOs control. We see a clear need to both address the causes of these delays, and also provide developers with recourse if they do arise.

**Question 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 are supportive of taking steps to strengthen conditions around meeting connection dates, though it is not clear to what extent changes to the language here will influence outcomes. As set out in the response to later questions under this theme, and for themes 5 and 7, the introduction of more direct requirements and financial instruments (penalties or compensation) could have a clearer impact on outcomes for the customer.

**Question 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?**

There is a risk that introducing more prescriptive requirements around meeting connection dates, incentivises the connecting party to be more risk averse, and state less ambitious connection dates from the outset. As explored in our response to questions in theme 5 we recognise lack of ambition in connection offers as a key issue. We consider that changes here, should align with proposed changes in section 5 – specifically the obligation for DNOs to offer an ‘earliest achievable connection date’. With the introduction of this as a concept, penalties could be introduced if this date is exceeded by a certain time frame (or incentives/ benefits if this date is met).

If a financial instrument to offer recourse to customers affected by delays is introduced as considered in question 3d, then more granular requirements, such as dates for completion of specific milestones, may not be needed.

**Question 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 support implementing a financial instrument along the lines of proposal 3c.

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

Some issues that may be relevant to delays to meeting dates in connection agreements are also explored in the responses to questions under themes 4 and 5.



#### **Theme 4: Quality of Connection Offers and Associated Documentation**

**Question 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 Ofgem's description of the issues.

**Question 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?

We think there is merit in introducing a common set of criteria as to what details a connection offer should include. This could be as simple as establishing an 'offer template', which DNOs would complete for each project. This could be enacted through a license condition, although it may merit a more prescriptive approach to ensure fundamental details are included in an offer.

**Question 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?

To establish an acceptable standard for quality of a connection offer, we would expect that the following elements are included, either within the offer itself or within the supporting documentation:

- A Functional Specification (including here the terms of any ANM Scheme).
- A clear table of assumptions with steps to clarify these, post offer acceptance.
- A high-level programme of work, including illustrative timings, and where there are dependencies (recognising that this does not need to be start date specific, as this is initiated by the developer).

**Question 4d:** What do you consider would constitute a 'high quality offer'?

An offer should make specific which details are known for certain, and what is assumed. Where elements of the offer are assumed, a high-quality offer should set out what the steps to verify the assumption are, with clear timelines for doing so.

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

Often, DNOs appear to self-preserve by overestimating the works and associated costs required to connect a project. This requires us to challenge the offer with the DNO and request a revised offer. Where developers lack the resources to properly review the proposed works, this could mean viable projects are discontinued as they are assessed to be uneconomic based on what may be erroneous costs in the quote.

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## **Theme 5: Ambition of Connection Offers**

### **Question 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?**

The issues Ofgem identifies are here accurate. In general, we find that DNOs end to be too conservative in the quoted dates in their connection offers. This contrasts to transmission operators who can sometimes be overly optimistic in their quoted dates, and then have to delay them.

A further issue related to connection offers arises when a DNO makes a decision to vary an offer, and issues new dates. In doing so DNOs often provide little detail to developers as to what has informed the new date, no evidence of whether a more ambitious date was considered. As a developer we would expect to see changes implemented through formal connection variation offers from the DNO, however this has not always been forthcoming and has sometimes taken several months to receive a written variation after initial informal notification that dates in an offer will change. Furthermore, if a developer has reasonable concerns regarding the ambition or quality of an offer, there is no clear obligation on a DNO to address these.

As well as new regulatory requirements regarding connection offers themselves, some problems emerging here may also be remedied through new requirements regarding standards of service, as explored in the earlier responses to 2b and 2c.

### **Question 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?**

The concept of having to provide an 'earliest achievable date' in offers is a suitable ambition, though in order to influence DNO behaviour, as set out in the response to question 3c, this should be accompanied by a framework of incentives and disincentives. In order for it to be clear that a date is 'ambitious' it may be appropriate for offers to provide some evidence of how this date was reached, and why an earlier timeframe is unachievable. This is also considered in the response to Theme 4 regarding connection offer quality – ideally indicative timings should be set out in the offer, which would demonstrate an ambitious, but realistic schedule. With sufficient detail in the offer, a developer should be able to ascertain if a date is unreasonably far-off.

It is also worth noting here that wider reforms to the connections process and strategic spatial planning, should go some way to addressing concerns DNOs may have regarding a high volume of speculative projects. Ideally, changes here should acknowledge and complement wider reforms.

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

We recognise that some DNOs may make the case that both the ambition and quality of offers (as well as other service issues) can suffer from an industry wide scarcity of resource and skills. However, this cannot be made an enduring excuse for poor standards of service, and it should be the responsibility of licensees to ensure they are staffed sufficiently.

The wider ED3 framework is also of relevance here. We largely agree with Ofgem's assessment of the overall context, and the overarching objectives set out in the recent ED3 Framework Consultation<sup>3</sup>. We recognise there may be a benefit to strengthening incentives to improve DNO performance via the Time to Connect and Major Connections Incentive mechanisms. We will provide further comment on detailed aspects of ED3, as appropriate, at the time of the sector specific methodology consultation.

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**Theme 6: Minor Connections**

**Question 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.**

We broadly agree with Ofgem's description of the issues.

In the context of urgent decarbonisation targets, it is vital that the connections process for domestic EV ChargePoints and domestic Heat Pumps is fit for purpose. Government targets for deployment of both technologies are ambitious and we are arguably on the cusp of mass uptake given projected growth year on year.

Connections activities in this area also have the most direct impact on end consumers. However licence changes are structured, they must drive DNOs to deliver minor connections services that result in clear, simple and effective outcomes for end customers. This includes collaborating with installers to ensure the end-consumer journey is the best it can be.

We welcome the development of the Connect Direct portal, but in other areas DNO installer engagement has been poor in recent years. Ideally, they need to adopt an approach, that works for both individual installers and larger, regional or national, providers. To enable this a

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<sup>3</sup> [Framework consultation: electricity distribution price control \(ED3\) | Ofgem](#)

standardised, common approach across DNOs may be of merit. Certainly, as a minimum, we would expect early sight of any process changes.

To provide a recent example of current barriers to the smooth deployment of low carbon technologies our domestic customers, at least one DNO has brought in Letter of Authority (LOA) requirements for domestic customers looking to install Electric Vehicle ChargePoints and Heat Pumps. The DNO is asking domestic customers to provide a signed LOA showing a red-line boundary site-plan of the customer's property, preferably on the customer's headed letter paper.

We feel a red-line-boundary LOA is a disproportionate requirement for individual homes that are already connected to the grid. It is also hard for consumers to provide. DNOs should not be 'raising the bar' for entry for such minor connections (unlike for major generation connections).

This change was brought in with no advance warning, meaning our installation team had no time to prepare any processes to help customers provide an LOA. This issue has been further compounded as there was no clear, working-level point of contact put forward by the DNO to whom concerns or questions regarding this requirement could be escalated to. In this example it took 2 months to be put in contact with the relevant team.

**Question 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 generally agree with the proposals Ofgem has set out in this section. Regarding the G98 limit we agree that DNOs are probably well placed to inform as to what the right limit should be but agree with Ofgem that the assumption should be for this to be increased.

**Question 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?**

Our example under Question 6a study evidences the need for requirements to ensure that:

- DNOs engage early with installers on policy changes
- DNOs deliver (or support installers to deliver) consumer-friendly LCT connections services that are simple and lower barriers to LCT uptake
- Clarification that red-line boundary requirements are not needed for EV and heat pump installations at domestic or small-business premises with existing MPANs.
- DNOs have clear escalation routes when issues arise

DNOs have consistent processes across GB so that all consumers have as seamless a connection process as possible. This is particularly important for national installers seeking to deliver the best possible experience for their consumers. These outcomes could be delivered via either principles-based licence obligations combined with detailed guidance, or more prescriptive minimum standards and/or SLAs. Our installation teams would welcome the introduction of SLAs.

As an installer, we already notify DNOs of all connecting assets and would welcome stronger installer regulation in this area.

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## **Theme 7: Provisions and Guidance for Determinations**

### **Question 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?**

As a customer, we face challenges in raising, addressing and escalating project related problems with a DNO. We agree with Ofgem's view that issues should be addressed between parties, before escalating to a Ofgem for determinations, however there is often no clear route for a customer to do this efficiently and effectively.

We believe there should be a requirement on DNOs to have in place a transparent structure for addressing customer concerns. This should include guidance on providing a named initial point of contact, route of escalation, requirement for a DNO to acknowledge receipt of complaints at each stage, requirement to formally respond to a complaint at each stage and point at which complaints should be escalated to Ofgem. For transparency, it may also be beneficial to place an obligation on DNOs to record received complaints, and whether they were resolved and share complaint statistics with Ofgem (for example on a quarterly basis).

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

We agree with Ofgem's proposal to review the guidance for determinations. As for the response to 7a, we believe there is merit in introducing a common set of requirements for escalating issues within a DNO. This may increase the possibility of resolving issues without engaging the regulator, helping to manage the volume of requests that Ofgem might receive.

### **Question 7c: Is there anything else regarding Theme 7 - Provisions and guidance for determinations?**

No

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