

## REA Members Briefing – BEIS and Ofgem Joint Electricity Networks Strategic Framework

BEIS and Ofgem have published a strategic framework for the transformation of the electricity network.

The joint publication sets out an approach to deliver commitments from the British Energy Security Strategy (BESS). The BESS committed to accelerate electricity network build, dramatically reducing timelines for strategic onshore transmission network infrastructure by around three years and aspiring to halve the end-to-end process by the mid-2020s.

### Grid connections

The framework commits to enable cost effective and timely connections of new generation and demand to the network. Key actions outlined in the framework include:

- Improving the affordability of connections ‘by reducing costs for distribution network connections and providing direct support where there are market failures’.
- Ofgem to introduce a package of measures to reduce network connection timescales. Ofgem will:
  - Review minimum standards for connections. They highlight the time taken to connect to the grid, in particular.
  - Introduce a penalty-only incentive for DNOs to deliver on major network connections.
  - Ask the ESO to speed up connections to the transmission grid by ‘clearing up the existing backlog of connection requests’.
- Government and Ofgem commit to improve the connection and experience and consistency for customers between different DNOs.

### Future System Operator

The government and Ofgem will implement an expert, independent Future System Operator (FSO), as legislated in the Energy Security Bill. Regarding the FSO, the framework notes that:

- The FSO will take an increasingly significant role in shaping the energy system and driving forward competition. As part of this, Ofgem proposes that the Future System Operator will take on the central strategic network planner role.
- The government and Ofgem pledge to ‘facilitate more strategic network planning’: onshore, offshore, and at the local level including through the Offshore Transmission Network Review and Centralised Strategic Network Plan.
- Ofgem is undertaking a review of current institutional and governance arrangements at the distribution level. The REA [responded](#) to their Call for Input.
- The government **will consult on a Strategy and Policy Statement for energy policy by the end of 2022**, setting out strategic priorities for energy policy to guide Ofgem. BEIS note this will emphasise the importance of strategic network investment.

### Resilience and efficiency

The framework notes the need to be resilient and anticipate future need, to deliver a system which is efficient and meets government targets. Key actions include:

- Ofgem will design and implement price control frameworks to enable strategic investment.
- Ofgem will consult on speeding up the regulatory approval framework for onshore transmission network investment.
- The BESS introduced clauses to enable competitive tendering in onshore networks. Ofgem will publish a list by the end of the year of strategic projects likely to engage in the market before 2026 that will be exempted from competition.

## Planning and consent reform

The government plan to allow for faster infrastructure build through reform to planning and consent. Key actions:

- Government have appointed an Electricity Networks Commissioner to advise on the acceleration of the delivery of network infrastructure.
- Government will speed up planning consent through revision of the energy National Policy Statement for high-voltage electricity network in England and Wales. This will include recognising strategic network blueprints.
- Government is establishing a fast-track consent route for priority offshore wind and related transmission infrastructure.

## Flexibility

Government and Ofgem commit to removing barriers to flexibility on the grid, including:

- Facilitate flexibility from all resources connected to the system.
- Reform markets to reward flexibility.
- Digitalise the system to leverage data benefits.

## Lowering costs

The framework commits to keep costs as low as possible. Key actions include:

- Ofgem to review network charging arrangements.
- Government will ensure that local communities can benefit from onshore network infrastructure in their area, exploring options later this year including considering scope and eligibility; whether the approach should be standardised or flexible; and the level and type of benefits provided.

## Tying into broader Net Zero Strategy

Government commit to develop plans to reform the skills system to deliver for net zero.

Government and Ofgem to ‘encourage’ investment in the network to support new green jobs, both in directly in the network and throughout the supply chain.

### **Initial REA View**

The document largely contains high-level strategy and indicates the workstreams in which more detailed plans should follow. It provides a useful overview of government workstreams with multiple avenues of ongoing work such as REMA.

The REA welcomes the focus on network improvement as we know that capacity constraints are one of the most significant barriers to renewable deployment. We will continue to work closely with relevant bodies such as BEIS, Ofgem, and the ENA, and respond to consultations on individual workstreams where appropriate.