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### **Ofgem - Connections end to end review consultation**

Wind2 is a specialist onshore wind energy developer, its subsidiary company Solar2 is a solar developer. The founders of Wind2 & Solar2 together with their management teams have a substantial track record of onshore wind and solar throughout the UK, being responsible for the delivery of approximately 1GW of renewable energy through their involvement with RDC Partners and West Coast Energy (sold to Engie in 2014).

Wind2 & Solar2 are working on the development of a number of renewable projects in England Wales and Scotland and has its headquarters in Mold-North Wales, and offices in Edinburgh, Perth, the Highlands and Wells. Wind2 & Solar2 welcome the opportunity to respond to this consultation.

### **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 issues set out under Theme 1 and the proposals presented. We agree that connection data should be available in digital form in real time. We agree that the TOs and DNOs should be using the same data tools and platforms, to ensure data consistency and transparency. We agree that connection data should be made available to customers so that they are better able to understand connection options and to make improved connection applications. We believe it's important that customers have access to data which allows them to understand curtailment risk to help with their financial modelling and economic risk appraisal.

**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?

Yes we agree with the proposal for all the DNOs and TOs to use a single digital view tool to provide connections data to customers.

**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?

Yes we agree with the proposed requirements in support of the data visualisation tool.

**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?

Yes we agree with the proposal to provide connection data in a transparent way which will help customers better understand connection options.

**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?

Historically connection data has not been easily accessible to customers.

**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.

If there are legal barriers preventing publication of data then we would encourage innovative solutions to making data available and to aid transparency. It would be helpful to have greater transparency of the connection queue and who is connecting into POCs/GSPs. Understanding who is ahead of you in the queue would allow better insight into the potential scope for advancement and would enable possible collaboration between parties to facilitate earlier advancement of projects. Our experience is that the current TEC register is difficult to usefully interpret.

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

Network companies have tried sharing data about available connection capacity using heat networks. Our experience is that this form of data sharing is not particularly useful, and we would suggest more up to date data, would be preferable.

## **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?

Yes we agree with the issues raised. We experience a large variation of service between different DNOs and would support introduction of standards of service to help ensure more consistency. We also agree that the TO/DNO interface is often a problem and we have experienced delays in obtaining connection offer dates.

**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 the introduction of standards of service to help improve standards and to help achieve a more consistent approach across DNOs and the TOs.

**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?

We support the proposed further step to introduce Minimum Standards and a mechanism to help deliver achievement of better standards.

**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?

No comment

**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 comment

### **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 that there is an asymmetry between the project milestones that developers are required to meet, and the lack of milestones that the regulated parties are required to meet, to preserve the connection date in the agreement. This asymmetry has become more pronounced since the introduction of milestone dates in connection offers and the new Gate 2 requirements, as measures to address the problem with the “Grid Queue”. It is only fair that this asymmetry should be addressed by making network companies more accountable for meeting connection dates.

We note that the importance of meeting connection dates varies over time. Prior to a project making a Final Investment Decision (FID), the connection date is important as it determines the project programme and how all project activities are scheduled. Delays in a connection date during this stage can have quite significant development cost implications but (reasonable) delays can typically be managed. Delays after FID can have significant financial impacts and create problems managing construction activities. Contractors building projects or supplying equipment would typically be contractually liable for delay damages and we would suggest that similar delay damages should also be applied for delays in the connection date.

**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 agree with strengthening licence conditions around meeting connection dates, but as noted above we would like to see developers being compensated for delays in connection dates.

**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?

Referring again to the asymmetry between the project milestones that developers are required to meet, and the lack of liability that the regulated parties see for meeting the connection date, then it seems fair that the regulated parties should bear some financial responsibility for delays in connection dates.

**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?

As indicated above we support the introduction of financial compensation of customers for delays in their connection date. Clear financial compensation terms for delays, payable through the terms of the connection offer would be preferable. A requirement for a Developer to have to make a claim through the Regulator due to failure to meet licence conditions would be much less helpful.

**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?

No comment

#### **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 all the issues outlined in the consultation. In particular we see variations in quality across DNOs connection offers and support proposals to improve connection offer quality and consistency. We would also note that this initiative provides an opportunity to try and improve how easily understood connection offers are, as well as the quality. We have experienced numerous challenges presented by poor quality offers being issued and then taking months for corrected offers to be issued. In one case it took so long that our project obtained planning consent in the intervening period, and we were then told that the original connection offer was not technically feasible and the cost of connection was increased significantly. It is clearly important that developers should be able to rely on the quality and veracity of connection offers, as in the worst cases Developers will develop projects which are not feasible based on incorrect connection offers.

**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?

The main requirements have been identified in the consultation document. Some of the key points we noted are identification of transmission reinforcement requirements in DNO connection offers, advice on expected curtailment, and alternate(s) connection options if the full requested capacity is not available.

**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?

We would suggest that a two stage approach could be taken with some initial follow up to ascertain whether quality of connection offers is improving and try and feedback on best practice to help achieve consistency across DNOs. After the initial period, it would be helpful to carry out periodic quality audits to ensure high quality levels are maintained.

**Question 4d.** What do you consider would constitute a “high quality offer”?

No further comment.

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

No comment.

## **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 issue that we raised in answer to an earlier question is that the financial impact of delays on developers increases substantially as you get closer to connection date. Typically at connection date the project will be at least 90% constructed and most of the capital cost will be spent. Delays close to the connection date (within 1 year) have a big financial impact as the start of revenue generation to start repay capital costs and interest is delayed. Changes in connection date prior to FID have less of an impact and can generally be managed. We would also note that in our experience is that delays in connection offers are also accompanied by above inflation connection cost increases, which put a further strain on project economics.

**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?

We confirm that we support the proposal 5a.

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

No comment.

## **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.

No comment

**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?

No comment

**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?

No comment

## **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?

Yes we agree with the issues set out.

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

Our observation is that connection offers and agreements have historically been weighted in favour of the connection companies and customers tend to feel that they have little or no redress for issues such as connection delays or cost increases. We therefore see it as important that Ofgem, as the Regulator, provide an important role in helping determine disputes with connection companies. Initiatives to help make that process less complex would be welcome and the proposals about strengthening licence conditions.

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

No comment

### **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.

The third option regarding the Supergrid Transformer initiative seems like a pragmatic approach to delivering as much spare capacity from the existing network as possible. This should help generate additional connection capacity earlier than other network reinforcement options, so we would support this proposal. We agree with the first proposal regarding retrospective performance reviews to determine incentive outcomes, but we note that this price control period will coincide with the implementation of major connection process reforms and accelerated network reinforcement plans, so that metrics from previous price control periods would not be useful comparators for RIIO T3. Similar comments apply to the second option regarding Connection Timeframes.

**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 RIIO-ET3 and drive behaviours that have a positive long-term impact on the network

The objective for NESO and TO is delivery of grid connections and connection capacity to facilitate achievement of the Clean Power 2030 Action Plan. Logically, incentives should be set around achieving this action plan by 2030.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sarah Smith'.

Sarah Smith

Managing director

Wind 2 Limited



