

National Energy System Operator
Faraday House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

2nd December 2024

Dear Connections Reform team,

RE: NESO Connections Reform Consultation

East Midlands Freeport (EMF) submits this response to the NESO Connections Reform Consultation.

Freeports are a flagship Government programme that play an important part in the Government's missions, including: kickstarting economic growth, making Britain a clean energy super power and breaking down barriers to opportunity. Freeports will create jobs, investment and prosperity to some of the most deprived communities, with targeted and effective support.

EMF presents a once-in-a-lifetime opportunity to attract and drive investment, innovation, and green growth across the East Midlands region. And we're making progress - with over £150m invested to date and regionally important developments such as the second £22m phase of Maritime UK and SEGRO's rail freight terminal at East Midlands Gateway. EMF is a terrific example of the public and private sector working in partnership, with 6 local authorities and 6 industry partners, unifying around a green growth proposition and agreeing that Retained Business Rates will be used to reinvest in schemes to promote sustainable growth across the East Midlands.

EMF is driving forward our plans including proposals for advanced logistics, advanced manufacturing and decarbonised freight around the airport in Leicestershire. In Nottinghamshire, **we're working with our partners at Uniper as they transform the Ratcliffe power plant, the UK's last coal fired power station to close in September this year, into a centre for low carbon energy generation and storage, supporting a range of manufacturing opportunities like gigafactories.** And in Derbyshire, we're exploring strategic partnerships around automotive and aerospace. All of this supports the Government's ambitious policy aims.

Our plans don't stop there. We are already attracting interest from global companies who recognise the strength of research and knowledge which resides in the East Midlands - not only in our universities but from the strength of the global manufacturing capabilities in the region such as Toyota and Rolls Royce. By bringing together public, private, and higher education sectors, Network Rail, National Highways and regional bodies like Midlands Engine and Midlands Connect, we are also a convening force for the region, helping the East Midlands speak as a single voice whether to Government, investors or our communities.

Our mission is to make the East Midlands the destination for UK and international investment and in doing so we will create tens of thousands of quality jobs and add around £9 billion to the

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economy over the next 25 years, making a vital contribution to the East Midlands. This will be a vital step in addressing longstanding socio-economic issues, underinvestment, lower than average productivity, skills gaps and pockets of deprivation, particularly in our cities. In turn, this will enable the Freeport to reinvest the uplift in business rates we generate in projects across the East Midlands in skills, innovation, green growth and connectivity – forecast to be approximately £1bn.

However, to unlock this once in a lifetime opportunity for the region, we have to realise the full potential of each of our three designated tax relief areas and that includes delivering electricity infrastructure to ensure sites can access the power they require and to ensure the success of our planned clean energy projects.

The Government's Freeport Delivery Roadmap (<https://www.gov.uk/guidance/freeports-delivery-roadmap>), published in December 2023, was the result of lengthy consultation between Government, Freeports and our local partners on what needed to be done to drive greater investment and economic growth across the UK. The Roadmap recognised that "wait times for electricity grid connectivity can be a source of delays for the delivery of Freeport sites" and stated that "the government is working closely with Ofgem and network companies to ensure sufficient network capacity and accelerate grid connections...Through reforms to grid connections, government aims to reduce the average delay a viable project faces to connect to the transmission network from 5 years to 6 months with the ambition that the significant majority of projects, including those within Freeports, can connect in line with their realistic project requirements...DESNZ will work with Ofgem on the implementation of its recently announced Regional Energy Strategic Planners to improve local energy planning, including in Freeport areas, and work with Freeports to understand their infrastructure needs and attract investment for projects. DESNZ will also work with the Office for Investment (OfI) to manage a triage process to ensure that the most strategically important projects receive government support to facilitate timely connection times. Finally, DLUHC will make available to Freeports centrally contracted expert advice to support them in engaging energy network stakeholders."

We welcome this consultation, the principles of which build upon the Freeport Delivery Roadmap. We ask that NESO:

- 1) Prioritises connection projects that are investment ready – this includes land rights and planning as described in the connections reform methodology, but should also include investment readiness and project timelines related to policy delivery. For example EMF designated tax sites must be occupied by September 2031 to take advantage of the suite of tax and other benefits available to them and have a pipeline of investors waiting to invest in the region.
- 2) Prioritises connections for sites of strategic importance – the strategic alignment criteria described in the methodology are all relevant, particularly security of supply, reducing network constraints and accommodating innovation, but equally should include other benefits unlocked through projects, including decarbonisation, economic growth and other benefits aligned with the government's missions. Those projects delivering the greatest impact should be prioritised, including those at Freeport sites which can unlock huge economic, social and environmental benefits as set out above.

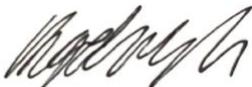
- 3) Engages at a local level, particularly with regard to spatial energy planning – EMF and regional partners are developing Local Area Energy Plans, net zero pathways and have a range of information related to site delivery and associated changing energy requirements over time, including industrial and transport demands. This should be utilised to support any spatial planning and decision making, particularly relating to network investment and project prioritisation.

In addition to this, we also ask for greater collaboration and clarity through the connection process, including the relationship between transmission and distribution network operators. Challenges relating to this have already had a significant impact on EMF site delivery, including delaying and putting at risk tens of millions of pounds of capital investment, including in clean energy and decarbonisation projects such as hydrogen production and electric HGVs. We welcome further engagement with NESO to help us unlock these ongoing issues.

We also welcome the opportunity to use Freeports to test and trial new approaches which are more difficult to immediately deploy on a national scale (linked to the “Freeport Regulatory Engagement Network” which is already underway). Freeports are ready to progress novel approaches to ensure we deploy our grid infrastructure in the most efficient way to enable new connection capacity and strengthen the economic incentives to maximise embedded generation.

We look forward to working closely with NESO to unlock the potential of the East Midlands Freeport.

Yours sincerely,



Katie Greenhalgh
Head of Green Growth and Inclusion
East Midlands Freeport