

13 September 2017

BY EMAIL

Andrew Wright, Senior Partner, Energy Systems
The Office of Gas & Electricity Markets 'Ofgem'
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Dear Andrew

Further to your letter dated 21 August 2017, inviting consultation of penalties for the Distribution Network operators under the Incentive on Connections Engagement, the Ebbsfleet Development Corporation (EDC) provide our reasons for the belief that the proposed penalty to be imposed on UKPN is not reflective of the service that it has provided to the EDC, as demonstrated below:

- A. DNOs must demonstrate that they have implemented a comprehensive and robust strategy for engaging with connection stakeholders or, failing this, to provide an explanation that is reasonable and well justified.**

Consultation Question 7:

Do you consider that UKPN implemented a comprehensive and robust engagement strategy for engaging with its local authority stakeholders?

Ebbsfleet Development Corporation ("EDC") response:

The EDC can confirm that our experience with working with UKPN has demonstrated its focus on fostering a customer – stakeholder-centric culture. UKPN has been committed to ensuring that both the Government and Local Authority requirements for this project have been met, through the provision by UKPN infrastructure investment with EDC.

The infrastructure agreement between UKPN and EDC is ground breaking and therefore both organisations collaborated using key personnel. During the process of negotiating the Connection Agreement, UKPN assisted the EDC in liaising with Ofgem, the Infrastructure Projects Authority, the Department for Communities and Local Government ("**DCLG**"), and took advice from each of our company lawyers. Paul Spooner, Interim Chief Executive Officer of EDC explains why this deal is ground breaking:

"This is the first time a development corporation has been able to successfully forward fund electricity which is crucial because our private developer partners know the infrastructure will be there and ready as they continue to build at pace."

Evidence of collaboration and engagement with stakeholders:

During the negotiation of the Connection Agreement, UKPN demonstrated their commitment to assisting the EDC in its sometimes complex requirements, including the implementation of new legislation, as follows:

- The negotiation of the contractual approach between the parties, was achieved through UKPN fully understanding the requirements and restraints of the EDC. UKPN inputted both time and resource to investigate 'how' the EDC objectives could be achieved.
- Speaking about the significance of the signed Connection Agreement and the achievement of UKPN and EDC, Housing and Planning Minister, Alok Sharma, said:

"By investing in vital infrastructure, we can unlock the delivery of thousands of new homes, boost productivity in local areas and support new communities to grow and thrive."

"This infrastructure deal demonstrates our continued commitment to the Ebbsfleet project as a leading example of innovative and ambitious solutions to help fix our broken housing market and increase housing supply."

Evidence of the Single Point of Contact Approach

UKPN provided a single point of contact for the contractual negotiations. This dedicated approach to the project was invaluable – providing stability, consistency and confidence to the other stakeholders involved in the discussions. This approach also enabled UKPN's designated contact to gain an in-depth understanding of the objectives and requirements of DCLG, which was key in getting this project over the line.

The success and benefit of this approach was also demonstrated at several meetings between UKPN, EDC and EDC's lawyers, whereby both single points of contact from EDC (Nicola Coppen) and UKPN (Steve Carlow) ensured the focus of each business was not compromised, whilst working to achieve the best solution for the EDC and completion of the Connection Agreement.

The EDC were particularly impressed with the involvement of the UKPN CEO, Basil Scarcella, in its communications with Ofgem, as well as the continual involvement of UKPN's General Counsel on a day to day basis. This demonstrated the commitment from the highest offices of UKPN to completing this project and achieving a first for the industry with the EDC.

The approach also meant that any issues requiring escalation were dealt with in accordance with the processes and procedures of the stakeholders involved. However, the project was dealt with efficiently as meetings were undertaken with the right people in the room. To my knowledge there was no need for escalation within UKPN – the EDC believe this was due to well-planned meetings, the single point of contact highlighting the need for any particular expertise at meetings and all participants being actively engaged, to make use of time and such expertise.

Our Opinion on the Penalty

We have experienced and believe we have demonstrated hereunder the exceptional flexibility and focus UKPN have provided to the EDC as a customer and to other stakeholders of this project. It is our belief that the proposed penalty to be imposed on UKPN is not reflective of the service that it has provided to the EDC.

We trust the information given will form part of your consideration as you review the consultation submissions and will be pleased to provide further information if necessary.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicola Coppen'.

Nicola Coppen AMInstLM, TechIOSH
Utilities Project Manager
Ebbsfleet Development Corporation