

Ofgem Connections Delivery Board

January 2024 Meeting Minutes

Thursday 18 January 2024 – 13:00 – 15:00

MS Teams Meeting

Attendees

Role Category	Representative	Organisation
Chair	Jack Presley-Abbott	Ofgem
Technical Secretary	David Boyer	Energy Networks Association
	Allan Boardman	PA Consulting
	Adam Wissen	PA Consulting
Electricity System Operator	David Wildash	Electricity System Operator
	James Norman	Electricity System Operator
	Milly Lewis	Electricity System Operator
Transmission Owners	John Twomey	National Grid Electricity Transmission
	Scott Mathieson	Scottish Power Transmission
Distribution Network Operators	Mark Adolphus	UK Power Networks
	Steffan Jones	Electricity North West
	Paul Glendinning	Northern Powergrid
	Gareth Hislop	Scottish Power Energy Networks
	Annette Sloan	SSE Distribution
Chair of SCG T/D interface group	Andy Scott	SSE Distribution and Chair of the SCG
UK Government	Paul van Heyningen	Department for Energy Security and Net Zero
	Daniel Boorman	Department for Energy Security and Net Zero
	Paul Hawker	Department for Energy Security and Net Zero
	Ian TheI	Department for Energy Security and Net Zero
	Lily Furber	No. 10
National Governments	Jasmine Killen	Scottish Government
	Jennifer Pride	Welsh Government
CPAG chair	Merlin Hyman	Independent Chair of Connections Process Advisory Group (CPAG)
Connections Customer Representatives	Barnaby Wharton	Renewable UK
Energy Regulator	Tessa Hall	Ofgem
	Klaudia Starzyk	Ofgem
	Salvatore Zingale	Ofgem
	Lee Wilkinson	Ofgem
	Liam Cullen	Ofgem
	Shabana Akhtar	Ofgem
	James Macauley	Ofgem

Apologies

Role Category	Representative	Organisation
Transmission Owners	Christianna Logan	Scottish Hydro Electricity Transmission
Electricity System Operator	Deborah Spencer	Electricity System Operator
Distribution Network Operators	Ben Godfrey	National Grid Electricity Distribution
	Graham Halladay	NG Distribution Operations Director
	Dan Randles	Electricity North West
UK Government	Amber Woodward	No. 10
	Nadya Thorman	No. 10
Connections Customer Representatives	Eddie Proffitt	Major Energy Users Council
	Charles Wood	Energy UK
	S Turner	Global Infrastructure Investment Bank
Energy Regulator	Peter Bingham	Ofgem
Code Panels	Trisham Cauley	CUSC/ Grid Code Panel
Consumer Representatives	Andy Manning	Citizens Advice

Key Summary

The January 2024 Ofgem CDB meeting primarily focused on a comprehensive review of how the CDB will track the status and impact of all industry-wide actions to improve connection timescales (structured via the Connections Action Plan (CAP) framework).

The new CAP action dashboard was presented, progress was assessed, benefits metrics proposed for inflight initiatives, and scope prioritisations agreed upon.

The key focus on increased data collection and presentation to the Board in subsequent CDB meetings (from February) was discussed and supported by all in order to understand current situation, impact of the CAP actions, and to drive decisions.

Criteria for use in providing strategic steer were also discussed and agreed by the Board, with follow up required on how RAG scoring against those criteria should be used.

The terms of reference and the minutes from the previous CDB meeting were approved for external publication via the ENA website.

Key dashboard highlights (data correct to end-November):

- Total connections queue – 565GW (Transmission 431GW, Distribution – 154GW)
- Work is ongoing to rationalise the key metrics to present at CDB in order to demonstrate progress against actions, including capacity of freed up allocation, capacity of connection offers accelerated, lag time between requested and offered connection dates.
- Key metrics presented at CDB will be shared going forward in the minutes.

Decisions taken at meeting:

- Decision made to apply Ofgem’s strategic steer principles and RAG rating for future initiatives
- Decisions were made to enhance month-level granularity in the POAP.
- A commitment was made to enhance collaboration with leads for better implementation and impact visibility, and the inclusion of dashboarding in future packs was confirmed.
- From the 6 CAP areas, mapping updates were agreed upon, and actions were set for ESO and SCG to investigate and address speculative behaviours in capacity trading. The schedule for ESO CAP updates on capacity trading was to be confirmed, and offline reviews for project modification processes were planned.
- Broader CDB communications strategies were considered, and the technical secretariat will host the minutes and TOR on the ENA website.

Meeting Notes and Actions

1. Welcome & Update from Chair	JPA
<p>Ofgem opened the call, welcomed attendees, and thanked them for a good attendance. Agenda was discussed quickly given the amount of content with no objections or AOB raised at this stage.</p>	

2. Ofgem update on strategic steer criteria	TH
<p>Ofgem provided an update on the strategic steer criteria for discussion and agreement.</p> <p>It was noted that the board has two key functions:</p> <ol style="list-style-type: none"> 1. Overseeing actions 2. Providing strategic steer for prioritising or assessing new proposals. <p>On the basis that members had pre-read materials prior to the meeting, eight criteria were proposed for evaluating actions using a RAG rating for each action against these criteria, rather than a quantified and/or weighted framework. The RAG rating would allow for comparison without the complexities of a scoring metric, which could lead to debates about the weighting of each criterion.</p> <p>Considerations from the board included:</p> <ul style="list-style-type: none"> • The need for dynamic assessment that adapts as actions progress, backing successful initiatives and demoting less effective ones. • The addition of a criterion for actions that may be correct but fall outside the board's scope, such as those requiring legislative or code changes. • The importance of aligning actions with wider strategic goals and UK PLC requirements. <p>In sum, the scope of the criteria was agreed upon. The Board agreed with the proposal to use a RAG rating to assess the eight criteria against each action - to inform future prioritisation discussions - although the mechanism for the RAG requires further thought.</p>	

New Actions

1	Ofgem & members to consider how to apply the principles and RAG rating for future initiatives	By next meeting	Ofgem Board members &
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3. CDB programme structure and mapping; POAP DB, AB

An overview of the mapping approach (of existing ESO/ENA/Ofgem/DESNZ initiatives to CAP actions) and the plan on a page (POAP) was provided.

It was agreed that the POAP will be continuously updated and enhanced with month-level granularity on timelines and brought to CDB each month.

The board discussed the importance of data and data visibility in assessing individual and cumulative impacts. The timeline of expected data availability – for example, when quantified impact data should be expected for a given action – was highlighted as important for the Board to understand. Data and tracking generally was confirmed essential to clarify the CAP's impact and to establish a single source of truth for discussions. Confirmation was given that additional data will be included in future packs and that there will be a collaboration with leads to refine, although the ideal of action-level impacts was acknowledged as challenging due to action overlap and interaction. Suggestions around a 'KPI tree' method or magnitude assessments were given to understand impact timelines better.

New Actions

2	Introduce month-level granularity to the POAP.	By next meeting	Technical Secretariat
3	Collaboration with leads to i) include in timeline action implementation and impact & ii) refine data included in dashboards to better show impact and progress.	By next meeting	Technical Secretariat and Action Leads
4	Include dashboarding in future packs	By next meeting	Technical Secretariat

4. Updates from the 6 CAP areas DB

A summary of each CAP area was given noting that full detailed reports were included in the meeting pack.

Summary information included:

- Initiatives in delivery
- Areas where scope discussions are required
- KPIs and tracking

Focus was given to initiatives where scope or prioritisation decisions were being raised, or where RAG was flagged as red or amber (suggesting blockers or delays to actions, respectively), action owners were invited to present supporting information on these initiatives to support decisions required. Further reflections from the CDB members were then invited and decisions made as appropriate. Discussions (per CAP action area) are expounded below.

CAP 3.1 – Raise Entry Requirements

- On CAP 3.1.1: Initiatives for implementing Letter of Authority (LOA) requirements are progressing, focusing on addressing speculative behaviours in the queue. Arguments were provided that introducing barriers to entry (LOA) will contribute to reduced speculative applications. It was noted that further data is required to assess the scale of speculative behaviour.

- On CAP 3.1.2b: The discussion was centred on trading of connection agreements before connections. ESO has said that TEC trading of existing connections is seldom used, which the group supported. Questions were raised on the legitimacy of selling developed project for profit. It was noted that it is difficult to distinguish between a real trade (genuine business model) and a speculative trade and that addressing the issue from the perspective of access to land evidence is the most effective way of dealing with it.
 - Emphasis on robust milestone declarations to ensure only viable projects absorb queue capacity.
 - The potential adverse effects of strict enforcement on smaller projects were considered – there were strong concerns about financial barriers for less affluent developers who may deliver more local value than returns for international shareholders.
- OUTCOME: The final steer was that CAP Action 3.1.2b could be deferred/ not prioritised for Q1 2024, but that it should be reviewed once more data could be collected on the volume of capacity trading activity, and the degree to which queue management and increased queue entry requirements address the challenge.
- The proposed updates to mapping between industry initiatives and CAP action areas was supported.

CAP 3.2 – Removing Stalled Projects

- The discussion was centred on Queue Management and Milestone Commitments. Data is available in these areas, showing the impact of actively holding customers to queue milestones.
- ESO presented rescheduling of CAP 3.2.3b and the post connection element of CAP 3.2.3c since these do not form part of the ESO MVP (minimum viable product) for connections reform. With respect to CAP 3.2.3c, the complexity of holding capacity post-connection was acknowledged – the 'use it or lose it' mechanism was noted as difficult to manage as people hold capacity and use it intermittently.
 - OUTCOME: Both actions 3.2.3b and 3.2.3c were agreed for re-prioritisation in line with the Connections Reform programme timing, and will not be included in the MVP scope. Action agreed for ESO to confirm re-prioritised schedule by next meeting.
- On CAP 3.2.3d, the implementation of queue management at the distribution level has released significant capacity, but the feasibility of a facilitated trading window was debated.
- On CAP 3.2.3a, the possibility of disincentivising project modification was considered with an offline takeaway to ensure relevance.
- The point was made around the need for ESO to assess the gap between the LoA requirement (CAP 3.1.1) and the addition of queue milestones into connection agreements through CMP376 (CAP 3.2.1), the concern being that existing queued projects could push their connections dates back in response to a CMP 376 notice and then be out of scope of the current LoA proposal. Agreed that this is an action to be taken away – not a failure of queue management but rather that there aren't the tools yet to reduce the queue down - LOA is one thing to raise the bar, but there is a financial element as well – “there is not a good balance between risk and reward”.
 - Agreement that there is a need to look at the data of how many sit in this category.
 - OUTCOME: The board supported re prioritisation in line with connections reform timescale.
- The proposed updates to mapping between industry initiatives and CAP action areas was supported

CAP 3.3

- CAP 3.3. was outlined briefly with no high-priority decisions required.
- The proposed updates to mapping between industry initiatives and CAP action areas was supported

CAP 3.4

- No decisions were made in CAP 3.4, but it was noted in 3.4.1 (Confirm the approach to allocating capacity released through near term actions and explore further measures to maximise the benefits for producing timely connection dates within offers, aligned with net zero pathways) the assumption that capacity allocation is based on readiness and that there is a question on the potential use of the Future Energy Scenarios (FES) for strategic prioritisation. Ofgem raised this question to the ESO to understand their thinking on this, to which the ESO responded that they are tied to readiness and

pathfinders – more aggressive models based on FES are not part of the current process for allocating capacity.

- Ofgem noted they will bring a 15-minute paper to the next meeting on roles and responsibilities in a longer-term approach to allocate capacity complementing strategic network planning.
- The proposed updates to mapping between industry initiatives and CAP action areas was supported

CAP 3.5 / 3.6

- CAP 3.5 and 3.6 summaries were provided without decisions being brought forward.
- The importance of strategic planning in capacity allocation and integrating actions with strategic network planning was recognised, where overall strategy and regulatory framework play a significant role in shaping the actions and their implementation.
- Regarding charging reform, relationships with government access to reform were noted as a key interdependency and a point for future discussions.
- The proposed updates to mapping between industry initiatives and CAP action areas was supported

CAP 3.7

- CAP 3.7 also concluded with no decisions but recognised the existence of interdependencies among ESO additional packages.
- The proposed updates to mapping between industry initiatives and CAP action areas was supported

New Actions

5	Update the dashboard mappings with the agreed updates from the CAP areas	By next meeting	Technical Secretariat
6	ESO to come back with more data to understand the extent and nature of speculative behaviours in the queue, including in capacity trading (CAP 3.1.2b)	Q1	ESO
7	SCG to investigate speculative behaviour in capacity trading at the Distribution level (CAP 3.1.2b) to determine the extent to which there is a remaining problem with 3.1 low barrier to entry and 3.2 stalled projects in the queue for Distribution.	Q1	SCG
8	ESO to confirm new schedule for CAP 3.2.3b (Strengthening opportunities or requirements to return unused capacity) and post connection element of CAP 3.2.3c (Strengthening financial disincentives for holding capacity – pre and post connection) as aligned with the ESO connections reform.	By next meeting	ESO
9	ESO to assess the gap between the LoA requirement (CAP 3.1.1) and the addition of queue milestones into connection agreements through CMP376 (CAP 3.2.1)	Q1	ESO
10	SCG to conduct an offline review to consider approach to scope and Distribution relevance of project modification application process reform.	Q1	SCG

5. Discussion - Reflections on Action Plan scope & completeness

JPA

The board called for and discussed reflections on the CAP action set and the CDB reporting and meeting structure. Discussion included:

- Capacity Allocation - The need for focus on capacity allocation between transmission and distribution was highlighted – and it was noted that that work is currently underway via the Distribution Forecasted Transmission Capacity (DFTC) solution.
- Impact Tracking - It was also noted that despite strong signals to implement LOAs before Christmas, there has been a recent surge in connection applications, stressing the importance of data tracking to understand impacts.
- Communication – It was highlighted that, with many changes occurring, the industry struggles to stay informed without a centralised source of information and changes. A centralised source of information would help to show the progress of reform and the extent to which it’s making an impact or lacking. Transparency in communications was also advocated to facilitate a shift in industry mindset towards more focused and fewer applications.
- There is a need to enhance the visibility of ongoing work and to communicate how the board can support these efforts. The importance of assessing time to impact metrics was highlighted, specifically questioning if the target set out in the CAP to reduce the delay between contract date offered and requested from 5 years to 6 months is still a valid benchmark.
- Demand connections – The board noted that they must recognise and consider demand connections as well as generation. The board mentioned the items, such as significant demand from data centres, among others, and urged that demand be treated with due respect, as effective queue management will free up capacity.

New Actions

11	Reflect on potential wider CDB communications approaches & activities	By next meeting	Ofgem/DESNZ
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6. Next steps for future CDB sessions

JPA

The board discussed:

- Spending more time on papers rather than dashboarding to promote targeted discussion.
- Confidentiality of the documents, noting this is something to come back to.
- The introduction of a glossary to aid readability for external readers

7. Actions & minutes from previous meeting

JPA

Actions were checked with nothing overdue. The Terms of Reference were agreed for publication, as were the minutes of the previous meeting.

This will be hosted on the ENA website.

New Actions

12	Host minutes and TOR on ENA website	By next meeting	Technical Secretariat
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8. AOB & Date of next meeting

JPA

The board had no questions.