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of Energy &
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Dear Martin,

Thank you for your letter of 14 December providing me with the latest annual report on the impacts of the enduring 'Connect and Manage' grid access regime.

You will be aware that Government introduced the regime in August 2010 to speed up the connection of all types of new generation, and hence support the delivery of security of supply and climate change objectives, whilst minimising costs to consumers. It is clear from your report that the regime is largely meeting its aims at present through the scale of projects currently benefitting from earlier connections and the expectation that resulting constraint costs would decrease to nearly zero in 2017/18.

Your report also helpfully indicates areas that may merit further consideration. In particular, it notes that:

- the forecast of constraint costs after 2017/18, and particularly the potential increase in the early 2020s, depends on uncertain assumptions about the level of future generation coming forward and the date for completion of large reinforcement projects which have not yet been started;
- many recent connection offers in the most congested parts of the network are for a later date than requested by the customer.

I would be grateful if Ofgem could lead consideration of what actions might be undertaken, within the existing 'Connect and Manage' framework, to address these points. For example:

- are there transmission or other investments that should be brought forward in order to minimise constraint costs and to speed up connections beyond 2020?
- could more be done to ensure better queue management?

Finally, I am keen that 'Connect and Manage' moves from a scheme imposed by Government to one that is managed through the usual industry code governance process. Therefore, I would be willing to consider removing the Public Service Obligation if you or the industry code governance process thought that this was merited. Similarly, whilst I

remain keen to understand the impact of the scheme, I no longer require that you report annually on the operation of the scheme.

Best wishes

ANDREA LEADSOM