



Via email: RIIO3@OFGEM.gov.uk

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Email: Tom.Steward@RWE.com

Ref: RIIO-ET3 Draft Determinations – Electricity Transmission

Dear RIIO-3 Team,

RWE is the leading power generator in the UK, with a diverse operational portfolio of onshore wind, offshore wind, hydro, biomass and gas. We produce enough energy to power the equivalent of around 12 million UK homes. We are investing today, with 2.2GW of new renewable projects currently in construction. This includes our 1.4GW Sofia offshore wind farm, three new onshore wind farms totalling 169MW, 11 new solar farms totalling 530MW and four co-located battery storage sites totalling 105MW.

We have ambitious plans to expand our UK footprint even further, with over 15GW of renewables at various stages of development. This includes nine new offshore wind farms totalling nearly 10GW, and a GW scale pipeline of onshore wind and solar projects. Complementing our renewables pipeline, we have over 3.6GW of battery storage under development, and we are in the early stages of developing four gas carbon capture and storage (CCS) projects across the UK, totalling up to 4.6GW.

In addition, as a key component in the energy transition, RWE is developing ~500MWe green hydrogen opportunities across the UK.

We directly employ over 3,100 people across the UK and our planned investment will continue to create green jobs, developing green skills up and down the country.

We are committed to working in partnership with the government to deliver its 2030 clean power mission, and to deliver clean, secure and affordable energy for the UK.

Overview

- **The appropriate design of RIIO-ET3 is absolutely critical to the delivery of Clean Power 2030.** Securing timely network connections is essential for the delivery of the Government's Clean Power mission. Its success, or failure, rests significantly on ensuring the right framework is in place to ensure network companies connect clean power projects, and the wider enabling reinforcements, on time.



- **A significant proportion of RWE's live development projects are facing connection delays.** This is common across connections for all technologies at all network voltage levels (Distribution and Transmission) including onshore and offshore wind, solar, battery, thermal generation and demand projects (green H2 production and data-centres).
- **A number of steps that can be taken to support the timely delivery of grid** – notably a focus on resourcing, transparency of reinforcements, and technical innovations.

Importance of timely connections

Securing timely network connections is essential for the delivery of the Government's Clean Power mission. However, we currently face a situation where **a significant proportion of RWE's live development projects are facing connection delays**. This issue is present across connections for all technologies at all network voltage levels (Distribution and Transmission) including onshore and offshore wind, solar, battery, thermal generation and demand projects (green H2 production and data-centres). Depending on when they occur, delays can sometimes be accommodated by the project shifting timelines - albeit not without cost and wider commercial impact. However, in many instances, delays come too late in the development process for us to adjust our timelines, with significant negative impacts on projects.

Although connection offers do include provision for liquidated damages as a liability for the connection provider, these are invariably set to zero. We note that a number of the transmission network reinforcements required to meet the Government's Clean Power 2030 target ('ASTI' projects) do include penalties for late delivery, and these are replicated in the RIIO-3 consultation; however such penalties only begin to take effect after 12 months of delay (as is also proposed for other reinforcements in the RIIO-3 consultation). For a development project, even a short delay can have a cost associated, and a full 12-month delay would create very significant costs.

Often it is delays to related reinforcements, rather than delivery of assets at the point of connection, which lead either to connection delays, or to previously firm connection offers being converted to non-firm. We would welcome clarity that any delays (whether relating directly to the connection or to reinforcements that facilitate it), or proposals to maintain a date through use of a non-firm connection, will be treated in the same way as direct delays to connections.

Network Companies' Procurement Standards

A number of the network companies enforce highly restrictive procurement standards, which significantly limits the pool of possible suppliers. However, even when meeting these requirements, the components ordered are still in need of specific approval by the network operator. Furthermore, the requirements are not consistent between network operators, meaning there are different supply chain requirements for otherwise identical



projects in different parts of the country. Altogether, the current regime has a negative impact on both project costs and timelines.

Inadequate resourcing

Connection teams within network companies across the country are suffering from significant lack of resources, in terms of both capability and capacity. This means that many connection projects lack effective oversight to drive them forward, lack effective oversight to drive them forward, leading to timelines slipping and long-lead-time items often going unordered. Many years can pass between a connection offer being made, and any significant amount of work being undertaken to consider how it might be delivered in practice. It is essential that the RIIO framework properly ensures that programs of work are adequately resourced and progress in a timely fashion.

Lack of transparency

It is often very difficult to accurately track the progress of different network reinforcements which are enabling works for our projects. This makes it difficult to assess the risk of delay, or tailor our project plans appropriately. We believe network companies should regularly publish the progress of their work, enabling developers, Ofgem, and government to monitor progress. A simple solution would be to build upon the existing requirements in the TO licence relating to progress on ASTI projects (condition B15), something which was mimicked in the draft CSNP methodology to allow DESNZ, NESO and Ofgem to track progress on reinforcements. Such progress reports should be made more frequently and be available to the industry.

Lack of technical innovations

In some cases, technical innovations could speed up connections. For example, “Compact substations” could accelerate connections by allowing most work to be completed off-site, reducing on-site construction and seasonal delays. Network operators should be incentivised to explore and seek to adopt such innovations that can help accelerate project timelines. The RIIO framework must encourage the use of technical innovations wherever possible.

We hope you find this input useful. If you have any questions, please do get in contact.

Yours faithfully,

Dr. Tom Steward

Senior Regulatory Affairs Manager

RWE