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Connections end-to-end review – consultation

Chivas Brothers is the whisky business of Pernod Ricard in the UK and represents an annual energy consumption of 500 GWh, focussed on central and the north-eastern Scotland, of which 62GWh is currently sourced from the electricity network. The company has a long-standing heritage in energy efficient operations, with an ambitious target to be carbon neutral by the end of 2026. Demand reduction and electrification are a key component of our carbon neutral roadmap. Furthermore, our requirements for plant upgrades and planned production schedules mean that an early decarbonisation plan is essential to reduce the impact of any site works on business performance. Timely and predictable access to grid connections are critical to the successful completion of these decarbonisation projects and the resumption of production.

Our experience with connections relates primarily to increased demand requests from existing connections to Distribution Network Operators (DNOs) in Scotland.

We thank you for the opportunity to contribute to the OFGEM End-to-End review. Our comments on the relevant items covered within the consultation have been listed below:

1. Visibility and accuracy of connections data

We are in general agreement with the proposals made regarding connections data. This is helpful and will facilitate a common means of access to information on current asset capacity and constraints.

Our experience has primarily been around gaining insights into the number, type and capacity of applications for new connections in order to allow developers to co-operate on finding solutions to speed up reinforcement works or identify opportunities to balance local generation and demand.

In comparison to the local authority development planning process, where general access to ongoing applications is available to interested stakeholders, a similar approach pertaining to high-level information regarding the developer, type and capacity of current applications would be helpful.

Our DNO offers the ability to register an interest in forming a consortia, which could facilitate some potential action to address a local constraint. However, it is limited only to other applicants that have registered a similar interest, not the most suitable projects or those aiming for delivery to a similar timescale.

2. Improved standards of service across the customer journey

We would echo that a balance needs to be found between response quality and timeliness for customers. A minimum service level approach would help facilitate this, however, a combination of

the proposed principle-based / minimum standards approach is likely to be required. It would be helpful if minimum response times could be used for DNOs to provide an indication on the level of further assessment required and to confirm capacity availability / timelines for simpler applications. It would also be helpful if the project type (demand vs generation) and development type (existing connection/development vs new connection / development), and a measure of commencement certainty from the applicant could be used to apply the principles or levels of service. The outcome should be that projects at existing connections and/or a high degree of certainty should be able to get a higher degree of assessment or a quicker response.

3. Network companies being required to meet connection dates in connection agreements

Connection dates represent the second biggest issue for the heat demand reduction / electrification works at Chivas Brothers, with delays resulting in an inability to resume production at a distillery site that has been converted as part of heat electrification works.

A mechanism is required that provides for both parties to give an indicative and final commitment to delivery and commencement dates, akin to a Final Investment Decision made for large development projects, after which both parties are committed to delivery on a contractual basis, with appropriate penalties or recourse for loss of income. For demand projects with DNOs the balance of obligations need to be more comparable between both parties.

4. Quality of connection offers and associated documentation

This theme is intrinsically connected with the issues raised under items 1 and 2 above and presumes that any assessment or offer has been made to provide the most efficient solution and in the best interests of the network. However, the black-box approach to applications does not provide any context to the offers made, especially their timescales and whether there may be options or tie-ups within the network to speed these up if a co-ordinated approach was taken between operators and developers.

We suggest this item should be addressed as part of the response to items 1 and 2.

5. Ambition of connection offers

In line with our experience under item 3, we have no experience of conservative dates being offered, which may suggest that resource capacity for any network enforcement works may be the constraining issue.

There may, therefore, be an opportunity to require operators to identify where offers are suitable for alternative delivery solutions, for example, through an iDNO to secure a more timely connection date. However, given the scale of the current backlog and size of the pipeline of projects, it may be more efficient and effective to ensure that operators are required to match their inhouse delivery capacity to the scale of the task at hand.

6. Minor connections

We have no comments on the minor connections theme

7. Provisions and guidance for determinations

We have no substantive comments on this theme. We believe the objective should be to use the proposals under items 1 to 5 to deliver a higher proportion of timely, cost-effective connection dates which should lead to a reduction in disputes.