

Ofgem

10 South Colonnade
Canary Wharf
London
E14 4PU

POSTAL ADDRESS:
Statkraft UK Ltd
19th Floor, 22 Bishopsgate
London, EC2N 4BQ
UK

INTERNET:
www.statkraft.co.uk

VAT REG.NO.: UK-922 1630 58

Sent via email: alasdair.macmillan@ofgem.gov.uk

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Dear Alasdair,

Connections end-to-end review of the regulatory framework

Statkraft welcomes the opportunity to respond to this consultation and is grateful to Ofgem for extending the deadline in recognition of the volume of consultations at the end of 2024.

Statkraft is Europe's largest producer of renewable energy with a legacy in renewables stretching back more than 125-years. Since coming to Great Britain, we have invested more than £1.4 billion in clean energy, and we now employ more than 550 highly skilled people across the country. Our growing portfolio includes wind, solar and battery storage as well as innovative grid stability and green hydrogen projects. In addition to developing our own projects we also provide a critically important route to market for others to build renewables and we manage 12.3TWh annually through power purchase agreements – nearly 10% of the country's total renewable generation.

Appreciating the significant ground covered by the consultation, the likely volume of submissions and the expected turnaround of Ofgem's response, we have limited our answers to short bullet points. In respect of the turnaround of Ofgem's response, it is vital that the consultation decision and policy statement is issued before gate 2 grid reform offers are issued. We hope this is helpful feedback but we would be happy to provide more detail or expand on any of the points made, should that be useful to Ofgem; noting the absolute imperative of this aligning with Clean Power 2030 and Grid Connections Reform.

This is a timely consultation and we encourage Ofgem to consider supplementing the written contributions with in person/virtual dialogues with developers. We look forward to working with Ofgem as it develops its thinking and moves towards implementation.

Kind regards,

Kirsty Dawson

Kirsty Dawson
Principal Grid Connections Manager, Statkraft UK

Question	Response
Theme 1: visibility and accuracy of connections data and network capacity	
<p>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?</p>	<p>Agree.</p> <ul style="list-style-type: none"> - Any implementation of change approved by Ofgem through this consultation must be implemented prior to the issuing of gate 2 grid offers through grid reform. - In addition, transparency, completeness, reliability are the main issues. - Concern that CP2030 and Reform has been developed on data which is not complete/inaccurate. - NESO portal established but aware other TOs/DNOs are working on their own systems which will require multiple log ins – one system approach is more preferential/beneficial. - NESO's TEC & embedded registers are particularly poor in terms of data being incorrect. Too many wrong entries for planning status and tech type means analysis, including for CP2030, will be wrong. Needs a one-off cleansing exercise – perhaps in partnership with contracted connections. Needs to be able to show staged connections and split of demand and generation. Additional project status information can be included such as Milestone stage and where in network it connects.

	<ul style="list-style-type: none"> - Transmission works register and TORI registers are key sources of data which need to be regularly updated and should be digitised and available in an advanced version of Connections 360. - There is also no demand register which is required across the industry to make business decisions. Competition for demand is now, for the first time since privatisation, a real issue for demand users. - Import and Export (Demand and Generation) data is going to be even more critical in the Connections Reform space. Developers are reliant on external sources for more accurate data (e.g. Solar Media, RUK, REPD). - Can connections reform gates be utilised as data correction/cleansing opportunities?
<p>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?</p>	<p>Yes.</p> <ul style="list-style-type: none"> - Needs to be a live system - Parties should be held to providing updates within a regulated timeframe (e.g. updating every six months does not work for the environment we are in). - Process required for challenging and cleansing data (applicable to both our own data and the data of other developers).

<p>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?</p>	<p>Yes.</p> <ul style="list-style-type: none"> - Data provided by DNOs/TOs/NESO must reflect not just their requirements, but the requirements across industry (e.g. developer requirements – currently there is no data on queue position which would benefit all developers and support competition benefitting consumers). - Consistency across all DNOs/TOs/NESO/IDNOs/OFTOs/CATOs is required. - Should DNOs/TOs/NESO not meet their regulatory requirements, penalties should be considered.
<p>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?</p>	<p>Yes – see answer to question 1c.</p> <p>Whilst we agree with concerns around simplification of data sets and forced amalgamation could reduce granularity and value, a standard set of data across industry is needed.</p>
<p>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?</p>	<ul style="list-style-type: none"> - Though ENA has created a ‘one stop shop’ list on its website, there is no consistency of data across DNOs/TOs/NESO – e.g. for some DNOs & TOs you can access heat maps but this is not available from SHET. - There is a lack of trust on whether the information available is correct, e.g. NESO TEC registers not reflecting current positions of projects. - No demand TEC register – critical moving forwards. - Existing resources are not clear and transparent.

<p>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, for example by aggregating it to appropriate levels / anonymising it etc.</p>	<ul style="list-style-type: none"> - Queue position and milestones of all projects should be published. If projects are removed from the queue for not meeting milestones. NESO has not actively managed queues and information on breaches may be bespoke and flexible in determination. Published milestones and clear understanding of the process towards termination would be helpful to then to provide an enhanced view and where opportunities for new connections may arise This cannot be pursued by developers without this information. - Charging statement methodologies are provided by TOs/DNOs but do not reflect costs seen in offers – costs are not evidenced in offers and the methodology documents are not user friendly.
<p>Question 1g. Is there anything else regarding Theme 1 – Visibility and accuracy of connections data and network capacity that you consider we have missed?</p>	<ul style="list-style-type: none"> - NESO has been forecasting falling fault levels / short circuit currents in the transmission system for about a decade, and has contracted additional short circuit current under Stability Pathfinders to counter this trend. At the same time, Grid Code requirements are driving more fault contributions and the ETYS is forecasting large increases in fault levels. If these forecast fault levels actually materialise, there are massive implications for switchgear upgrades and replacements (with associated costs), and safety issues for licensees and users if not addressed. These safety issues and resulting costs and delays will derail Clean Power 2030 and increase not

	<p>decrease costs for consumers. Ofgem should review this situation as a matter of urgency¹.</p> <ul style="list-style-type: none"> – Inconsistencies between data provision. ETYS is published by NESO (presumably with input from TOs) and LTDS is published by DNOs. A whole system approach would suggest that either ESO or Network Companies should publish data. Ofgem should review this inconsistency to ensure a joined up approach. We note that, the consultation references the LTDS but not the ETYS, the NOA and the TWR. These documents are equally as important and need to be considered in the process of data provision. – A process or body is required to investigate and adjudicate data inaccuracy, especially given the recent and growing commercial value and importance associated with the data. – In the ETYS transmission constraint boundaries are shown e.g. referenced as eg B6 (Cheviot or Scotland/ England). In the Operational Transparency Forum a different set of boundaries / nomenclature are used e.g. GMSNOW; HARSPNBLY. We ask that Ofgem regulates NESO to deliver consistent information to users on transmission
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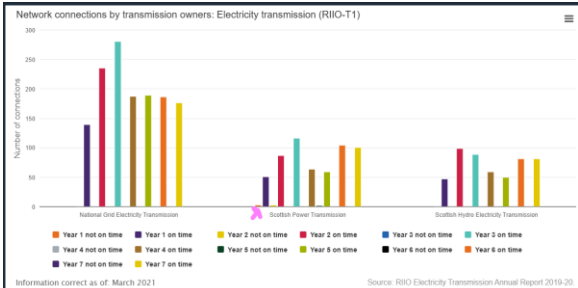
¹ We will follow-up with more information on this issue, independent of this consultation response.

	constraint boundaries which is especially important given ongoing discussions on price/ bidding zones.
Theme 2: Improved standards of service across the customer journey	
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?	<p>Agree.</p> <ul style="list-style-type: none"> - SHET provide a main point of contact pre and post acceptance to allow for regular engagement. This would be a good framework for others to follow (a DNO/TO lottery with inconsistencies). - DNO inconsistencies with submission of project progression is the ‘worst’ example, whereby it could take any time between a month and a year for DNOs to submit – developers are now facing the consequences of this. - NESO are promoting customers to log all queries in the portal, however very little are answered. Going direct to TOs/DNOs provides more/quicker responses, however NESO still have a responsibility around contractual changes, security queries, etc. - Collaboration seems to be a hot topic word used frequently, but collaboration between developers and DNOs/TOs/NESO at times is non-existent. - We are seeing multiple delays with different aspects of the connections journey – pre app meetings, delayed clock starts, TQ answers. STCP defines timescales in which TOs must provide information, but there is not the equivalent

	<p>for NESO; e.g. TO answers a TQ within the 5 working day regulated timescale, NESO do not pass this on until weeks later.</p> <ul style="list-style-type: none"> - More coordination is required between TOs and DNOs for distribution contracts that impact on the transmission network, with responsibilities clearly defined. - Focus on completing CMP417: Extending principles of CUSC Section 15 to all Users to align contracting and security profiles - Align policy for ability to connect at 275kv or 400kv for generation or demand with any technology. - Construction planning assumptions used by TO to assess BESS and Hydrogen connections should be publicised by TOs to provide clarity and new connections opportunities.
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?	<p>Agree – but also should be 2a and proposal 2b.</p> <ul style="list-style-type: none"> - Only licensed timescale followed consistently is providing offers – if other aspects were to follow this, standards of service would improve.
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	<p>Agree – should be through all parts of the journey (pre-app, connections offer process (in particular Project Progressions), development, delivery, post-energisation).</p>

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| | <ul style="list-style-type: none">- Costs throughout the journey are a particular issue – at the outset i.e. first offer, there is a no evidence based breakdown, and it has become normal for costs to increase significantly multiple times over the lifespan of the project. DNOs are able to provide breakdowns but TOs do not. Inconsistencies across the board – NGED do this well as an example.- A nationwide policy of apportionment of SGT upgrade costs needs to be resolved and applied in parallel with grid reform. This was included in the Connections Action Plan, and an update expected in 2024. This will impact the viability and deliverability of distribution projects holding gate 2 offers at the end of 2025.- Lack of competition in the market and/or limitations in TO/DNO procurement frameworks which are driving overall project costs, driving up market prices and ultimately cost to the consumer.- Pathway to 2030 plans are focussed on the large scale network reinforcements, with not as much focus on the renewable projects connecting to the grid to actually make 2030 happen. This risks exacerbating the lack of competition in the market.- Overall project management system required – portal like SPT but project management like SHET. |
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<p>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?</p>	<ul style="list-style-type: none"> - STCPs stipulate regulatory requirements for TOs, DNOs – but as these are not relevant to generators, a lot of these stakeholders are unaware. We support ensuring users are made aware that STCPS only apply to TOs and DNOs not users. - More needs to be done to impose regulatory timescales/levels of service on NESO given the critical nature of the environment the industry is in and the government target of Clean Power 2030. - Volume of projects has significantly increased, but should not be seen as a barrier through any revision/removal of provisions. - Poor planning by TOs/DNOs/NESO (financially, timing, lack of resources/processes) should not hinder developers.
<p>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?</p>	<ul style="list-style-type: none"> - Developers are contracted with NESO. - NESO Customer Connections Manager should have weight with TOs/DNOs when challenges/escalations arise. - NESO need to be included in regulatory timescales/levels of service moving forward.
<p>Theme 3 – Requirement on networks to meet connection dates in connection agreements</p>	
<p>Question 3a. Do you agree with the issues we have set out under Theme 3 - Requirement on networks to meet connection dates in</p>	<p>Agree, but developers need more than ‘best endeavours’ when it comes to network companies providing connection dates.</p>

<p>connection agreements? Are there any other issues under this theme that we should consider or be aware of?</p>	<ul style="list-style-type: none"> - There is no financial impact on network companies if they do not meet contracted dates; however there is significant financial impact on developers if contracted dates are not met. - We have reviewed data from Ofgem on timeliness of Transmission connections LINK and shown below.  <p>Information correct as of: March 2021 Source: RIIO Electricity Transmission Annual Report 2019-20</p> <ul style="list-style-type: none"> - In our experience most TO connections are late and the data above does not align with our experience. We request that Ofgem obtains and compares each User's view of connection timescales before finalising such data in future.
<p>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?</p>	<p>Agree – should be this and proposal 3b.</p>
<p>Question 3c. Do you have any views on proposal 3b (minimum standards / SLAs around meeting connections dates)? Do you</p>	<ul style="list-style-type: none"> - As monopolies, network companies should be meeting contracted dates. Developers require more certainty, and as we discuss in question 3e, there are deficiencies in the

<p>have any views on specific standards that could be introduced and how they would work in practice?</p>	<p>current regulatory reporting that need to be addressed as a priority.</p> <ul style="list-style-type: none"> - Aware this drives the competition debate but users (demand and generation) are a) paying an awful lot of money already and b) investing much more than this in their assets, and currently there is no consequence for network companies being late.
<p>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?</p>	<p>Agree</p> <ul style="list-style-type: none"> - We accept that changes to connection dates occur from both customer/ user side and the networks', and note that early intervention and good communication is key to managing the inevitable challenges. - However, where customers suffer detriment due to network delays, (regardless of the reason, which can be poor practice or deliberate decisions) the customer should be compensated.
<p>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?</p>	<ul style="list-style-type: none"> - TOs must produce a Timely Connections Report to Ofgem on a yearly basis – this is not fit for purpose as only captures offers sent on time and doesn't promote/highlight the delay in what connection date the developer asked for vs. what connection date was offered – ultimately meaning these reports don't show the full picture. This report should be scrapped or its true purpose (reporting delays) should be put in the public domain.

Theme 4 – Quality of connection offers and associated documentation	
<p>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?</p>	<p>Agree</p> <ul style="list-style-type: none"> - Consistencies in offer document layouts (formatting, table of contents, appendices) is a particular issue, especially at DNO level. - The offer should summarise key facts. - Gross Asset Value (GAV) tables provided in offers have been communicated to us from one TO HET that they ‘don’t mean anything’ and we don’t get as a clear a breakdown on costs between TOs/DNOs – again, a bit of a TO/DNO lottery. Current NGED style breakdown of connection costs should be standard across all DNOs/TOs - TOs pass through their TOCOs to NESO (NESO also pass through to DNOs), who then pass on BCA /ConSags /BEGAs /BELLAs to us. This can mean that when querying issues with an offer, we can sometimes go around in circles on who is at fault/who needs to make a revision as we don’t know whether the error has been with the TO, DNO or NESO. - Are we able to cut out the middle process and see TOCOs?
<p>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?</p>	<p>Agree:</p> <ul style="list-style-type: none"> - Non-licensed offers (i.e. changes being made by the DNO/TO through an agreement to vary (AtV) or notice) need to have licensed conditions as we can be waiting as

	long as a year for a contract update with a DNO/TO enforced changed. This can impact trigger dates/security payments.
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?	<ul style="list-style-type: none"> - Don't feel this is as strong as proposal 4a – should be licensed.
Question 4d. What do you consider would constitute a 'high quality offer'?	<ul style="list-style-type: none"> - Executive summary of key facts. - Evidence based, full cost breakdown. - User-friendly – easy to understand! Not using jargon for jargon's sake. - Minimal use of/no caveats. - Commitment to timeliness on follow up activities, i.e. project progression. - Realistic connection dates. - Improved and consistent mapping of connection point. - Includes as Single Line Diagram showing key assets, ownership boundaries, new and existing assets, etc. which can be cross referenced to offer text and appendices.
Question 4e. Is there anything else regarding Theme 4 - Quality of connection offers and associated documentation that you consider we have missed	<ul style="list-style-type: none"> - Openness/justification on variations of cost of applications across the GB D & T networks; and where the money goes.

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?	<p>Agree</p> <ul style="list-style-type: none"> – connection date is the cornerstone of the development cycle, triggering investment in land & planning. – Grid gate 1 offers remove this cornerstone and will inhibit development of future projects.
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?	<p>This proposal is too weak.</p> <ul style="list-style-type: none"> - Clarity of data and detail within offers provides the opportunity to move more towards achievable connection dates.
Question 5c. Is there anything else regarding Theme 5 - Ambition of connection offers that you consider we have missed?	N/A
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 are not best placed to respond on minor connections
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 are not best placed to respond on minor connections

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?	We are not best placed to respond on minor connections
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?	<p>Agree. In addition we would raise the following points:</p> <ul style="list-style-type: none"> – We believe that part of the discrepancy between DNO and TO/NESO connection offers is that DNO offers can be determined retrospectively. This provides, for example, a strong incentive on DNOs to provide clear, relevant and justifiable costs, else they risk later determination. For NESO /TOs this incentive is missing, hence there is no incentive to provide such data. – We request that Transmission determinations should also have a retrospective option in line with a Whole System approach, – In our experience responses from Ofgem on Transmission determinations are little to non-existent. Ofgem needs to be resourced. – With Transmission determinations, Ofgem’s initial tactic is to act as mediator rather than as decision maker. Determinations need to have regulated timescales to be aligned to the timescales being implemented as part of connections reform.

Question 7b. Do you have any views on proposal 7a (Ofgem to review the guidance for connection determinations)?	<ul style="list-style-type: none"> – Doesn't go far enough – whole process for determinations needs overhauled – SLAs need introduced. – A specific body is required for determinations surrounding connections reform to adjudicate and have the knowledge to adjudicate. – This body would likely include representation from network companies, NESO, developers/developer's representatives (e.g. RUK).
Question 7c. Is there anything else regarding Theme 7 - Provisions and guidance for determinations?	N/A
RIIO T3 – Electricity Transmission Network Incentivisation	
Question 8a - What are your thoughts on each of the three ideas we have presented? In your response, please identify positives and negatives you see in each of the proposals, and if you have a favoured option and why that is.	<p>Post Price Control Review:</p> <ul style="list-style-type: none"> - Doing this post price control – is this then too late? - Allowing 'fair' criticism is going to be very difficult to manage – could be very subjective depending on how and who each network company is managed throughout this process. <p>Connection Timeframes:</p> <ul style="list-style-type: none"> - We have referenced our thoughts on Timely connections under question 3e. <p>SGT:</p> <ul style="list-style-type: none"> - We would be supportive of an increase in SGT capacity across the distribution network – removal of transformer

	upgrade costs is critical for the development of distribution projects.
Question 8b - With reference to our Future Considerations, do you have any further ideas on how TOs could be incentivised through a financial penalty and reward model, to deliver faster connections times, a more effective overall connections process in RIIOET3 and drive behaviours that have a positive long-term impact on the network?	<p>Agree with the principle of a financial penalty and reward model.</p> <p>We would be happy to support stakeholder group discussions on what this/these look like and how they are implemented.</p>