

- Ofgem felt that the ‘shallow-ish’ connection boundary, created a barrier to investment for new projects on the distribution network.
- Customers connecting in certain areas would need to pay large costs towards reinforcement but customers connecting before or after them would not face the same charges.
- The arrangements on the distribution network were also inconsistent with the arrangements at transmission.

In publishing the minded to decision, Ofgem concluded that the current system did not support efficient investment:

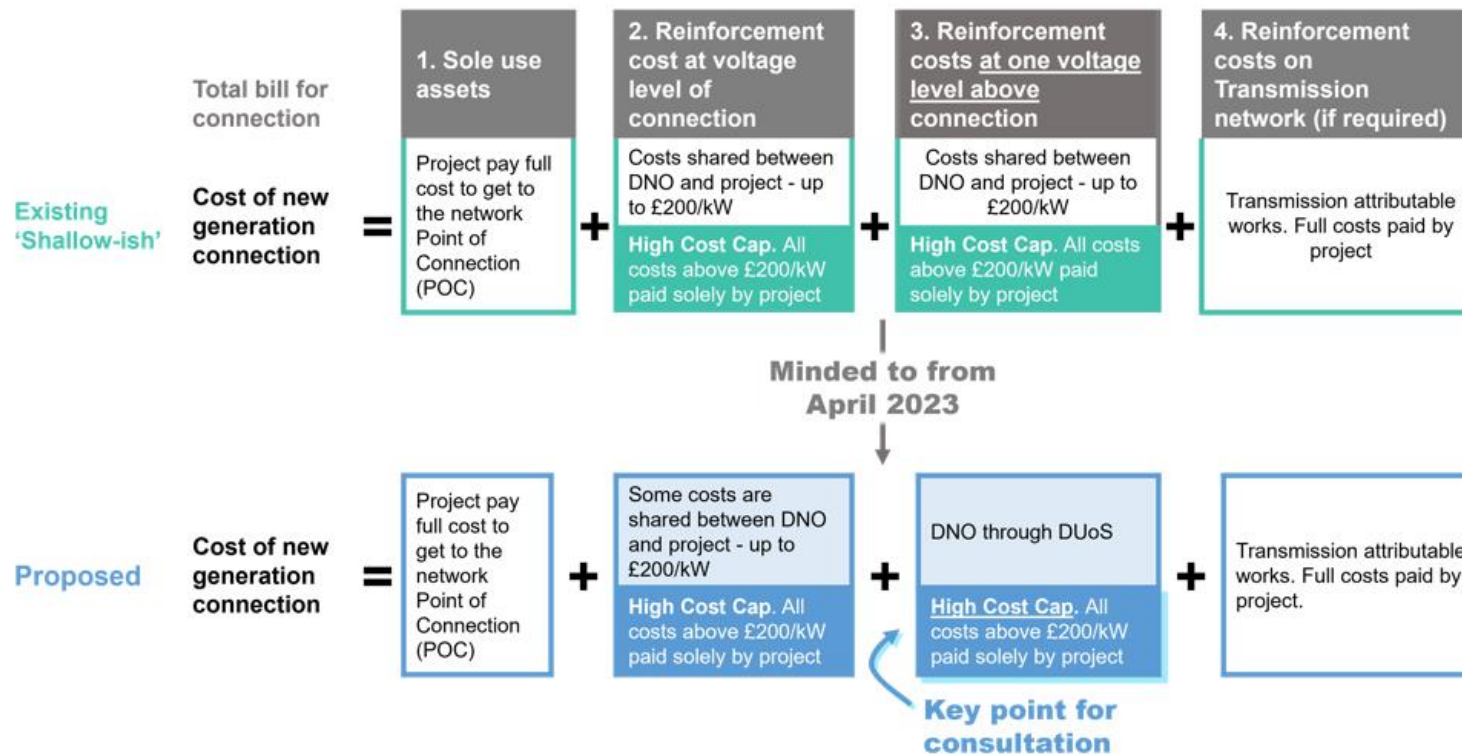
“the current arrangements.... contribute to DNOs taking an incremental and reactive approach to reinforcement as the means of facilitating new connections, rather than investing in light of anticipated wider network needs.”⁴

Demand minded-to go 'shallow'

- For those demand connections that triggered upgrades, most projects will see significant reductions. Average of the examples chosen by WPD was just over 50% lower cost.
- We expect this to go ahead (maybe with qualifications)

Generation minded-to go 'shallower'

- Impact is very project and location specific, some have significant falls – others have no change.



- Connection boundary and access options, offer some significant positives in removing barriers to investment for both low-carbon generation and demand
- Allowing all areas of the UK to benefit from green growth and shift to net zero.
- Still high uncertainty – need to see a swift conclusion to the second part of the review on locational charges.

Key concern is that the proposals are a fundamental change to how DNOs currently think and operate, particularly related to generation

- Develop **new processes with both Ofgem and DNOs** for how the shallow and shallower regime will support strategic investment including timescales for new connections.
- Examples of how **non-firm connections can be used ahead of strategic reinforcement** and the practicalities of that.
- Consider a **replacement for the High Cost Cap** that supports this process and initiates a better strategic approach to investment in growth or key areas for renewable generation.

Transmission charging for small generation

