

Anthony Mungall  
Ofgem  
107 West Regent Street  
Glasgow  
G2 2BA

25 January 2011

Dear Anthony,

### **Consultation on the issue of timely connection to the electricity transmission network**

EDF Energy is one of the UK's largest energy companies and provides 50% of the UK's low carbon generation. Our interests include nuclear, coal and gas-fired electricity generation, renewables, combined heat and power plants, and energy supply to end users. We have over 5 million electricity and gas customer accounts in the UK, including both residential and business users.

EDF Energy welcomes the opportunity to respond to this consultation. The key points of our response are as follows:

- We recognise the need for a timely connection process which meets the needs of the connecting party.
- We are wary of over-incentivising the network companies on aspects of the process that are outside their control, with potential consequences of windfall gains or losses.
- We would not wish to see TOs rewarded for early delivery of a connection which is not required by the generator.
- A fixed arrangement applicable to all parties and types of connection may not meet the needs of all types of generators.
- We agree that a mechanism where the generator does not bear the full risk of delay would be a reasonable amendment to the existing arrangements.
- We believe the maximum benefit can be obtained through arrangements which address the need for the transmission owners and the connecting party to work together and ensure that planning hurdles can be overcome in a parallel fashion.

We welcome the opportunity to comment on the existing arrangements for new connections particularly in the context of the 2010 implementation of the Connect and Manage (C&M) regime for transmission access. We agree that the delivery of new connections to the transmission network in a timely manner will contribute to meeting the UK's renewable and low carbon targets.

Meeting the needs of the connecting party is clearly a key part of the service which the TOs offer to new generating projects. At present the existing arrangements for obtaining connection and construction agreements are well established within industry codes, but the available dates of connection are not part of a fixed expectation. We welcome the request from Ofgem to obtain data from the TOs on the timescales of connections and how generator types, size and location influence the connections process. In our view the needs of each new connection will differ and without real evidence of any consistency we would be reluctant to support the development of a fixed incentive associated with timely delivery of connection dates. Indeed, a fixed timescale for connection would have the potential to deliver a connection ahead of the generator's requirements. This might be overcome by the use of average and target figures, but we would wish to be certain of the benefits before such an incentive was introduced.

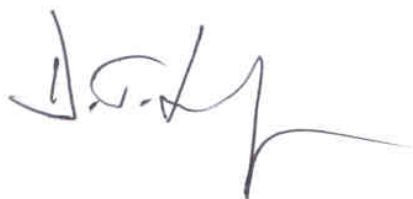
There are a number of risks associated with the delivery of connections and it would be difficult to develop fixed incentives which only take account of the risks which are under the control of the TO. It would therefore be inappropriate to prescribe an incentive on timely connection, which might introduce a high likelihood of windfall gains or losses that would ultimately be funded by the consumer.

However, we do not think the arrangements are perfect and believe that there are amendments which might be made to enhance the existing processes. At present, in the event that the TOs experience delays in the delivery of connections, the generator bears all the risk of delay, with no commercial arrangements for compensation. As the connection to the transmission system is, in our view, a commercial service from the TO, it would seem reasonable to consider a mechanism to account for this. We discuss below one particular aspect where improvements might be made to the process.

Of primary concern is the alignment of planning and consenting processes for the TO and generator. Transmission works associated with a new connection are separated into 'local' and 'wider' works (and under the C&M regime for transmission access the relevant works for connection are described as 'enabling works' and wider works). In our view it is likely that there will be greater delays and risks associated with planning consents for wider works, as these developments are more likely to encounter public objections. We therefore believe it would be beneficial to develop additional bilateral requirements on the TOs to separate the applications for local and wider works, and work in parallel with the developer on planning issues. Indeed, as the works which are required for delivery of a connection date for a C&M party are the enabling works only, we would anticipate that the TO would progress with any required consents on these works separately from the wider works. An appropriate incentive or commercial arrangement to ensure that the TO continues to work closely with a new connecting party throughout the development and construction of their project will, in our view, deliver more benefit than any fixed incentive on timescales.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Rob Rome on 01452 653170, or myself.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "D. Linford".

**Denis Linford**  
**Corporate Policy and Regulation Director**