12 February 2025

To:
Connections Reform Consultation Team
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Subject: Response to Connections End-to-End Review Consultation – Themes 1 - 7

Dear Sir/Madam

The Energy Networks Association is pleased to provide our response to Ofgem's consultation on its Connections End-to-End Review (Themes 1 – 7).

We acknowledge the challenges customers face and are committed to enhancing consistency in customer experience across the industry. We are eager to collaborate with Ofgem and other stakeholders to develop proposals that ensure regulatory changes are beneficial to customers. However, we would like to highlight several key areas that require further consideration to best support customer connections and are crucial for the industry's future. We would encourage Ofgem to establish an industry working group as it seeks to develop any of these proposals.

It is important to put the issues identified in the consultation in the context of wider customer satisfaction. We acknowledge many of the issues identified but it is important to remember they are often isolated issues experienced and raised by customers. The vast majority of enquiries, quotes, and connections are well-received by customers, with customer satisfaction scores well above the national average across other sectors. The issues identified are edge cases and there is no current evidence to support that there is any systemic customer service issue. Across GB our member companies had significant interactions with customers through issuing over 120k connection offers alone (excluding budget estimates and feasibility studies). Before establishing any new regulatory arrangements for the connections market, it will be important to conduct wider customer and stakeholder engagement to properly understand the true sentiment of connections customers and to ensure appropriate evidence to inform any changes. This will allow an appropriate set of initiatives to be explored that work for all customers rather than a set of potentially fragmented mechanisms which are disproportionately focused on the isolated experiences of a few customers.

Focus on incentives and outputs that best support customers

Networks have previously raised concerns about principles-based licence conditions, particularly in relation to being able to demonstrate compliance. Ofgem's incentive-based regulation has worked well, and we do not believe wholesale change from this approach would be in customers' interests. We believe an approach continuing to focus on outputs and incentives will best deliver significant benefits for customers in the area of connections. A shift in regulatory approach and the emphasis on driving consistency could result in over-regulation that could potentially hinder innovation and efficiency and also risks distorting this competitive market.

Therefore, we believe refining existing arrangements and where new arrangements are proposed these should focus more broadly on the satisfaction of all customers, including where we provide a service to competitive providers, offering incentives where appropriate. This would ensure that companies continue to develop their service offering to adapt to customers' changing needs. Minimum standards and principles-based licence

conditions risk freezing service standards in time and failing to encourage continuous improvement and better understanding of customers' priorities. This would also minimise the impact on the competitive connections market.

We note that the proposals consulted on appear to be a deviation from Ofgem's long standing principle of regulating only where competition is ineffective, and we would welcome clarification if that is the case and further discussion on the evidence case.

Consider market competition

Overall, we would encourage Ofgem to be mindful that many segments of the connections market have well-established competition. This consultation proposes many new obligations which will cover all aspects of connections, with the majority of these in market segments that are open to competition. We would note that customers can (and do) make choices over who they choose to make their connection and make their evaluation based on the factors that are most important to them.

Network companies already have obligations to support competition, but the introduction of new obligations that our competitors are not subject to will result in a market distortion where network companies' cost to serve increases, but any enhanced service is not valued by customers and results in a loss of market share. In particular, financial compensation for detriment if connection dates are not met could increase the cost to serve, placing Distribution Network Operators (DNOs) at a commercial disadvantage compared to Independent Connection Providers (ICPs) and Independent Distribution Network Operators (IDNOs) who would not be subject to the same obligations. This would distort the market, and we recommend an impact assessment to evaluate the potential effects of the proposals.

Data is essential, but should not be over-specified

Network companies have been working hard to share more data with customers that support connections and fully agree with Ofgem on its importance. However, the ongoing connections reform process, linked to the Clean Power 2030 (CP30) target is transforming the landscape. Rigidly specifying or centralising information provision too early might not meet future needs, and so we urge caution in being too specific about the end goals, as it is essential to find a cost-effective solution that balances efficiency and customer value, particularly where the funding of this investment is unclear.

Ensure clarity between transmission and distribution roles and regulations

We also note that many of the issues raised reflect on evidence pertaining to stakeholders' views on connections that may relate to either distribution or the transmission activities. It is not always clear whether the same or similar issues equally apply to distribution and transmission network activities and responsibilities, or if they apply equally when customers are connecting on one or other system. In the next stage of this work, proposals should be linked to evidence of issues on different parts of the system and recognising different roles and responsibilities of DNOs, Transmission Owners, and the National Energy System Operator in the connections process.

We look forward to working together to ensure that any regulatory changes are in the best interest of customers and the industry. Additionally, we suggest that Ofgem consider holding Workgroups to develop and assess these proposals as they relate to distribution, which could be run concurrently with the Workgroups providing input into RIIO-ED3.

Yours sincerely,

David W Boyer

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 recognise that there are customers who have frustrations with respect to the visibility and accuracy of connections data, as outlined under Theme 1, with a call for alignment among distribution and transmission to ensure consistency. We continuously work with customers through various forums and believe that connections reform is already making changes. However, networks are already subject to requirements and have demonstrated significant improvements across multiple areas. This includes:

- The provision of Budget Estimates, Feasibility Studies, and Connection Surgeries to help customers understand costs and timescales before submitting a formal application.
- Networks must comply with Ofgem's Data Best Practice, which assumes energy network data is open and shared unless there are justifiable reasons such as personal information, commercial sensitivity, or security.
- All distribution network operators (DNOs) and NESO have delivered individual digital views of the queue in 2024.
- Data is available through network data portals and websites, accessible via the ENA's Connections Data webpage, including tools like geospatial capacity maps, EV capacity maps, and embedded capacity registers.
- DNOs produce Distribution Future Energy Scenarios, Network Development Plans, and Distribution Network Options Assessments to highlight expected growth and investment areas on the networks.
- DNOs have obligations through the Smart Optimisation Output, to facilitate collaboration between DNOs and stakeholders, making network and strategic development data more accessible.

While we have demonstrated improvement in this area, we need further insight from customers to understand what the data gap is and what the majority of customers want to see. This will allow us to address their frustrations.

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 have reservations about proposal 1a. Networks have worked to deliver Connections 360 and grid supply point (GSP) pipeline view tools at pace without additional funding, managing within existing price controls. Creating a single digital view would require significant investment and resources. Concerns include:

Improvements to data provision should be stakeholder-led with clear benefit cases

Any data platform or tool should be developed alongside networks and stakeholders, to understand how to maximise expended effort and value to customers, ensuring that any solution is deliverable. It is unclear as to whether or not a single digital view would be truly valuable to customers. However, networks are supportive of re-evaluating this position following the implementation of connections reform (TMO4+ and introduction of Clean Power 2030. Whilst these significant changes are progressing across the connections landscape, it is unknown whether a digital platform designed or delivered today would be fit for purpose.

Funding arrangements and appropriate ownership

The development of a single digital view would require both capital investment and additional operational costs to ensure that data is maintained, kept up to date by each party and hosted by a chosen party. In addition, a single party must be responsible for hosting and maintaining the tool.

If an obligation were introduced to develop a single digital view, funding would be required. Ofgem must decide whether this funding is to be recovered from all consumers through network price control arrangements or passed through to connecting customers.

Changing requirements and priorities due to Connections Reform and Clean Power 2030

Connections reform and Clean Power 2030 are in development, but this renders the current connections landscape unpredictable at present. A single digital view may be deemed unnecessary following the introduction of these significant changes. However, as our focus is on maximising value for customers, we are open to re-evaluating this position, with Ofgem, once the changes have been implemented.

Varying priorities across different customer groups

A single digital view may only be beneficial to a small subset of customers. Therefore, the significant effort and ongoing costs may deem a solution inappropriate for most customers, who may be subject to increased costs as a connecting customer, or for consumers through the price control.

Development to date

We would like to point Ofgem to the effort and speed at which each network and NESO have developed and delivered their individual digital views, at GSP level and above. This is a clear demonstration of the networks' desire to develop solutions for customers and collaborate to ensure a level of consistency, under the existing regulatory framework.

Existing digital views are Minimum Viable Products (MVPs) and could be improved independently by each network and NESO. Networks and NESO aim to improve data quality and accessibility through stakeholder engagement to ensure maximum value for customers. Transparent and useful data sharing is important, and the sector should avoid duplicating efforts in developing data solutions during ongoing reforms. A significant acceleration of these developments, in addition to the creation of a single digital view, would require appropriate funding.

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 support proposal 1b, provided the guidance/standards are reasonable. Networks support creating guidance and/or standards for data visualisation tools, as long as they are developed with network input and stakeholder engagement to maximise customer value and ensure deliverability. As demonstrated in response to Question 1a, there is a clear demonstration that networks want to improve the tools to support customers across the connections landscape, however the necessary funding is required.

Within this proposal, networks support creating guidance to improve consistency across different tools, including standardising categories, ensuring consistency within curtailment reports, adding RAG status on heat maps etc., but not to deliver any digital view tools. Any guidance that is developed must take into account the potential cost requirements and value for customers. In addition, any guidance introduced must take into account the development time for networks and NESO to design, build, test and deliver the solutions, alongside stakeholder engagement.

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?

We question if additional measures are needed given existing obligations to provide information to Ofgem. Networks must comply with Ofgem's Data Best Practice, assuming energy network data is open and shared unless there are justifiable reasons such as personal information, commercial sensitivity, or security. Networks support engaging with Ofgem on minimum requirements for data provision and accessibility, emphasising stakeholder engagement and maximising customer value. Networks agree on the importance of ensuring data consistency and improving usability to support stakeholder ambitions.

Since the first-half of 2023, networks have provided Ofgem with connections data via the Ofgem Connections Databook on a monthly basis. Networks have also supported the development of the Databook through multiple iterations (currently on version 8), to continually improve data provision. Networks also have a licence obligation to provide Ofgem with data when it is requested, but networks often go above and beyond to develop the systems and processes to capture additional information to support Ofgem's ambitions. One consequence of formalising the reporting requirements is the reduction in flexibility, which we are concerned may be unhelpful as reporting requirements continue to evolve.

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?

We believe that each network is responsible for delivering and making its data accessible to customers and have worked closely with the ENA to ensure consistent access for customers through the Connections Data webpage. Networks agree that ensuring data consistency and improving usability across networks is important to support stakeholder ambitions and have made significant progress in doing so.

However, we believe that the introduction of guidance and/or standards to support consistent delivery and provision of data across networks, in addition to the appropriate funding, would support with improving the completeness and discoverability of connections data for customers. As mentioned, this should be underpinned by stakeholder engagement and developed with networks to ensure customer value is prioritised and are deliverable.

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.

Whilst no additional connections data has been identified as being prevented by legal barriers, it is important to note that cyber security risks must be assessed within any provision of data, and ensuring compliance with the Data Protection Act and the Utilities Act is paramount.

To support visibility and improved collaboration, networks note that sharing locational, construction programmes, project-by-project milestone data and curtailment limits/estimates amongst developers may be beneficial for them when making commercial decisions and open up potential avenues for improved developer collaboration. Caution is needed when releasing this data as there may be perceived commercial sensitivities.

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

Ofgem should be mindful of any efficiencies that could be achieved from alignment of programmes to improve digital tools with the Data Sharing Infrastructure Programme.

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?

Inconsistency of standards of service

We disagree that there are limited standards of service across the end-to-end journey. For DNOs, guaranteed standards of service apply covering the issuing of connection offers, contacting customers once they have accepted to discuss the programming of the work, agreeing start and end dates. These apply equally to demand and generation connections enacted albeit through slightly different regulatory mechanisms but in both cases resulting in payments to customers where the standards are not met. The use of agreed dates for the start and finish dates was debated when the standards were introduced and reflected the need for the timescales to reflect the individual circumstances of each project.

We would point out the optimal timing of providing some services will vary between customers and in particular the level of development of their project and their timescales for desired connection. In many cases customers will ask DNOs to not carry out work as this will result in charges to the customer if they have, for example, a desired connection date long into the future.

Suggestions for new timeliness requirements

DNOs provide a range of pre-application services, typically tailored to the needs of customers. Some of the suggestions could be used to set timescales but we would urge caution due to the wide range of size and scale of projects that they need to cover. For example, for projects without planning permission, a discussion to plan the work has limited value just after acceptance and more relevant when planning permission is granted.

Transmission/distribution interface

In terms of submitting information to NESO, we would note that this is included in the changes to the Connections and Use of System Code (CUSC) in CMP 434 that is currently with Ofgem for consideration. These proposals provide clarity on the approach to batching and introduce new obligations on DNOs in terms of timescales.

In terms of ‘clock start’ we believe these issues will be superseded if the new approach to application windows is introduced via the CMP 434 and CMP 435. In terms of transmission impact assessment (TIA) thresholds, these have been reviewed and NESO has raised a CUSC modification (CMP 446) in early 2025 to that end.

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 recognise the feedback from customers on the desire for consistency but want to ensure that this does not stifle improvements and innovation. This is particularly relevant where these relate to competitive activities, and we would highlight the concern that the imposition of new standards of service will risk distorting the market where they are not applied to Independent Connection Providers (ICPs) and Independent Distribution Network Operators (IDNOs).

Network companies have previously raised concerns about principles-based licence obligations as they are subjective and difficult to demonstrate compliance with. This is particularly the case if these are applied to competitive connections. In this situation there is a potential for compliance with a new principles-based licence condition to directly conflict with existing obligations to support competition.

The general nature of principles-based obligations mean that they are very subjective. This would allow any customer to allege that a network had breached its licence if the customer did not feel for example that they had been provided with the support they needed, irrespective of how unreasonable the customers' expectations were. This would exacerbate the situation identified by Ofgem in Theme 7, where involving Ofgem is used as a leverage. Similarly, the use of language such as "timely" is again very subjective and has no counterpoint with the costs associated with it.

DNOs have obligations to support competition and all DNOs have demonstrated that there is competition across all network areas albeit to different degrees. This has been a long-standing policy outcome for Ofgem. The corollary of a principles-based licence obligation could be that any loss of market share could be construed as the DNO not having met some aspect of the condition as the connecting customer has chosen another party to make the connection. This could be interpreted as the amount of market share lost being inversely proportional to compliance with these new obligations. This is in direct conflict with the existing obligations to support competition and therefore not something DNOs can support.

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?

While improvements are possible, new obligations should not undermine existing good practices, such as tailored pre-application services. We are concerned that new regulations introduce costs, and these will need to be passed to connections customers unless other funding is agreed by Ofgem. If these obligations are not applied to our competitors, they risk distorting the market.

The majority of connections jobs progress well. It is only the jobs with issues that are brought to Ofgem's attention and therefore might not be representative. Connections jobs vary widely, from small commercial properties to large multi-million projects, so a one-size-fits-all approach may not work.

We accept that some improvements in the following areas could be explored further through a working group:

- Time to agree on a date for a pre-application discussion.
- Time to agree on a 'kick-off' meeting, ideally after planning consent for larger projects.
- Time to provide a named point of contact, though this is likely already done in most cases.

Timescales for submitting projects that have met the 'Readiness Criteria' to NESO are covered by CMP 434 and therefore we do not believe need further 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?

The existing standards for DNOs set out in SLC 15 and 15A recognise the different levels of complexity that exist for different types of projects and use either prescribed or agreed dates to set timescales that result in payments to connections customers if they are not met.

SLC12 also sets a requirement to issue all connection offers within 65 working days and predates the introduction of these new standards. Arguably this 'backstop' obligation does result in some duplication of the guaranteed standards in SLC 15 and 15A. SLC 12 has no provision for the connecting customer to elect to opt out of the standard, for larger, more complex jobs this can lead to a conflict with the quality of the connection offer. An amendment that allows extra time for carrying out additional work to, for example, refine the costs in its connection offer, could be a helpful change.

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?

None identified.

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 do not think that the description of standards for DNOs in 2.75 to 2.77 and 2.81 is accurate. DNOs consider that the standards apply consistently to both demand and distributed generation though they are enacted in different ways. Both types of connection have the same standards applied and both result in compensation if the standards are not met. Similarly, the obligations to comply are set out in SLC 15A where 90% of the standards need to be met each quarter for the three types of standards, which is the aggregation of the demand and generation performance. This is clearly set out in the SLC15A reporting template where the performances are combined for demand and generation.

We would note that milestones were introduced for a different purpose into connections offers. The issue that the milestones were introduced for was the consequential effect on other connecting customers due to projects stalling whereby subsequent customers were getting longer timescales to connect and/or more expensive connection offers.

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?

While understanding the importance for customers, we have concerns about unintended consequences of the proposals. As described in Question 3a, there are existing standards of service on DNOs whereby they need to agree dates with customers to start the work and to complete the work with penalty payments made to the affected customer.

We are concerned that a new principles-based licence condition introduces unacceptable levels of risk and issues, particularly due to the lack of clarity. This could lead to a situation where any proposed connection date could be challenged by a customer as not meeting the requirements of the licence.

There are many things that affect the connection date, and not all of these are within the network's control. We find it difficult to consider how principles-based licence condition could be constructed so that networks are not at risk for these things. Our concern is that such an obligation would result in increases in costs across the supply chain and these would be passed onto the connecting customer. This would put DNOs at a commercial disadvantage to ICPs and IDNOs who would not have such obligations and potentially cause a market distortion.

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 already is a mechanism on DNOs through guaranteed standards to meet agreed dates. When these were developed, prescribed timescales were considered but stakeholders agreed that these would not be practical and meeting agreed commitments relevant for the specific project was more appropriate.

As explained above there are many issues affecting the delivery of a connection that are outside of a network's control. These include such things as land rights on third party land, street works permits and the customer's desired connection date. Additionally, the supply chain for delivering large items of plants is largely dictated by suppliers as this is a global market and networks are price takers. The lead times for such equipment are therefore largely out of a network's control. As noted above, in many cases the timescale for the connection is dictated by the customer and it was the phenomenon of stalled projects that led to the introduction of contract milestones.

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 have significant concern about introducing a financial instrument over and above those that already exist in guaranteed standards for DNOs and are available through contractual terms for those connecting to the transmission network.

Ofgem's wording as to what the financial instrument is seeking to do is not clear. The suggestion is that parties who suffer detriment should be compensated for it. This raises several significant issues.

- How would the value be assessed? The cost of detriment would be exceedingly variable, even for very small projects and this risks extra administrative burden seeking to agree levels of compensation in contracts.
- Compensating for detriment involves addressing consequential loss, which is complex and challenging to quantify. This is likely to require extra legal and commercial resources to agree these.
- Networks are likely to push these obligations through their supply chain. This is likely to have the consequence of pushing up costs. This would result in additional costs for connections customers but also risks creating a market distortion as competitors remain free to choose what level of risk they take in their contracts.
- Networks are price takers in global markets for major equipment, with limited influence on supply chains. This could lead to increased prices for connecting customers if DNOs pass on the risk to suppliers.
- In some cases, the date for connecting to the distribution system is set by the requirement for transmission work. Would delays in the transmission work result in the DNO having to make payments to the customer?

Overall, we are concerned that an additional financial instrument risks exposing the regulated party to disproportionate financial detriment if it is imposed. We would point out that section 22 of the Electricity Act does allow DNOs to offer different terms for connection. This allows DNOs the choice to offer terms that does cater for consequential loss, but this would be a commercial decision for the DNO, and the associated charges would likely be more expensive.

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 additional points to add at this time.

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?

While we agree there is a trade-off between timeliness and quality of offer, we disagree that networks are not incentivised to provide quality connection offers by incentive mechanisms and competition in connections at distribution. As Ofgem notes, the MCI at distribution attaches a financial incentive to major connections customer satisfaction.

Over-focus on timeliness of quote / offer creation

Ofgem is correct to highlight that there is a trade-off between the timeliness of offer provision and the detail, and quality of information in the offer. Given the comprehensive standards and obligations on the timeliness of offer provision, and increasing volumes of connections submissions, re-evaluation of whether the current trade-off between quality and timeliness of offers is working for customers and broader objectives in connections is welcomed.

An important case of over-focus on timeliness of offer provision is the obligation to deliver an offer within 65 working days in SLC12 of the DNO licence. Unlike the more recently instituted GSoPs and DG Standards Direction which provide for certain exemptions to be applied, for example at the request of the customer, SLC12 would result in a licence breach in all circumstances if the 65 working days is not met.

Provision of quality information

Provision of high-quality connection offers are currently incentivised through the MCI. The Major Connections Customer Satisfaction Survey (MCCSS) captures overall major connections performance of DNOs, this includes the perceived quality of the connection offer by customers.

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?

As previously mentioned, we are opposed to principles-based licence conditions. It is unclear how ‘a quality offer’ would be defined in a principles-based condition without imparting a high degree of ambiguity, subjectivity, uncertainty and risk on network companies. It is also unlikely to clarify expectations for customers and network companies.

The Major Connections Satisfaction Survey, asks about satisfaction with quotes and generally shows good results above the Ofgem’s targets, indicating that the current approach is effective.

Any changes to licence conditions would have to be done to refine such conditions within the context of timeframes currently restricting DNO offer provision. This includes the GSoPs and in particular SLC12.6, which limits the timeframe for an offer to 65 working days.

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 recognise the tension between timeliness and quality, standards on completeness and quality of an offer. Supporting documentation could help clarify parties' expectations of connection offers.

A balance is needed between the time and effort (and therefore costs) of producing a connection offer. Different customers have different needs depending on the project's development stage, which varies during its lifecycle. The desired features, details and required level of accuracy of an offer would therefore substantially differ by customer and project. A one-size-fits-all standard would not necessarily satisfy the needs of customers, particularly if they take on the additional costs associated with more detailed offers.

For larger connections to the distribution system, customers pay to receive the connection offer, and more detailed work on the offer may increase charges. With acceptance rates below 20%, it may not be appropriate to refine all aspects of the connection offer initially.

Design of additional standards and requirements on offer creation will create additional costs, which need to be recovered from customers. Timescales would need to be practicably implementable and not create substantial financial uncertainty for DNOs.

Proposals should consider what can be achieved within GSoP and SLC12 timescales. SLC12 restricts the maximum possible delivery date of a connection offer for all customers, even if they are happy with a longer time frame. This therefore acts as a backstop timeframe for all connection offers. If Ofgem is not minded to change this obligation, then this is a key consideration in what is achievable in the timescales, noting that DNOs must respond to all applications in this timescale, irrespective of the volumes that are received at any given time.

If Ofgem is happy to consider some exemptions to the obligations, for example by the express agreement of the customer then this could provide some latitude for different approaches. For example, this could allow choices for the customer with two options of connection offer development:

- Default Connection Offer which satisfied the basic needs of most customer types.
- Further Developed Connection offer whereby additional details are worked into a more complete connection offer, at an extra cost.

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

We believe this is best answered by connection customers, with the caveats that 'quality' will be subjective and based on customer-specific and project needs, and additional details or accuracy of connection offers will likely be associated with increased costs.

However, currently the information from customers can be a limiting factor in the offer. To help creation of 'high-quality offers.' the minimum criteria and expectations of detail to be provided by customers should be clear to ensure the required information is given. This will enable network companies to progress offers which can be deemed as high quality.

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

No additional points to add.

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?

We understand the theoretical concern that Ofgem has but believe that there are already obligations that counter this risk.

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?

As outlined above, we have significant concerns of the unintended consequences of introducing principles-based licence condition to competitive connections.

The term "earliest achievable" that Ofgem suggest in 2.107 could be interpreted subjectively. The “earliest achievable connection date” suggests completing the connection as early as it could possibly be without any consideration of reasonableness. This could be construed that no delays can be tolerated; all equipment needed should have been procured already so that there are no equipment lead times, all resources needed are immediately available and will work 24/7 to complete the project. This would lead to impractical situations and inefficiency.

The root cause is that defining “ambitious” would be ambiguous and should not imply achieving goals at any expense. In competitive markets that is the balance between cost and service that DNOs have to strike in order to not lose market share.

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

No additional points to add at this time.

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 recognise and agree that some of the issues identified are present under the minor connection process. As noted in the consultation, while DNOs do not have direct roles in the installation of LCTs, they are required to carry out processes to help enable the installations such as load checks, unlooping and fuse upgrades etc. In some instances, there are challenges for DNOs to complete this work, mainly due to gaining access to third party properties. For example, when unlooping properties, customers who are not the applicant, may refuse access to carry out the required work. Whilst we can negotiate, it could lead to delays or still be refused. Therefore, there are some elements outside our control. There are also challenges more generally on obtaining necessary wayleaves, streetwork permits etc. to complete the work which could affect our overall performance.

Another consideration should be customer readiness, which is an issue which can impact DNOs delivery and the existing Time to Connect Incentive, as an example. Customers at times will make applications ahead of time, ranging from 6-12 months before they need the connection. Currently as the rules are written, DNOs cannot 'stop the clock' if the customer is not ready meaning it can negatively impact our performance.

There has been significant change in the volumes of LCTs that seek to connect to our networks and DNOs have been responding to streamline the process:

Fuse upgrades

The objective of this project is to develop a training program that will allow suitably qualified third parties to upgrade cut-out fuses in domestic properties in the instances where it is safe to do so.

Connect Direct

Connect Direct effectively addresses the scaling challenges in minor connections processes by enhancing efficiency and reducing delays. With nearly 30,000 applications processed, over 4,000 active users, and 30+ companies connected via Application Programming Interface (API), it facilitates seamless, real-time collaboration between all stakeholders across the network. Partnering with DNOs and numerous IDNOs, Connect Direct increases transparency and expedites decision-making on local network reinforcements.

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?

DNOs agree that improvement can be made to improve the customer journey for the installation of LCTs. All DNOs recognise the service improvements that have been delivered for small domestic scale customers from the Time to Connect incentive and DNOs believe incentives rather than obligations will drive quicker improvements. This is because obligations lead to a focus on penalty avoidance, while reward incentives stimulate innovation and further improvements. Minimum standards and principles-based licence conditions risk freezing service in standards in time and failing to encourage continuous improvement and better understanding of customers' priorities. Any incentives need to be cognisant of the level of DNO control so that DNOs are not financially penalised for things outside of DNO's control or ability to influence.

A new incentive could be developed that broadly mirrors (but remain separate to) those that were developed for small scale customers. This could cover incentivisation of improvements in the average timescales for key activities and also customer satisfaction with the process. However, the incentive should be reward only, this would mitigate

the risks with parts of the process being outside of DNOs control, described in our response to Question 6a. In particular, new incentives may require new data for reporting and to use as a basis of target setting and therefore DNOs would be happy to develop these ideas into workable proposals.

Specifically for the proposals suggested by Ofgem, we would make the following comments:

- **Principles-Based Licence Condition:** As previously mentioned, these can be vague, ambiguous, and therefore open to interpretation and therefore we do not support them. We also think that it is unlikely that this would address Ofgem's aim.

- **Service Level Agreements/Minimum Standards:** We accept that this is a possible solution however in order to fully comment, further detail would need to be provided. We think that there are disadvantages with this approach; they provide 'backstop' standards, they would require exemptions for aspects that are outside DNOs control and there is no baseline performance. As mentioned, a reward incentive rather than creating additional obligations would be better.

- **Inconsistencies**: Whilst an obligation could be put on DNOs to make their processes align the wording needs careful consideration so that DNOs remain in control of their compliance, and for any regional factors to be considered. Whilst standardisation does have benefits it can hinder innovation so needs careful consideration.

- **Monitoring:** If Ofgem are to set minimum standards then we agree that it should monitor performance across all DNOs, but agreement would be needed on a common set of metrics to set performance targets. This should be considered alongside reporting requirements which are already in place to ensure no duplication. As new reporting is developed, this will need to ensure that performance comparisons are fair so that DNOs performance is understood, particularly where there are a number of factors outside of DNOs control.

- **Enforcement:** Whilst it would be appropriate for all types of minor connections to be treated fairly should enforcement action be needed, there will be different external dependencies which could impact delivery of this work therefore careful consideration is needed to ensure this is appropriate. Additionally, we would note that our interaction is typically with the LCT installer and therefore any financial recompense would have to be made to them and not the end customer.

- **Export Limits:** Any review should involve comprehensive impact assessments to ensure continued network safety. Changes, such as increasing the minimum threshold limit from 3.68kW for instant approvals, have been made to streamline the processes for larger pieces of LCT equipment within G99 so we agree this is an area that further development is possible, but possibly not G98 as referenced in the consultation. Networks continue to investigate this limit to between 5kW to 7kW under G99 fast track, ensuring all devices within this limit can be connected safely.

- **Notifications:** We agree with strengthening the notification obligation on LCT installers. This is necessary for network operations to appropriately plan for future requirements of the network.

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?

Guaranteed standards can be useful but have issues, especially for unlooping, such as obtaining neighbours' consent. Therefore, if implementing we would expect that network companies would be able to use exemptions

where applicable, for issues outside of their control. As noted in the consultation and response to theme 6, there are elements which are outside a DNOs control therefore should not be penalised.

A reward only incentive may be more effective in encouraging better performance as described in our response to Question 6b. However, we believe monitoring performance and creating baseline data is needed in order to set any incentive to allow for different complexities across the DNOs to be considered.

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?

We recognise and agree with the issues outlined. In particular, while respecting customers' rights to seek resolution to disagreements, we recognise the issues created for all parties when determination is sought ahead of the network company complaints procedures being followed. This can lead to very resource intensive exercises for all the parties involved.

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 connection determinations.

In particular we would welcome an update of the guidance providing:

- Better information on other routes for redress which will help customers understand the most appropriate route to follow.
- A practical explanation of the powers Ofgem has to determine a dispute in addition to the information in Appendix 1 of the existing guidance. This could reduce the volume of speculative requests received if there is greater understand from stakeholders on what Ofgem can and cannot determine on.
- Templates outlining the information and level of detail that would be expected from each party at each stage of the dispute process to help set an expectation of the requirements that will sit with parties ahead of the process starting.
- Guidance on the reasonable expectations over the length of each stage of the process based on a review of the timeline of past disputes.

Changes to the guidance and Ofgem's role in the determinations process must align with any process changes that will endure after the ongoing connections reform process. The customer journey will change after planned reforms are approved and this may change the parts of the process that customers seek to raise disputes about. Updates should clarify what parts of the enduring customer journey Ofgem do and do not have the powers to determine on.

This review should also helpfully cover changes that have occurred to the structure of the industry since 2017. National Grid Electricity Transmission (NGET) no longer owns the system operator (NESO) which is now a separate licenced entity. NESO therefore is now responsible for providing offers to parties seeking connection and the role of NGET is now the same as the role of other TOs as discussed in the document.

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

The consultation states that Ofgem's role in disputes is referenced within Standard Condition C9 of the electricity transmission licence but the reference should be to Standard Condition D4B as per the most recent version of the licence dated 1 October 2024.