

Response to Incentive on Connections Engagement (ICE) Consultation

From South East Midlands Local Enterprise Partnership (SEMLEP)

1. The South East Midlands occupies a strategically important position at the nexus of Oxford, Cambridge, London and Birmingham, and is a high growth area, with GVA of c.£50bn, and delivery of some 50,000 homes over the 2010/11-2015/16 period. It covers 14 local authority areas, as follows:
 - a. *Four Unitary Authorities*: Bedford Borough Council; Central Bedfordshire Council; Luton Borough Council and Milton Keynes Council.
 - b. *Nine District Councils*: Aylesbury Vale District Council; Cherwell District Council; Corby Borough Council; Daventry District Council; East Northamptonshire District Council; Kettering Borough Council; Northampton Borough Council; South Northamptonshire District Council and Wellingborough Borough Council.
 - c. *One County Council*: Northamptonshire County Council.
2. This note provides SEMLEP's views on some aspects of the service that Distribution Network Operators (DNOs) are delivering to electricity connections customers in the South East Midlands. In particular, it focuses on the role of DNOs in supporting economic growth, and what could potentially be done to strengthen this role. Given our location, our response is most pertinent to Western Power Distribution and UK Power Networks (UKPN), but we believe that several of the issues raised apply to other providers elsewhere in the country as well.
3. There are two main issues that we think need to be addressed:
 - a. DNOs need to have an explicit growth mandate as part of their regulatory structures.
 - b. DNOs need to link up more effectively with other bodies, and other utilities companies in particular.

Each of these is discussed in more detail below.

DNOs need to have an explicit growth mandate

4. There is a lack of strategic alignment between DNOs and local authorities, with the former focusing on current demand and having far shorter planning horizons than the latter (for example, Western Power has a five-year plan, while local authorities have 15-year ones). As a result, it is proving difficult for local authorities to develop plans with confidence that the necessary – and often very costly – infrastructure will

be integrated into delivery programmes at the appropriate time. This is particularly the case for new settlements where, without DNO strategic engagement or (sometimes prohibitively) expensive external advice, it is not always possible for local authorities to determine what the cost of utilities provision on possible housing or employment sites might be, thus hindering their ability to allocate future sites for development.

5. For example, Bedford Borough Council has been considering four possible locations for an additional 8,000 dwellings, and has advised by UKPN that the only way of checking the technical feasibility of the alternative solutions related to the distance and capacity of the existing Grid (including to investigate which of the solutions is practical) is to commission feasibility work that would cost in excess of £10,000.
6. We would thus like to see growth considerations embedded into DNOs' regulatory framework, such that DNOs are strategically planning for future demand over a longer timescale, rather than focusing solely on current/near term demand and customers. We welcome the Housing White Paper's recognition of these issues when it comes to housing development, with the paper stating that: "The Government will review what more we could do to ensure that utilities planning and delivery keeps pace with house building and supports development across the country: aligning investment in utilities provision with local development plans that set out where and, crucially, when houses will be built is likely to be key in achieving this, speeding up timely connections for new homes."¹

DNOs need to link up more effectively with other bodies

7. Strategic consideration of future electricity requirements often needs to take place in tandem with consideration of other issues, such as future water management and flood risk concerns, and often needs to be undertaken across large spatial areas. This can involve numerous different governance bodies and providers, which can be difficult to co-ordinate.
8. Therefore, although the provision of information around capacity in different specific geographies is a critical contribution that we would like to see from DNOs, it is not the only contribution necessary, as an area could, for example, have sizeable electricity capacity but major water issues. It is only through discussion with all of the relevant utility providers, in conjunction with one another, and across administrative boundaries, that optimal sites for future development can be effectively identified.

¹ DCLG, (2017), *Fixing Our Broken Housing Market*.