

SP Energy Networks

Please see below my statement on behalf of SPT, NGET and SSENT in response to Action 2.

Action 2: Transmission Owners to provide a clear statement of their interpretation and current approach, including any regulatory or statutory basis for offering the earliest possible connection date, and to confirm how they are currently handling delay requests in practice.

1. CUSC Section 18 states that the only change permitted in G2tWQ was Advancement or TEC or DC reduction (CUSC 18.8.1 and 18.8.6)
2. TOs will issue an offer as part of the G2tWQ exercise based on the information provided by NESO through the Batched SBN, Existing Agreement and in line with the STC and Connections Network Design Methodology.
3. TO's have a licence obligation to not engage in preferential or discriminatory behaviour in meeting their obligations in relation to offers for connection (Standard Electricity Transmission Licence Condition D5).
In practice, this means that for G2tWQ we cannot manage a User's construction program based on an individual request, where the same opportunity has not been afforded to all customers.
4. TOs are obligated under licence to develop an economic and efficient programme of works which delivers the earliest possible deliverable Completion Date for a developer's project; this accounts for (as much as possible) the User's requested date when they apply/Mod App.

In the case of the proposer's project A example the 'User's requested date' is that in the Existing Agreement. 'Project A' had a contracted connect date of 2027 and was protected under Protection Clause 2a. Therefore, SPT provided a staged solution to maintain the protected 2027 connection date.

5. TOs have licence obligations to meet the connection date offered, unless otherwise agreed with NESO (Standard Electricity Transmission Licence Condition D4A.1d and Standard Electricity Transmission Licence Condition D16 for Connect and Manage Connections).
6. TOs have a licence obligation to report to NESO on Timely Connections (Standard Electricity Transmission Licence Condition D4A.6).
This includes reporting on the difference between the requested connection date and the date offered.

7. TOs now have the Connections Output Delivery Incentive in RIIO-ET3 (Transmission Licence Special Condition 4.4).

The purpose of which is to incentivise the TOs to deliver to completion dates. This is a reward and penalty incentive. Ofgem will set the Connections Incentive Target Date for each project, and the User must formally request a delay to the completion date through the NESO's modification application process for the Target Date to change.

Through the Licence drafting process and in coming to their Final Determinations, Ofgem has taken the decision to not include provisions that would allow the Target Date of the construction programme to be managed through other methods (for example, User/TO agreement in writing or NESO/TO agreement).

8. The RIIO-ET3 final determinations state:

'[Ofgem] are conscious of the risk that this incentive could, in theory, encourage TOs to delay connection offer dates to customers until towards the end of the period to increase their chances of reward, or to avoid penalties for late delivery. To protect against this risk, we may commission an independent audit/review of some or all TO connection dates offered through connections reform before setting the dates in this incentive.'

Where a customer's request to delay a connection date is not suitably recorded and reassurance given that this will be accounted for in setting the incentive, this exposes TOs to the risk of penalty and additional measures following an audit.