Report shows UK offshore wind capacity could double in next CfD auction

A new report published by RenewableUK on 23 February has found that *the government has the potential to double the UK's offshore wind capacity through this year's summer auction for the Contracts for Difference (CfD) scheme*. It states that 14 wind farms are currently eligible to bid into Allocation Round 6 (AR6) of the CfD scheme, adding nearly 10.3GW of new offshore wind capacity. In addition, RenewableUK states a further 4.7GW of offshore wind could become eligible before applications open for AR6, which if granted consent, would increase offshore wind capacity eligible for AR6 to 14.9GW. It adds that the UK currently has 14.7GW of operational offshore wind generating 14% of the UK's total electricity needs, with a further 5.2GW under construction. The report also highlights that global operational offshore wind capacity has reached over 70GW (70.2GW) for the first time, with China having the most installed capacity at 34.7GW, followed by the UK (14.7GW), and Germany (8.3GW).

We will cover this in more detail in a future issue of *Energy Spectrum*.

New study to explore capability of local electricity distribution network

On 27 February, the National Infrastructure Commission (NIC) announced that *the government has published the terms of reference for its upcoming study*, which looks at the steps required to ensure the local electricity distribution network's capacity is not a barrier to a net zero electricity system by 2035. It states that electricity demand is expected to increase by 50% by 2035 and double by 2050. Consequently, if the electricity distribution network is not able to manage this increase it could delay the decarbonisation of domestic heating.

The NIC adds that its study will consider what technologies and solutions may be required to ensure sufficient capacity exists in the system, alongside any additional policy and governance steps. It will also explore the role of different parties in connecting new sources of generation and demand to the network and consider how the policy, regulatory, and planning systems can better support network development. The NIC will now begin an engagement programme with relevant stakeholders, alongside seeking relevant evidence and insight through a call for evidence.

ESO provides update on two-step offers process for connections

On 28 February, National Grid Electricity System Operator (ESO) *issued an update on the two-step offers process for connections*. It states that there has been over 150GW of new connection requests across 500 contracts which have joined the queue to connect to the transmission network, over double the original estimate. The ESO outlines that the current connections process means all projects are treated as viable, despite some projects in the queue having no intention to build, meaning connection dates are affected by associated transmission reinforcement works. Consequently, the ESO states the anticipated benefits of the two-step offers process would not be achieved, with approximately 60% of customers receiving a later connection date.

To reduce this, the ESO has worked with National Grid Electricity Transmission on an alternative assessment methodology for considering wider system enabling works, aligning with the upcoming outcome of the Transitional Centralised Strategic Network plan (tCSNP). It states this will enable 60% of customers to receive a better or aligned date to their first step offer. The ESO notes that Ofgem has approved a three-month delay in finalising the two-step offers process to implement this new approach, where it will start issuing second step offers this week, committing that all second step offers are issued by Friday 31 May 2024.

Latest Ofgem complaints statistics, Professor Stephen Littlechild

Ofgem has just published its latest quarterly complaint statistics for the energy suppliers (for Q423). It shows considerable diversity between suppliers, although relatively little change since the previous quarter (with one exception).

Suppliers are expected to publish their own data on their websites. They differ in their policies. Five suppliers publish their statistics for the last four or five quarters. Some go back earlier: British Gas to 2018, EDF Energy and Utility Warehouse to 2016 and Ecotricity to 2014. This is valuable for the interested analyst, since supplier

data can differ from that published on the Ofgem site, for unexplained reasons. In contrast, Boost Power publishes only the latest two quarters, and E.ON and Green Energy UK (100 Green) only the latest quarter. Foxglove and So Energy do not publish their complaints statistics at all. For some suppliers, notably Octopus Energy and Ecotricity, the figures on the website sometimes differ from those published by Ofgem. Where there is a difference, I use the supplier website figures.

It is sobering to consider the wide range of numbers of complaints. At one end, British Gas reports nearly 224,000 complaints ("expressions of dissatisfaction") in the last quarter. The next four largest suppliers report between 110,000 and 138,000 each. Then come four Medium suppliers with some 12,000 to 58,000 complaints each. Then Good Energy and E with just over 1,000 each. Finally Ecotricity with 230 and E with a mere 20.

Statistics are less diverse on a complaints per customer basis. EDF Energy, Ovo Energy and Boost Power top that list with over 2% of customers complaining in the last quarter. Other Large suppliers are generally in the 1-2% range, Medium suppliers generally around 1% and Small suppliers generally under 1% although Good Energy racks up 1.5%.

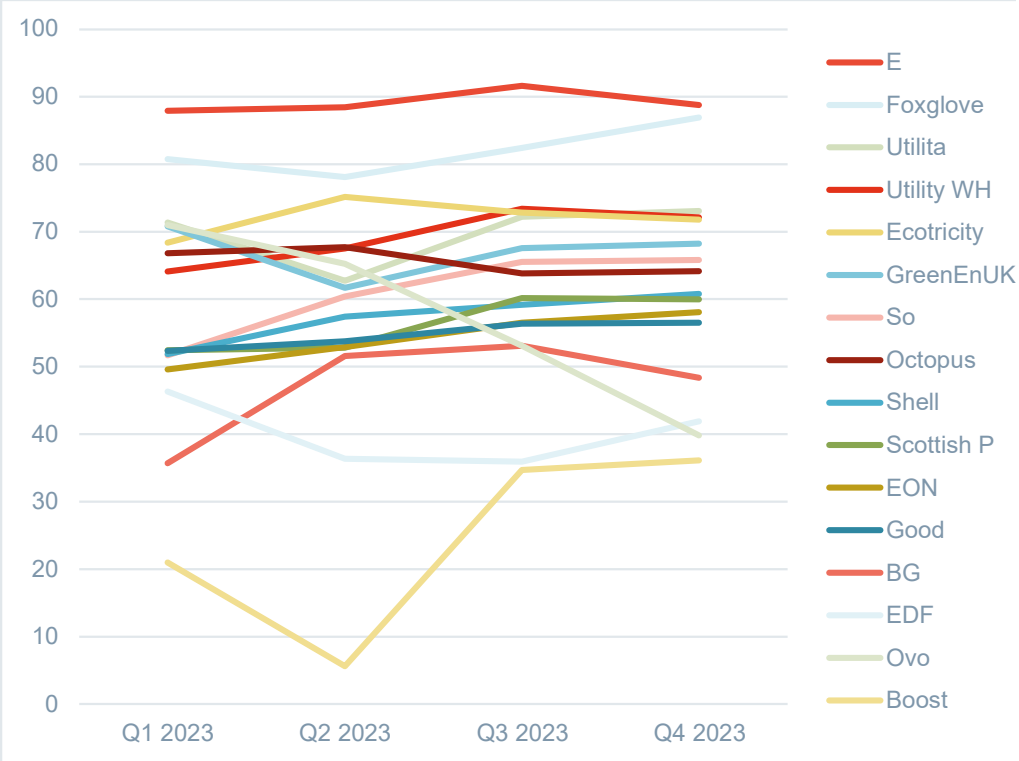
Time to resolve complaints also varies markedly. E resolves 84% by the end of the next working day, four other suppliers manage over 70%, three over 60%, four over 50%, two over 40%, with Ecotricity and Green Energy UK resolving only 7% and 8% in that time. In contrast, resolution within eight weeks is more concentrated, with nine suppliers claiming to resolve over 90% of complaints in that time, another four over 80%, and three suppliers over 70%.

For purposes of the Overall Customer Service (OCS) score, I take a weighted average of these three Ofgem statistics (50% on a measure of the first statistic, 25% on each of the other two). Figure 1 shows this calculated average Ofgem complaints statistic over the last four quarters (where higher is better!). E and Foxglove maintain their positions at the top (nearly 90%) throughout the year, but they are small suppliers and arguably exceptional. Utilita, Utility Warehouse and Ecotricity maintain their positions at just over 70%. Then three suppliers hold firm in the mid-60s, and four more around 60% or high 50s.

The most interesting action is at the bottom end of the scale. British Gas falls from 53% to 48%. Ovo Energy, perhaps still digesting SSE, falls markedly from 53% to 40%, a further significant decline from the 71% it achieved at the beginning of the year. EDF Energy recovers slightly, climbing from 36% to 42%. Boost Power holds steady, but at only 36%. These four suppliers seem to have struggled with complaints last quarter.

But there are other measures of customer service which rank the suppliers differently. A later article will explore the implications for the OCS score once Citizens Advice has published its supplier ratings for last quarter's service.

Figure 1: Ofgem complaint statistic over the last four quarters



Source: Professor Stephen Littlechild