
Connections end-to-end review

Exagen Consultation response to Ofgem

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Theme 1 - Visibility and accuracy of connections data and network capacity

- Proposal 1a.** A new regulatory requirement on DNOs, TOs and NESO to create, maintain and continuously improve single digital view tools to provide accurate, usable connections data to interested parties.
- Proposal 1b.** A new regulatory requirement on DNOs, TOs and NESO to create and maintain guidance / minimum set of standards for connections data visualisation tools.
- Proposal 1c.** A new regulatory requirement on DNOs, TOs and NESO to provide compiled system-level connections data on a regular basis for external publication

Consultation questions

Issues:

Question 1a. Do you agree with the issues we have set out under Theme 1 - Visibility and accuracy of connections data and network capacity?

We support the goal of improving the quality and visibility of connections data. We agree with the issues identified in section 2.8.

We would advocate for a focus on expanding and improving the quality of existing widely used tools (e.g. TEC or ECR registers) rather than creating new and potentially conflicting data sources if there is duplication across tools.

Are there any other issues under this theme that we should consider or be aware of?

We would support a move to public sharing of connections data for generation connection customers in particular. We believe that there is little need or benefit of anonymity for this group and it creates an unnecessary data sharing barrier. Removing anonymity requirements and measures will:

- make data sharing easier;
- save ESO and DNO staff time; and
- and create a more transparent system
- promote the ability of customers to self serve.

This is in line with the 'presumed open', principle as required under Data Best Practice principle 11.

The proposals around anonymising data released in the Connections Reform process seem out of step with this.

Proposals:

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 approve of the overall goal. However, whilst ideally a single digital view should remain the long-term ambition; multiple portals are acceptable provided they are fit for purpose and are structured consistently.

The priority should be improving quality, expanding the datasets for critical items and moving towards consistency in data granularity and structure step by step. This gives better data in the immediate term and will also facilitate the longer term 'single view' goal.

The TEC register for transmission and ECR registers for distribution are a good example. They are widely used and there is no urgent need to combine them, however it would be helpful to standardise (TEC vs ECR structure), improve quality, completeness and expand the datasets. This should be the focus.

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For these tools (TEC and ECR) in particular, we would advocate for:

1. New regulatory obligations (including incentives and penalties) to ensure the TEC and ECR registers are kept current, accurate and complete.
2. Add some clearly defined extra categories to these for additional information that would be useful. Some data sets we would advocate to be included as a minimum are:
 - The date used for Queue Analysis under CMP435 (both ECR and TEC)
 - For the TEC register only, for hybrid schemes, add the split of MW between technologies (to bring in line with ECR dataset)
 - For the TEC register, add the DESNZ Clean Power 2030 Action Plan
Transmission network region code

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?

Useful but not critical

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?

It is useful for networks to provide monthly system data via a data book so connections data can be aggregated regularly on a granular and standardised basis for publication. Introduction as an additional requirement into RIGs seems an appropriate way to implement.

The more granular the published data the better, especially in terms of specific projects requiring network reinforcements and their location. This will allow developers to self serve.

Other:

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?

Existing resources are useful and easily accessible. However the data sets are often out of date or only partially updated. Regulatory incentives or penalties to drive completeness and accuracy would be welcomed.

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.

We recommend challenging whether legal barriers are insurmountable. New gate 2 or gate 1 offers are about to be issued to all remaining generation connections customers in the queue (post queue reform). Could the terms be adjusted to waive any anonymity rights, to facilitate transparency?

Per the CAP, "making data publicly shareable as much as possible, while protecting commercially or personally sensitive data" is an important principle.

The focus should be on challenging whether legal barriers exist and if they do how to remove them (unless the data is genuinely sensitive). We believe that, for this group of customers, there is very little data that needs to be kept out of the public domain.

It is key to be robust rather than 'erring on the side of caution" in order to maximise transparency, openness and data sharing.

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Anything else:

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

If more generation customer data will be published, it will be important for this data to be easy for the generation customer to correct if there are errors. Perhaps via a portal or a helpline.

Theme 2 - Improved standards of service across the customer journey (not including “minor connections”)

Proposals

Proposal 2a. Principles-based licence condition, and supporting guidance, on DNOs, TOs and the NESO around standard of service required throughout the customer journey, AND / OR,

Proposal 2b. New minimum standards licence conditions and/or SLAs on DNOs, TOs and the NESO around standards of service required throughout the customer journey. Minimum standards could be accompanied by incentive or penalty mechanisms to further drive compliance.

Consultation questions

Issues:

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?

We agree with all the issues identified. Additionally, although we agree that there are a number of obligations centered around the provision of a quote / offer stage, we find that even within this stage of the customer journey, the obligations do not cover the whole process.

We have found particular difficulty in the Transmission / Distribution interface. For example, although the 3 months from ‘clock’ start of Project Progression is reasonably well adhered to, there are often large delays before and after this ‘step’.

- Before there is often a long wait before the DNO passes the offer to NESO for Project Progression.
- Then we have also experienced long delays once it has been passed back to the DNO from NESO prior to the Variation being issued to us as the customer. This is exacerbated if there are any points to be resolved between NESO and the DNO, rather than a straight forward acceptance.

So, our experience is that whilst there are a number of obligations centered around the provision of a quote / offer stage – this process still does not work smoothly if there are any gaps or steps along the customer journey which have no associated obligations.

Each process step should be mapped and an associated obligation applied to ensure smooth running, and to minimize delays. This is particularly true once CMP435 and CMP434 are implemented. The process will be changed and it will be easiest to build in appropriate obligations to cover every step of the new process prior to implementation.

Proposals:

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?

Our view is that a principles based licensed condition (proposal 2a) would not be effective. We prefer proposal 2b.

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 proposal 2b. Our view is that prescriptive conditions around standards of service are likely to be more effective in achieving the aims.

For specific proposals:

- Please see response under question 2a. Each step in the post CMP435 and CMP434 process for the provision of a connection quote / offer should be mapped, and an associated obligation applied to ensure smooth running and to minimize delays. It will be easiest to build in appropriate obligations to cover every step of the new process prior to implementation. Any obligation 'gaps' in the process should be avoided.
- Additionally, we would like to see some obligations to manage DNO and NESO coordination regarding the Outage planning process, outage periods and management of outages.

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

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Anything else:

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?

N/a

Theme 3 - Requirement on networks to meet connection dates in connection agreements

Proposal 3a. A strengthened principles-based licence requirement for DNOs, TOs and the NESO to ensure that they meet connection dates in connection agreements, and to provide timely and accurate information to developers in relation to issues that may impact their connection date or project viability, AND / OR,

Proposal 3b. Minimum standards licence condition or SLAs for DNOs, TOs and the NESO to ensure they meet connection dates in connection agreements and key timelines through the customer journey. Minimum standards could be accompanied by incentive or penalty mechanisms to further drive compliance.

Proposal 3c. A financial instrument that offers recourse to connecting customers who suffer detriment, such as a delayed connection date, due to poor practice on the part of the network company.

Consultation questions

Issues:

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?

Proposals:

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?

Our view is that a principles based licensed condition (proposal 3a) would not be effective. We prefer proposal 3b.

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?

We support proposal 3b – our view is that minimum standards / SLAs are required.

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?

Anything else:

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?

Theme 4 - Quality of connection offers and associated documentation

Proposals

Proposal 4a - Principles-based licence condition on DNOs, TOs and the NESO on the completeness / quality of the offer and supporting documentation provided to customers in a timely manner, both at the initial offer stage and at subsequent offer update events.

Proposal 4b - Minimum standards licence condition and/or SLAs on DNOs, TOs and the NESO on the completeness / quality of the offer and supporting documentation. Minimum standards could be accompanied by incentive or penalty mechanisms to further drive compliance.

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Consultation questions

Issues:

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?

Yes, we have often identified quality issues with offers we have received.

Proposals:

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?

Our view is that a mixed approach, involving both proposal 4a and 4b would be most effective here.

- Improvements in quality are more easily captured by a principles-based licence condition. So for this we support proposal 4a.
- However, in our view there should be an obligation on DNOs, TOs and the NESO to correct the offer for quality issues or a lack of completeness where this has been identified by the user. There should be a minimum timeframe to issue a corrected offer, once requested. So for this we support proposal 4b

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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?

Our view is that a mixed approach, involving both proposal 4a and 4b would be most effective here. See response to question 4b.

Other:

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

Offer including;

- Clear timeframes with subjective or high risk elements identified
- Realistic and clear costs including detail of how these were arrived at including any sharing, mechanisms and a clear explanation of items considered out of scope.
- If ANM offer, an idea of what would trigger this and likely consequent curtailment

Anything else:

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

Theme 5 – Ambition of connection offers

Proposals

Proposal 5a. A strengthened principles-based licence condition 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.

Consultation questions

Issues:

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?

In general, yes we agree with the issues. There is obviously a tension between this and Theme 3, but it is important to be ambitious within the bounds of achievability.

Proposals:

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 support proposal 5b. However, we think a customer request should be the trigger for consideration of an earlier connection date post offer. Having to continuously monitor whether an earlier connection date is possible would place a significant burden upon the DNOs, TOs and NESO, and in many cases customer timelines are fixed, due to long lead items and are not easily moveable, so no benefit.

Anything else:

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

The mechanism for charging for supergrid transformer reinforcement works should be changed. This is a matter of importance to the industry and should be addressed urgently as part of this review.

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Roadnight Taylor wrote an open letter to Ofgem, and I replicate the text here, for your consideration again.

"We would like to draw your attention to the urgency and importance of ensuring that there is a more appropriate mechanism implemented for charging for supergrid transformer reinforcement. Such a review should seek to remove current distortion between distribution connections in different locations, and between distribution and transmission connections, and to remove the high costs and uncertainty many distribution customers face. As you will know, most transmission reinforcement works are socialised and are funded through the Transmission Network Use of System charge (TNUoS). However, the cost for reinforcement of supergrid transformers (SGTs) is currently split between being socialised or being charged directly to large triggering distribution customers, depending on the categorisation of the nearest grid supply point (GSP). See Appendix 1 below for a description of the different categories of GSP and their different charging regimes. This leads to a 'postcode lottery' and a distortion of connection charging across the country. Where distribution customers trigger SGT reinforcement at 'connection asset' sites, the cost is passed on by the ESO to the relevant DNO, and from the DNO to the customer, or group of customers, who trigger the works¹. The cost of these works identified at a wide number of GSPs currently ranges from £12m to £60m per GSP—usually far too much for individual distribution connections to fund. If a group of customers triggers the SGT reinforcement, the cost is split proportionally between those customers, pro-rata on their capacity. This means that if customers in the group terminate their offers, the remaining customers pick up a higher proportion of the cost, until theoretically one customer could be left to fund the full cost. Investors are often not able to accept this risk and so projects stall or are cancelled. As such, this is an urgent issue and needs attention by Ofgem.

Ofgem has previously identified this as an issue. For example, in your June 2021 'Access and Forward looking Charges Significant Code Review: consultation on minded positions' document, sections 3.27 to 3.34, Ofgem highlighted this as an issue.

Ofgem's SCR Final Decision document in May 2022 says, in relation to the treatment of transmission reinforcement triggered by distribution customers, that, "While we consider that these arrangements need to be reviewed, we confirm our minded-to position not to make any changes . . . at this time." Ofgem's conclusion was that, "we will continue to consider these arrangements in our ongoing work on DUoS and TNUoS and communicate with stakeholders on how we think this work is best taken forward."

So whilst Ofgem has identified this as an issue and promised further work, there has been no action, even though the situation has become worse, with increasing numbers of distribution customers now facing SGT reinforcement charges. As Ofgem has already

looked at this issue, it has done the analysis it would need to quickly implement changes, and yet we have not seen action. The Government's proposed Connections Action Plan for this summer, and the outcome from Ofgem's open letter on future reform to the electricity connections process (May 2023), are both opportunities for Ofgem to introduce changes to SGT charging.

There are a number of options that could be used to improve the current situation in relation to SGT reinforcement charging:

1. Socialise all SGT reinforcement through TNUOS

This would effectively turn all present 'connection asset' sites into 'infrastructure sites' and would mean that SGT reinforcement charges are not passed on the DNOs or to distribution customers. This gives NGESO and the TOs a stronger signal to take a more holistic view in relation to SGT reinforcement, and fits well with the concept of the Centralised Strategic Network Plan (CSNP). Non-build solutions would then also be taken into account.

2. Socialise all SGT reinforcement through DUOS

The DNOs would have to be given appropriate mechanisms within ED2 to request reinforcement of SGTs, and to increase the annual 'pass through' costs to customers. This would fit well with the requirement for DNOs to act more strategically, as build and non-build solutions would have to be presented by the DNO, to provide the best holistic option.

3. Continue to pass reinforcement charges on to triggering distribution customers, but allow DNOs to use a CAF approach to SGT reinforcement charging

This is the least preferred approach, because it doesn't provide any incentive to NGESO, TOs or DNOs to reinforce strategically on a whole-system basis. Whilst it is better than the current approach, because it gives customers certainty over how much of the SGT reinforcement charge they will be responsible for (whereas currently the charge can increase if other customers terminate their offers), it would still present a blocker to connections.

For example, take a GSP with 2x240MVA SGTs which need reinforcement. Changing to 2x360MVA SGTs might cost c.£15m, triggered a batch of 200MW of accepted generation offers. Part of this batch is a 10MW solar scheme.

a. Current approach. Charge is £15m/200MW = £75,000/MW2 . The 10MW solar scheme pays £750,000. But the charge would go up if any of the 200MW of accepted generation schemes terminates their offer.

b. New approach. New GSP capacity is 360MW. Charge is £15m/360MW =

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£41,666.7/MW. The 10MW solar scheme pays £416,666.7. Charge is fixed.

DNOs currently refuse to do this, because they say it exposes them to costs they cannot recover, and to cancellation charges if all distribution customers were to pull out. So DNOs would need a mechanism to be able to collect unallocated costs via DUOS.

Socialised SGT reinforcement charging would allow network operators to be more strategic, would reduce connection costs for distribution customers, and would therefore better facilitate meeting net zero targets. As such, options 1 and 2 above are preferable to option 3. The industry is waiting see Ofgem make changes to SGT charging, as highlighted above, and we are keen to work collaboratively with Ofgem to help advise on this issue. We are looking forward to your response.”

Theme 6 – Minor connections

Proposals

Proposal 6a – Delays / Timelines – we propose as a minimum to set principles-based licence obligations for DNOs and/or guidance to define clear objectives and expectations for timelines and delays,

AND / OR,

set Service Level Agreements (**SLAs**) and/or minimum standards that DNOs are obliged to meet for minor connection requests, including but not limited to increased transparency, standardising of approaches to the highest standard achievable and defining criteria for auto-approvals.

Proposal 6b - Inconsistencies – we propose as a minimum to set obligations on DNOs to determine how best to align their processes to ensure high standards are set and consistent across the processes discussed in this theme, and where appropriate, meet the SLAs/minimum standards.

Proposal 6c – Monitoring – we propose to consider

- a) monitoring SLAs and/or minimum standards with compulsory reporting from the DNOs, and/or

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b) publishing the resulting data as aligned to SLAs and/or minimum standards if set.

Proposal 6d - Enforcement– we propose to consider whether the current arrangements for financial recourse are sufficient for minor connection customers, and if not, whether there is a need for a consumer body, or an improvement of what already exists for connection customers, to ensure minor connections are facilitated to a high standard and in a timely manner. This includes consideration of whether expanding / extending the GSOPs for minor connection customers would deliver better outcomes.

Proposal 6e - G98 Limit - We propose to set an obligation on DNOs to review their policy towards the G98 limit, including increasing the current limit unless there is a justification of why uplift is not in the consumer interest, or could have unintended consequences for the network. This would allow more connections to proceed as 'Connect and Notify'.

Proposal 6f - Notifications - We propose to investigate how to strengthen the notification obligation on LCT installers, ie where they must notify the DNOs of all new LCT connections.

Consultation questions

Issues:

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.

Proposals:

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?

Anything else:

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?

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Theme 7 - Provisions and guidance for determinations

Proposals

Proposal 7a - Ofgem 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.

Consultation questions

Issues:

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?

Proposals:

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

Anything else:

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

If asked, Ofgem should opine on regulatory questions to clarify on policy.

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