

Connections End-To-End Review - Consultation

Ofgem

January 2025

About techUK

techUK is a membership organisation launched in 2013 to champion the technology sector and prepare and empower the UK for what comes next, delivering a better future for people, society, the economy and the planet. It is the UK's leading technology membership organisation, with more than 1100 members spread across the UK. We are a network that enables our members to learn from each other and grow in a way which contributes to the country both socially and economically. By working collaboratively with government and others, we provide expert guidance and insight for our members and stakeholders about how to prepare for the future, anticipate change and realise the positive potential of technology in a fast-moving world.

Response

techUK welcomes the opportunity to respond to Ofgem's consultation. As the voice of the UK technology sector, we emphasise the critical role that efficient and modernised energy infrastructure plays in enabling growth, innovation, and the transition to net zero. Addressing delays, improving data transparency, and implementing harmonised service standards are key to unlocking economic and environmental benefits.

Our response integrates recommendations for data access, service standards, connection agreements, process harmonisation, and dispute resolution. These reforms, if implemented effectively, will enhance the resilience of the UK's energy network and support the ambitions of the tech sector.

Responses to Consultation Themes and Proposals

Theme 1: Visibility and Accuracy of Connections Data and Network Capacity

- **Response to Question 1a:** We agree with the issues identified and emphasise the need for a robust framework for data access and transparency.
- **Recommendations:**
 - **Standardisation of Data Sharing:** Establish uniform data-sharing protocols across all network operators to improve consistency and reliability.

- **Regular Updates:** Align data updates with grid planning and connection gate processes to reflect real-time capacity and connection availability.
- **Commercial Sensitivity:** Protect commercially sensitive data through aggregated reporting mechanisms.
- **Transparency on Timelines:** Publish clear timelines and delay statuses for connection queues in each region to enable better project planning.

Theme 2: Improved Standards of Service Across the Customer Journey

- **Response to Question 2a:** We support enhanced service standards to foster trust and ensure timely delivery for all stakeholders.

Recommendations:

- **Dedicated Manager Assignment:** Assign a dedicated manager to each connection application within one month to ensure accountability and customer support.
- **Escalation Protocols:** Implement a clear and structured process for escalating delays to higher authorities.
- **Incentivising Performance:** Introduce a balanced performance-based incentive system for network operators, emphasising positive rewards over punitive measures.

Theme 3: Requirement on Networks to Meet Connection Dates

- **Response to Proposal 3a:** Binding connection dates are essential, but the focus should shift toward proactive delay prevention rather than compensatory mechanisms.
- **Recommendations:**
 - **Indicative Connection Dates:** Maintain the requirement for indicative connection dates to be issued within three months of application.
 - **Preventive Focus:** Implement measures to identify and mitigate risks of delays early in the process.
 - **Clear Delivery Timelines:** Provide accurate cost estimates and a transparent timeline for project delivery.
 - **Mitigating Measures:** Outline detailed contingency plans to manage potential disruptions.

Theme 4: Quality of Connection Offers and Associated Documentation

- **Response to Proposal 4a:** Standardised connection offer templates are crucial for clarity and comparability across network operators.
- **Recommendations:**
 - Standardise quality metrics for all contracts and ensure consistent reporting across Distribution Network Operators (DNOs) and Transmission Operators (TOs).
 - Publish regular performance reports to track the delivery of connection agreements and identify systemic bottlenecks.

Theme 5: Ambition of Connection Offers

- **Response to Proposal 5c:** Offering the earliest achievable connection dates will unlock economic and environmental benefits while maintaining confidence among investors.
- **Gated process by NESO** - To successfully navigate the gating process, it is essential to demonstrate ownership, an option, or a lease agreement on land or buildings before a formal binding offer can be issued. We want to caution that the new process, power offers can be granted to any landholder, even if the site is not viable for a data centre. This could result in an oversupply of power offers in locations where development is not feasible, mirroring the very issue NESO is attempting to address with this reform. Given this shift, our shareholders are reluctant to engage in speculative land banking in areas where future demand is uncertain. As a result, we will likely face higher costs for powered land in the right locations, ultimately driving up development expenses and increasing costs for our customers. The primary beneficiaries of this change will be landowners, rather than those developing viable projects.

Theme 6: Minor Connections

- **Response to Proposal 6a:** Streamlined processes for minor connections will encourage community and SME energy projects, enabling broader participation in the energy market.

Theme 7: Provisions and Guidance for Determinations

- **Response to Proposal 7a:** Strengthening dispute resolution mechanisms is essential to maintain trust and efficiency in the connections process.
- **Recommendations:**
 - **Expanded Role for Authorities:** Broaden the role of Ofgem, NESO, or an energy ombudsman to address disputes comprehensively.
 - **Accelerated Mechanisms:** Develop an expedited dispute resolution process with clear timelines for significant issues.
 - **Violation Criteria:** Define clear criteria for service-level violations to ensure accountability and enforceability.
 - **Swift Resolution:** Prioritise quick resolutions to disputes that could hinder critical projects.

Cross-Cutting Recommendations

1. **Process Harmonisation:**
 - Ensure consistent standards across all DNOs and TOs to reduce variability in processes.

- Implement a unified approach to connection processes across Great Britain for ease of access and predictability.
- 2. **Data and Digitalisation:**
 - Prioritise grid digitalisation to enhance operational control, asset visibility, and capacity utilisation.
 - Utilise aggregated data insights to guide future investments and optimise network planning.
- 3. **Innovation Enablement:**
 - Support pilot projects integrating energy storage, demand response, and flexible solutions to accelerate grid modernisation.

Ofgem's proposed reforms are a crucial step in addressing the challenges of the electricity distribution network. By adopting a customer-centric, data-driven, and harmonised approach, these changes can unlock significant benefits for the UK's tech sector and economy at large. techUK is committed to collaborating with Ofgem and other stakeholders to realise a resilient, transparent, and future-ready energy network.