

## OFGEM- Connections, End to End Review

The Home Builders Federation is the principal trade association for the home building industry in England and Wales. HBF's membership of more than 400 companies builds most of the market sale homes completed in England and Wales, encompassing private developers and Registered Providers. The majority of HBF's private home builder members are small or medium-sized companies as well as representing national housebuilders.

As the main trade association for the home building industry, our members constitute one of the largest bodies of companies that will be affected by the outcome of this consultation.

The document below is the summary of the representative responses from our membership and takes account of the responses of large major housebuilders, SME (small and medium-sized enterprises) builders as well as specialist housing providers and companies. While HBF's members largely support the proposals within this consultation, they are concerned that a pragmatic, fair, balanced and considered approach should be taken.

### 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?**

HBF agree with the issues set out under Theme 1. Currently house builders have little to no pre application data available to them. There is also very little ability to self-serve. Often engagement with IDNO partners is required in order to establish understanding and visibility within the larger energy environment. The lack of sight within local grid connections can affect the quality of home builder energy applications. Inaccurate information is often experienced by home builders. More current, accurate and live information is needed in order to base decisions and make more accurate applications with energy network operators.

#### **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?**

HBF broadly agree with the proposal to create a new regulatory requirement on to create, maintain and continuously improve connections data and visualisation tools. This system is critical to connecting customers to have access to the data they need in order to undertake early assessments and help inform home builders of available energy and capacity in any given area. This will help home builder make more accurate assessments and connection applications with network operators. Greater visibility will help provide better quality applications and be less speculative.

#### **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?**

HBF broadly agree with the proposal to introduce a series of common set of standards for connections data and connections tools. This could help ensure consistency and clarity of information presented across different jurisdictions and areas of ownership and governance. A standardised approach along with guidance would help align differences in data across DNO regions in the UK and should be provided in a single portal covering all areas.



**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?**

HBF broadly agree with the proposal to consider the introduction of a regulatory requirement for network providers to provide connections data on a regular, granular and standardised basis for the purposes of clarity and alignment across all network operators within the UK.

**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?**

Connections data should be consistent and transparent across all operating regions within the UK. The information should be current, live and accurate for all potential applicants. Information should show available current capacity in addition to future expansion together with possible later capacity along with dates, activation and any planned engineering works.

**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.**

As the representative body of the home building industry, we do not feel we are best placed to respond to this area of the consultation.

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

As the representative body of the home building industry, we do not feel we are best placed to respond to this area of the consultation.

**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?**

HBF broadly agree with the key areas identified under theme 2 where there has been an inconsistency of standards of service experienced by applicants to DNO's. Timeframes should be improved for the customer and applicant journey with DNO's and issues have been identified with transmission and distribution interface with applications being made by DNO to the National Energy System Operator (NESO).

**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?**

HBF believe that consideration towards a principal based licence obligation on networks to maintain quality standards of service throughout the applicants customer journey would be beneficial to applicants. Guidance could be designed elaborate on the principals and expectations of operating companies. This approach should improve the quality of



information being provided and in a more timely manner ensuring customers have more support from network operators.

**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?**

HBF broadly agree that taking a more prescriptive approach targeted at individual project level would have the advantage of more direct incentivising for the network operator. Standards and Service Level Agreements (SLA) could be considered in this area.

**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?**

HBF believe the existing sets of service standards must be carefully considered and possibly refined to align with new thinking and new strategies under NESO and connection performance. Consideration needs to be given as to whether the existing performance standards are delivering the correct level of performance for new application customers. Removal of duplication, the modernisation and updating of standards may be required.

**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?**

As the representative body of the home building industry, we do not feel we are best placed to respond to this area of the consultation.

### **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?**

HBF agree with the issues identified where network operators are required to meet connection dates within connection agreements. There is currently a mis alignment of project milestone or requirements that applicants are required to meet and those that network operators are required to deliver. Regulated parties including network operators are not held to the same milestone or levels of accountability that applicants are. As such it is suggested that more accountability or the alignment of accountability is required across the board for a fair and level operating landscape. DNO's should be required to meet agreed connection dates and to agreed prices and time scales. Ofgem should consider introducing incentives or penalties to those that do not meet the standards or timescales. Costs incurred by applicants should have those costs covered where it can be demonstrated that a poor level of service was provided by the DMO or network operator. There should be an increase in performance requirements on network operators to perform to better standards. Progress reporting, regular meetings and an active time line of project details should be provided to both parties once a scheme becomes live and operational.

**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?**



HBF broadly agree with the strengthening of the existing principals based licence requirements conditions. Improved conditions on behalf of network operators will help ensure that efforts are made to meet connection dates and project milestones whilst improving the level of communication across construction parties. This will help home builder build better clearer relationships with network operators and help deliver schemes on time and closer to budget.

**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?**

HBF also consider that introducing minimum performance standards will help network operators meet connection dates in agreements along with key milestones. Minimum standards could also be accompanied by incentives or penalty mechanisms for when network operators fail to perform. The introduction of such standards would help improve timeline and project commitments and benefit new home building applications with DNO's.

**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?**

HBF broadly agree with the consideration towards the introduction of a financial instrument that offers recourse to connecting customers who suffer loss in the form of missed construction timeframes or financial cost implications as the result of poor performance from the network operator. Delays, poor time and project management can be costly to applicants of new homes therefore consideration towards the introduction of a financial penalty or alternatively an arrangement via the existing Connection Guaranteed Standards of Performance to capture the non performance of network providers.

**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?**

As the representative body of the home building industry, we do not feel we are best placed to respond to this area of the consultation

**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?**

HBF broadly agree with the issues that have been identified under theme 4 within the quality of connection offers made to applicants and associated documentation. Home builder applicants often receive poor quotations for new build applications in order to meet timeframes and performance criteria. Unfortunately, the detail and cost associated with complex applications often result in an increase in cost when the full and correct quotation is provided at a later date through revision. An improvement in the quality and accuracy of quotations is needed across industry that does not vary or increase in cost across the duration of the scheme. Developers are often hit with an increase in offsite reinforcement engineering works as a consequence of poor quotation and design provision earlier in the scheme. These costs are incredibly damaging to an applicant who needs to understand from the outset what connection changes and offsite re-enforcement works are required as part of a sites purchase. Dedicating the correct level of concentration on new home applications is critical in providing better quality and more accurate connection designs and quotations for applicants.



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

We believe improving the requirements around the quality of the connection quotation would improve the outcome for applicants and networks but could have an impact on the timescale needed in order to provide a better quality, more accurate connection offer. Improving the principles based licence condition and a minimum series of standards on the DNO will help achieve this outcome.

**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?**

HBF broadly agree that consideration towards the introduction of a minimum standards licence condition and an improvement in Service Level Agreements (SLA's) would help improve the quality of the connection design and quotation capturing more accurate elements of work required for the network provider. The introduction of minimum standards could be accompanied by incentives and/or penalties to further drive compliance for network operators.

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

HBF understands that for applications to network providers from home builders, a high quality offer would include the confirmation of available supply together with reduced offsite network re-enforcement that ought to be the responsibility of the network provider. A high quality offer would also include detail design, ease of access, contact details of the project delivery team and accurate timescales that are delivered to agreed timescales and cost. Quality offerings to do revise designs or costs and are honoured in their entirety along with capacity and availability of connection.

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

As the representative body of the home building industry, we do not feel we are best placed to respond to this area of the consultation.

**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?**

HBF broadly agree that within proposals discussed under Theme 3 – “Requirement on networks to meet customer connection dates” those proposals could have the potential to cause detriment in the form of elongated or conservative timelines being proposed by incumbent network operators. With increased and heightened obligations on network companies to meet connection dates in connection agreements, under those proposals, networks may be penalised if, through their own actions or behaviours, customers experience delayed or terminated connections. HBF can see the potential risk that this could cause by creating a mindset shift amongst network companies to offering conservative, later connection dates which will be easier to meet. Therefore full transparency with justifies cost and



time line obligations will need to be provided along with sound communication between network operator and applicant to ensure the accurate and smooth delivery of the connection.

**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?**

HBF agree with the proposal set out in 5A whereby a strengthened principles-based licence condition is created that requires DNOs, TOs and the NESO to offer the earliest achievable connection date to the customer, and to provide revised offers in a timely manner if it later became possible to connect the customer more quickly. HBF support more transparency across working teams with improved lines of communication with the site and delivery teams in order to achieve this.

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

HBF do not believe that anything has been missed within Theme 5.

## 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.**

HBF agree with the points set out in identified issues under theme 6. HBF agree that delays to connection of low-carbon technologies (LCTs) such as heat pumps, electric vehicle charge points or rooftop solar, could have a substantial negative impact on the decarbonisation timeline as well as new housing delivery. Other issues include the public perception of the ease of taking individual action to decarbonise. In other areas of new house building the introduction of Part L 2025 Future Homes Standard intended for introduction in 2025 to 2027 will see the removal of fossil fuel heating in new build homes. This means that all new build properties will be operated by 100% electric only energy using heat pump technology in addition to photovoltaic panels and new home energy generation with the potential for battery storage and agile electrical tariffs. There will be a dramatic shift in the need to upscale and deliver on time and to the correct energy value, new connections for homes. It is critical that the Ofgem is able to ensure that network operators are in turn able to meet the changing demands of electric only home energy via the performance of its network operators in all regions of the UK. House building delivery is a key Government commitment and home builders in all parts of the country are experiencing connection issues with network operators. HBF believe that new home connection applications should be triaged and prioritised by incumbent DNO's and capacity made available to them ahead of other lesser important applications. HBF would be willing to work alongside Ofgem in this respect to help raise the critical issues affecting house builders and capacity issues around the country.

**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?**

HBF broadly agree with the proposals set out from 6a to 6f of the consultation document. HBF agree that a proposal to see a minimum set of principles-based licence obligations set for DNOs and/or guidance to define clear objectives and expectations for timelines and delays could help mitigate certain performance and cost issues. The introduction of Service Level Agreements or minimum standards to operate against could better improve the processes and



procedures of network operators. Setting a minimum series of obligations on network operators could help improve inconsistencies within their procedures to help applications to network operators. The introduction of monitoring and surveillance of service level agreements and network operators could help improve performance. Consideration towards enforcement of network operators where performance has slipped and timeframes and key milestones are being missed could help drive efficiencies and performance within network operators.

Most importantly is the review of the current G98 limit to export self-generated electricity from new homes to the grid. As mentioned above, with the introduction of the future homes' standard, all new build properties in the UK will be required to be built with PV renewable technology on every new home. The ability of the grid to accept incoming energy generation from new homes will be essential to meet the changing building regulations that will become law in the very near future. New homes will need to export out to the grid surplus generated electricity from PV generation to volumes and level far higher than the current G98 3.68kW will prescribe. Changes to transformers and primary sub stations will be required at the present time in order to anticipate the imminent changes to new homes that are already experiencing issues with grid capacity both in terms of import and export to the grid.

Lastly the early notification of the intended use of low carbon technologies (LCT) on new applications will need to be improved in order for network operators to understand the nature of the applications being submitted to them on the current and future horizon. This is important in order to anticipate levels of engineering upgrade, expansion and improvement work to the network operators infrastructure.

**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?**

Key Performance Indicators could be introduced to monitor all applications regardless of size, type or value. This would help ensure that timescales, key milestones and delivery of every scheme regardless of value or scale is maintained.

**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?**

HBF are aware from home building members that the connections determination process, which is designed to resolve disputes arising within the connections process, can be confusing, lengthy, and requires significant engagement and resource commitment from all parties involved. Costs are frequently increased and there is confusion, lack of transparency and communication between those involved in providing new network connections.

HBF agree that greater clarity and transparency for all parties on the determinations process, the available redress to parties involved and on Ofgem's role in managing complaints and issuing determinations is needed. The connections landscape has dramatically changed since ofgem last reviewed the guidance in 2017. A full review is needed acknowledging the government's commitment to decarbonising the grid by 2030 and from HBF's perspective with the introduction of electric only housing from 2025 onwards under the Future Homes Standard.

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





HBF agree with the proposal set out under 7a where it is intended that Ofgem are to review the guidance for connection determinations with a view to updating it if changes are considered appropriate / necessary for the current connections process and landscape. Specifically related to new house building provisions would be welcomed where new housing will soon become electric only provision. An overview is needed in order for capacity to exist for both connection and exportation back to the grid with the inclusion of new renewable technology via PV on new build homes. Volumes of export far in excess of 3.68kW currently permitted under the G98 licence arrangements need to be updated as new homes begin to come on line under the future homes standard from 2025 onwards.

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

HBF believe consideration needs to be given towards the amount of offsite network reinforcement currently being asked for by network operators for applications for new homes. The same Guidance and Standards review should take account for the current volume, scale and scope of offsite network reinforcement being required. HBF believe this to be too high and responsibility lies with the incumbent new work operator. Greater transparency is needed on network operators behalf to demonstrate where duties and responsibilities lie.

**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.**

HBF broadly agree with the three proposed solutions put forward under this category. A post Price Control Review could consider the positive and negative elements of any given scheme and look for lessons to be learned and systems and processes improved upon for future applications. HBF agree with consideration towards improving the Connection Time Frame as this would incentivise and assess the length of time individual connections projects take, from initial application through to an actual live connection. Finally, HBF agree that requiring or incentivising a Transmission Operator (TO) to increasing their super grid transformer (SGT) capacity across the 5 year price control period would help deliver the early capacity needs in 2025 than having to wait until the end of the period. Further work is likely to be required in this area.

**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?**

As the representative body of the home building industry, we do not feel we are best placed to respond to this area of the consultation.

HBF London.

13 January 2025

