

Policy Consultation

Connections Reform - Policy Consultation on Required Licence Changes

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Team: Electricity Connections

Email: connections@ofgem.gov.uk

We are consulting on conditions in the Electricity System Operator, Transmission and Distribution licences in relation to the ongoing Connections Reform process, which aims to enable quicker connection for ready-to-connect projects that align with strategic energy system plans and provide a more coordinated and efficient network design for connections. We would like views from stakeholders with an interest in the electricity Connections Process and the ongoing reforms. We particularly welcome responses from connection customers, developers and network companies. We also welcome responses from other stakeholders including members of the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you would like your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

Connections Reform - Policy Consultation on Required Licence Changes

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10 South Colonnade, Canary Wharf, London, E14 4PU.

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Executive Summary

Purpose and scope

The purpose of this document is for Ofgem to consult on the licence changes that would be required to enable the latest proposed Target Model Options (TMO4+) Connections Reform process, were it to be approved. In scope of this consultation is the review of:

- Electricity System Operator (NESO) Licence
- Electricity Transmission Standard and Special Licence Conditions
- Electricity Distribution Special and Standard Licence Conditions
- Electricity Generation Standard Licence Conditions
- Electricity Interconnector Standard Licence Conditions

Proposals

We are proposing to introduce a requirement for the Independent System Operator and Planner (“ISOP”, also known as the National Energy System Operator or “NESO”) to develop and maintain three Connections Methodologies (“Connections Methodologies”), which would set out key aspects of the Connections Process envisaged by the TMO4+ Connections Reform programme.¹ We are also proposing to modify the existing licence conditions relating to the obligation to offer terms to all customers who apply for a connection, in line with the new “Gated” approach contained in the proposed TMO4+ code modifications and the Connections Methodologies and introducing the ability for the NESO to restrict, applications to connect, to defined application windows. We are proposing tracked licence texts for the NESO and the Transmission licence and seeking stakeholder input on both the policy intent of the changes, and on whether the proposed licence text appropriately gives effect to that policy intent. For Distribution licence we are only consulting on the policy intent of proposed licence changes at this stage.

Next steps

This consultation will remain open for over five weeks until 6 January 2025. Feedback will inform Ofgem’s thinking on the TMO4+ reforms generally and the development of the associated licence conditions specifically, ahead of the statutory consultation we intend to undertake early next year, which will be followed by decisions on the licence changes, code modifications, and Connections Methodologies currently consulted on by NESO.²

¹ More information on the TMO4+ proposal can be found on ESO’s website: [PowerPoint Presentation \(nationalgrideso.com\)](https://nationalgrideso.com).

² [Connections Reform and Consultation Documents | National Energy System Operator](#)

1. Introduction

Section summary

This section explains the purpose of this consultation, how it fits within Ofgem’s duties and the wider work on TMO4+ Connections Reform. We also outline next steps following the consultation.

What are we consulting on?

- 1.1 We are inviting stakeholders to input on our proposed new and modified licence conditions, which would be necessary for the implementation of the proposed TMO4+ Connections Reform.³ These amendments to the licences will only be implemented if the proposed TMO4+ Connection Reform is approved. These proposed licence changes will impact key obligations related to the Connections Process, including obligations on timeframes to produce offers, what goes into connection offers and the ability of licensees to restrict applications to time-bound application windows.
- 1.2 We are proposing new licence conditions placing an obligation on the NESO to create three Connections Methodologies, which would set out certain aspects of the Connections Process such as the eligibility criteria for receiving a “Gate 2” connection offer. The NESO would need to formulate and maintain the Connections Methodologies as per the proposed defined governance process.
- 1.3 This consultation is focussed solely on the proposed licence modifications necessary to enable TMO4+, should it be approved. The TMO4+ code modifications and the Connections Methodologies themselves are subject to their own consultations, which present appropriate opportunities to provide feedback specifically on those proposals, as explained below. As part of the Methodologies consultation, NESO is consulting on its approach to implementing strategic alignment between the Connections Process and energy system plans. Together, the results of these consultations, along with the subsequent statutory consultation in relation to licence modifications, will inform Ofgem’s decisions about whether and (if so) in what form the TMO4+ reforms will proceed.
- 1.4 The proposed modifications to the licences are underlined and provided as subsidiary documents in the annexes to this consultation:

³ More information on the TMO4+ proposal can be found on ESO’s website: [PowerPoint Presentation \(nationalgrideso.com\)](https://www.nationalgrideso.com).

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- **Annex A:** Proposed NESO Licence Modifications
 - **Annex B:** Proposed Transmission Standard Licence Modifications

1.5 This is a non-statutory consultation. Ofgem intends to undertake a statutory consultation before the decision is taken on these proposed licence modifications.

Ofgem's duty

1.6 Ofgem's principal duty is 'to protect the interests of existing and future consumers in relation to electricity conveyed by distribution systems or Transmission systems'.⁴ The interests of consumers are taken as a whole, including their interests in the Secretary of State's compliance with the duties in sections of the Climate Change Act 2008 setting out the Net Zero target for 2050 and five-year carbon budgets.

1.7 This principal duty permeates our approach to regulation: it obliges us to evaluate almost any situation or proposed change in the first instance through the lens of consumers, hence the decision to undertake this consultation.

1.8 Ofgem's duties are to current and future consumers, and in making decisions we must take account of the need to contribute to achieving Net Zero Emission targets, along with the responsibility to ensure continuity of energy supply. We also have a growth duty which requires Ofgem to have regard to the desirability of promoting sustainable economic growth. These duties require the maintenance and expansion of networks where needed, as well as ensuring viable projects can connect to the grid without facing significant delays and financial losses.

Background

1.9 In November 2023, Ofgem and DESNZ published a joint Connections Action Plan ("the CAP")⁵ which set a vision for a reformed Connections Process that facilitates viable projects and is aligned with future strategic network build and spatial energy planning. It identified the following key objectives (amongst others):

- connection dates that better meet customers' reasonable needs with the difference between requested and offered dates falling significantly; and
- a pipeline of expected projects and connection dates that is consistent with Net Zero targets and all parts working together (network planning, build and connections) so Net Zero aligned projects can connect when ready.

⁴ [Our powers and duties | Ofgem](#)

⁵ [Ofgem and DESNZ announce joint Connections Action Plan | Ofgem](#), November 2023.

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- 1.10 The CAP identified six groups of key actions, namely: (1) raising entry requirements; (2) removing stalled projects; (3) better utilising existing network capacity; (4) better allocating available network capacity; (5) improving data and processes, and sharpening obligations and incentives; and (6) developing longer term Connections Process models aligned with strategic planning and market reform.
- 1.11 As to (4), the CAP noted the need to 'ensure that existing and future capacity is allocated efficiently to allow timely connection offers, aligned with Net Zero objectives' and recognised that 'the current first come first served approach is not fit for purpose'. The CAP emphasised the desirability of ensuring that 'those ready first, can connect first'.
- 1.12 As to (6), the CAP noted the need to 'ensure that the Connections Process is well integrated with wider arrangements for strategic planning' and to 'ensure a joined up and collaborative approach between the Transmission Acceleration Action Plan, and other network reforms, and the Connections Action Plan.'
- 1.13 In December 2023, following consultation, the NESO (then, ESO⁶) set out its Final Recommendations for Connections Reform. It considered four Target Model Options ("TMOs") and expressed a preference for "TMO4", an earlier variant of the proposals which we are now considering, namely "TMO4+".
- 1.14 On 19 April 2024 the NESO (as the 'Proposer') raised CUSC modification proposals CMP434⁷ and CMP435⁸, following publication of its updated Final Recommendations. The proposals built on TMO4, by recommending the application of the reforms to projects in the existing queue and are therefore referred to as "TMO4+".

⁶ Pursuant to a direction made by the Secretary of State on 12 September 2024 under section 167 of the Energy Act 2023, National Grid Electricity System Operator Limited's (NGESO) existing licence was transitioned to a new Electricity System Operator Licence. As of 1 October 2024, the shareholding in NGESO was transferred to public ownership and the company was renamed National Energy System Operator Limited (NESO).

⁷ [CMP434 Implementing Connections Reform | National Energy System Operator](#)

⁸ [CMP435 Application of Gate 2 Criteria to existing contracted background | National Energy System Operator](#)

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- 1.15 On the same day that the Proposer tabled these two CUSC code modifications, it also tabled two further STC code modifications - CM095⁹ and CM096¹⁰, which aim to facilitate the TMO4+ proposals by way of amendments to the System Operator Transmission Owner Code ("STC").¹¹ Ofgem received a request from the CUSC and STC Panels on 29 April 2024 that all four code modifications be treated as urgent modification proposals, which it agreed to on 1 May 2024.¹²
- 1.16 The code modification proposals were being developed by the NESO and industry parties as members of the code modification workgroup process under an urgent timeline to ensure that the TMO4+ is delivered in a timely manner. Through this process the industry was able to provide input and highlight concerns. In our Open Letter published in May 2024¹³ Ofgem had set out its expectations of the Connection Reform proposal, including requirements for a full assessment of risks and benefits along with a robust plan for implementation. Ofgem also asked stakeholders' view on whether the proposal meets expectation, or further actions are required.
- 1.17 In the months following, the NESO raising the code modification proposal, it became increasingly clear from engagements with the industry, system operators and network operators, that the TMO4+ reforms – as proposed initially – may not have been effective in achieving the impact required. For example, the NESO issued a Request for Information to developers which lasted from 28 May 2024 to 28 June 2024. The results showed that while the proposals as then drafted would likely reduce the size of the queue significantly, there was a risk that the reduction would not be sufficient, and the proposal would be unlikely to deliver a technology mix that aligned with what Great Britain ("GB") is forecast to need to deliver a secure, clean energy system in 2030 or even 2050. In light of this, we

⁹ [CM095 - Implementing Connections Reform | National Energy System Operator](#)

¹⁰ [CM096 Application of Gate 2 Criteria to existing contracted background | National Energy System Operator](#): This has now been withdrawn as confirmed that the code requirements can be sufficiently captured by procedural requirement via a new time-limited STCP.

¹¹ Note, as of 8 November 2024, CM096 has been withdrawn by the Proposer (NESO).

¹² As of 30 October 2024, Ofgem extended the urgency timetables: [Update to decision on urgency timetables of 'CMP434: Implementing Connections Reform' and 'CMP435: Application of Gate 2 Criteria to existing contracted background' | Ofgem](#); and [Update to decision on urgency timetables of 'CM095: Implementing Connections Reform' and 'CM096: Application of Gate 2 Criteria to existing contracted background' | Ofgem](#).

¹³ [Open letter: update on reform to the electricity connections process following proposals from ESO | Ofgem](#)

supported the NESO in developing options for going further and expressed our views in our Open Letter published in September 2024.¹⁴

- 1.18 In October 2024, UK, Scottish and Welsh governments commissioned the NESO to develop the first Strategic Spatial Energy Plan ("SSEP").¹⁵ The SSEP will provide the longer-term pathway for the future energy system.
- 1.19 The new Government's ambition for Clean Power by 2030 has led it to set up a Mission Control Unit to oversee delivery. The Secretary of State and Chris Stark, Head of 2030 Mission Control, commissioned the NESO to provide advice on pathways to deliver a clean power system by 2030.¹⁶
- 1.20 The Government is considering the NESO's advice and will use it to inform its Clean Power 2030 Action Plan by the end of the year. This Action Plan, combined with the ongoing work on TMO4+, provides an opportunity to significantly accelerate alignment of strategic planning and connections, ahead of the first SSEP and an enduring set of strategic spatial energy and network plans. Ofgem's current view is that this is an opportunity that should be taken and that, to achieve this, changes to licence conditions governing how network companies offer connections to the networks will be needed.

Next steps

- 1.21 This consultation will remain open for more than five weeks until 6 January 2025. Feedback will inform Ofgem's thinking on the TMO4+ reforms generally and the development of the associated licence conditions specifically, ahead of the statutory consultation we intend to undertake early next year, which will be followed by Ofgem decisions on the licence changes, code modifications and Connections Methodologies.
- 1.22 In parallel to Ofgem's analysis of the existing licence framework, the NESO has designed the content of the Connections Methodologies and is consulting on them.¹⁷

¹⁴ [Open letter on the reformed regulatory framework on connections | Ofgem](#)

¹⁵ [Strategic Spatial Energy Plan: commission to NESO - GOV.UK](#)

¹⁶ [Clean Power 2030 | National Energy System Operator](#)

¹⁷ [Connections Reform | National Energy System Operator](#)

2. TMO4+ Connections Reform

Section summary

This section describes in detail:

- the TMO4+ package and the proposal for the new Connections Process within;
- how it fits together with the Methodologies, strategic plans and licence changes proposed in this document;
- the key objectives of code modifications CMP434, CMP435 and CM095, as well as the Clean Power 2030 Action Plan;
- the function of the three proposed Connections Methodologies; and
- the links to other ongoing consultation, sequencing and elements of the Connections Reform.

TMO4+ proposal

- 2.1 In the code modification proposals, the NESO state that these have the following three main benefits:
- Quicker connections for projects that have the required readiness and are best positioned to progress to connection;
 - A more coordinated and efficient network design for connections that delivers benefits for network companies, customers and consumers, since allocating capacity more efficiently to projects that are most ready to proceed and studying connection applications in batches should lead to lower overall costs; and
 - A process which helps to efficiently deliver Net Zero. Currently, delayed connections for renewables are hindering progress to deliver Net Zero.
- 2.2 As per the proposals set out in TMO4+, electricity transmission licensees will need to make connection offers under a new Connections Process which includes the following key aspects:
- Application windows with two formal gates, known as “Gate 1” and “Gate 2” that applicants can apply for directly;
 - “Gate 1 offers” (indicative) to new applicants and existing customers are optional and provides three benefits: (i) provide the applicant with an indication of the connection dates being offered for similar projects in the area they have applied to connect; (ii) facilitate the reservation of

connection points and capacity for eligible projects¹⁸ and (iii) inform anticipatory investment in network infrastructure;

- “Gate 2 offers” (with “full” details, similar to current offers) to new applicants and existing customers allocate confirmed connection dates, connection points and queue position to projects that are required to meet and have met the Connections Criteria specified in the Connections Methodologies (ie projects that are ready and aligned with strategic energy plans)¹⁹; and
- New Connections Methodologies which will define what applicants are eligible for what type of connection offer, and how the NESO and Transmission Owners will produce those offers.

2.3 The TMO4+ proposals, subject to approval by the Authority, apply to: (i) generation and demand customers applying for connections at transmission; and (ii) to embedded generation projects connecting at distribution which require transmission reinforcements to be able to connect. They are listed below as:

- application for a new connection site, including a grid supply point if they are triggered by one or more embedded generators;
- new application for a bilateral embedded generation agreement;
- new application for bilateral embedded licence exemptible large generator agreement;
- submission of a confirmation of project progression or requests for a transmissions impact assessment; and
- a modification application.

2.4 The TMO4+ proposals are also applicable to existing connection customers, who will be required to meet the new Connections Criteria to retain a firm offer (unless TMO4+ is not applicable to them as in paragraph above). Failure to meet the criteria will result in their “full” agreements being converted into indicative “Gate 1” offers.

TMO4+ delivery package

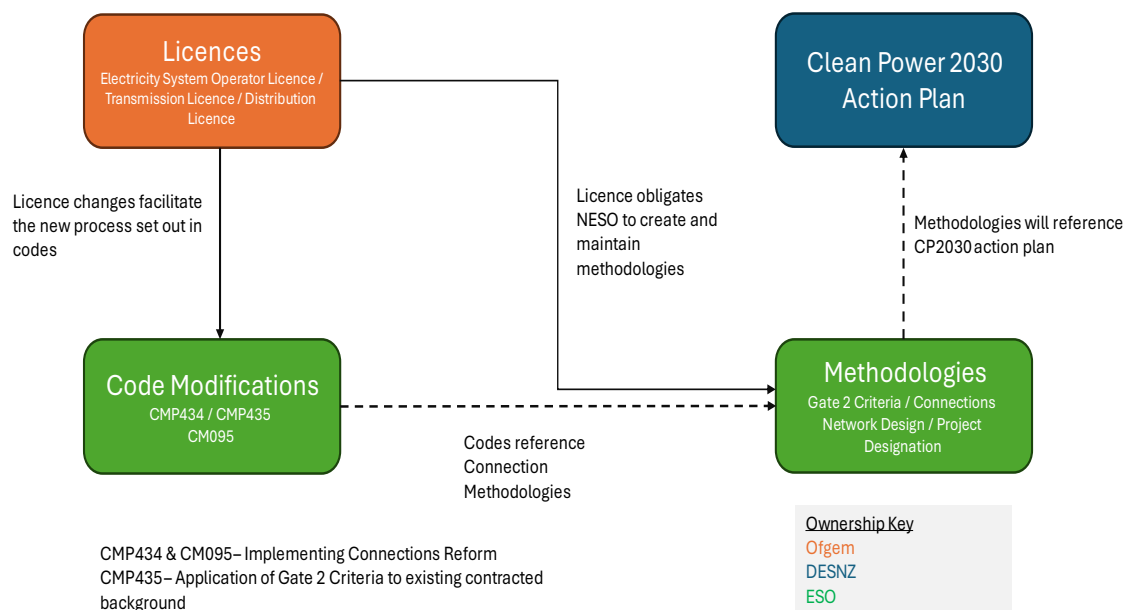
2.5 The proposed licence modifications set out in this consultation are part of a wider proposed TMO4+ reform package which includes proposed modifications to industry codes and introduces the Connections Methodologies. This has been presented in Figure 1 below.

¹⁸ [NESO Connections Network Design Methodology \(CNDM\)](#)

¹⁹ [NESO Gate 2 Criteria Methodology](#)

- 2.6 The proposed changes to the licences will enable the NESO to implement its TMO4+ Connections Process via code modifications and the Connections Methodologies.
- 2.7 The code modifications CMP434, CMP435 and CM095 will set out the new process which the NESO and TOs will follow for handling applications to connect to and use transmission system by generators and directly connected demand Users.²⁰ The Connections Methodologies will set out the type of connections offers that new and existing customers are eligible for, and how the NESO and TOs will produce those offers. The Connections Methodologies will refer to strategic energy plans produced by Government. In their first instance this will be the Government’s Clean Power 2030 Action Plan.
- 2.8 The diagram below shows the key components of the TMO4+ reform package, how they interact with each other, and which organisation is responsible for the creation / modification of that component.

Figure 1. Summary of the proposed regulatory framework underpinning TMO4+



²⁰ “User” is a term utilised to refer to the persons using the National Electricity Transmission System.

Code Modifications

- 2.9 **CMP434** introduces a new "Gated" Process for new connection applications that are defined as gated applications (ie the types of application listed at 2.3 above).
- 2.10 As per the present proposal, once per year customers would be able to apply for a "Gate 1" offer which would give an indicative connection location and date. "Gate 1" is not a mandatory requirement to apply to "Gate 2". Gated applications would be required to evidence they meet the Connections Criteria²¹ to receive an offer at "Gate 2" – that is, a connection offer with confirmed location, connection date, and queue position.
- 2.11 Connections Criteria would be set out in the Connections Criteria Methodology. "Gate 1" and "Gate 2" applications would be processed and offers produced as per the processes specified in Connection Network Design Methodology ("CNDM").
- 2.12 The new gated application and offers are applicable to the types of applications mentioned in paragraph 2.3 above. For any connections offers that are not considered gated applications (eg some Modification Applications²² and embedded demand) NESO should provide an offer as soon as practicable and within three months from receipt of application, as per current CUSC terms.²³
- 2.13 **CMP435** proposes to apply Connections Criteria to existing contracted Users. Under CMP435, those customers would need to provide evidence that they meet Connections Criteria within a specific time. All existing contracted customers that do not meet the Connections Criteria or fail to submit evidence in time would be given an indicative offer through an Agreement to Vary. Users that receive an indicative offer would not have any financial securities or queue management milestones specified in their agreements. Financial securities and queue management milestones would only be inserted if and when the Users receive a confirmed connection offer having met the Connections Criteria.
- 2.14 As proposed within the Connections Network Design Methodology, when the Connections Criteria are applied to the existing queue, existing Users that meet the Connections Criteria will maintain their relative queue position. Simultaneously, Users that are more ready to connect will be able to request

²¹ The terminology used for this in the code modifications is 'Gate 2 Criteria', effectively they have the same meaning.

²² As described in the [CMP434 Workgroup Report](#).

²³ CUSC section 2.13.3.

acceleration. We therefore expect the outcome of the exercise to result in either improved or similar dates for existing Users that receive “Gate 2” offers.

- 2.15 **CM095** is a consequential modification which is making the required changes in the STC required to implement TMO4+.

Clean Power 2030 Action Plan

- 2.16 In August 2024, the Secretary of State for Energy Security and Net Zero and Chris Stark, head of Mission Control for Clean Power 2030, jointly commissioned the NESO to advise the Government on credible pathways to achieving clean power by 2030, including consideration of criteria that could support Connections Reform.
- 2.17 On 5 November, the NESO provided advice to the Government on how a Clean Power energy system could be achieved by 2030, including two main pathways to 2030 and a recommendation to include capacities to 2035 as the basis for connection offers between 2031 and 2035.
- 2.18 The Government is now considering that advice and will use it to inform its Clean Power 2030 Action Plan later in the year. The generation and storage capacity pathways included in the Government’s Action Plan will provide the foundation for strategic alignment and prioritising connection offers.

Connections Methodologies

- 2.19 In order to implement TMO4+ in alignment with strategic planning, we consider that changes to existing licence conditions governing how network companies offer connections to the networks are required. We consider that a move to a more strategic approach to the development of the energy system, starting with the Government’s Clean Power 2030 Action Plan and followed by enduring SSEP, requires changes to licences and new licence conditions to put in place suitable obligations to underpin this reformed regulatory framework for connections. To meet the objectives of strategic plans and drive the coordinated development of the whole energy system the NESO will need to consider additional factors, not strictly related to connection applications and preparation of connection offers.
- 2.20 To support the NESO in taking account of these new additional factors as part of the Connections Process, and subject to the outcome of its ongoing consultation, the NESO has proposed the creation of Connections Methodologies. These would govern the new gated Connections Process, including the ways of assessing project readiness and alignment of the queue with strategic plans. Accordingly,

the use of the Connections Methodologies would allow NESO to have greater control over the Connections Process.

- 2.21 This will require the NESO to design and maintain the following three methodologies to go alongside the amended CUSC and STC:
- the Connections Criteria Methodology;
 - the Connections Network Design Methodology; and
 - the Project Designation Methodology.
- 2.22 We consider it is appropriate for the NESO to have greater control, through appropriate licence modifications, over the Connections Process, facilitating the delivery of the strategic plans openly and transparently, as well as meeting statutory objectives. This approach will allow the NESO to act flexibly and decisively (within the parameters of the new governance framework as set out by the proposed new licence conditions), as opposed to overly prescriptive, and to some extent rigid, obligations contained in industry codes.
- 2.23 We are proposing that each of the Connections Methodologies follows an approval process for their development and amendment as specified in the new proposed licence conditions. In developing the new proposed licence conditions consideration has been given to the appropriate level of engagement and scrutiny needed by industry and the Authority.
- 2.24 We have drafted the new licence conditions governing the Connections Methodologies based on the following key principles:
- 1) each of the Connections Methodologies would have objectives set by Ofgem, which would define their purpose and scope;
 - 2) the NESO and Ofgem would both have the ability to trigger a review and/or amendment of the Connections Methodologies;
 - 3) the NESO would also be required to review the suitability of the Connections Methodologies at least once per year to consider whether changes were needed;
 - 4) the version currently proposed and any future updates to the Connections Methodologies would be consulted on by the NESO for a minimum of 28 calendar days;
 - 5) the version currently proposed and any future updates to the Connections Methodologies would require approval from Ofgem; and
 - 6) the NESO would be required to justify proposed changes to Ofgem by reference to the relevant objectives in the licence, including an assessment of

their impacts and a summary of consultation responses and how the issues raised in those responses had been addressed.

2.25 Our expectation is that the NESO:

- in drafting the Connections Methodologies, will consider its relevant statutory duties and objectives, and the more specific goals of Connections Reform – including achieving a transition to a Net Zero energy system and supporting economic growth; facilitating timely connection to the electricity system; ensuring that ready projects are prioritised in a manner aligned with strategic planning; ensuring security of supply; and being fair, open, and transparent;
- will appropriately engage with the industry throughout the development of the Connections Methodologies, including prior to and after consultation too, in a reasonable manner and as often as possible; and
- will (or has already by the time any new licence obligations as drafted in this consultation are implemented) consult on the draft Methodologies with interested parties for a minimum of 28 calendar days.

Connections Criteria Methodology

2.26 This methodology should be considered same as the NESO's Gate 2 Criteria Methodology. The licence conditions have been drafted on the basis that they sit above the codes and for reasons presented in paragraph 3.2 below, it has been described as the Connections Criteria Methodology because this is what the methodology document needs to achieve. The NESO's Gate 2 Criteria Methodology would be then the product that this licence condition will give force to. This methodology specifies the criteria that relevant applicants and existing customers connecting to, using or impacting on the transmission system (including relevant distribution connections) need to meet to qualify for getting "Gate 2" offers – that is, to receive and maintain a connection offer with a confirmed connection location and date, and a confirmed place in the connections queue. This methodology also sets out the evidence an applicant will be required to submit to receive a "Gate 2" offer and how this evidence is verified.

2.27 As proposed by NESO in its consultation, the Connections Criteria will be including two sets of criteria to the "Readiness Criteria" and the "Strategic Alignment Criteria". The "Readiness Criteria" will ensure that these projects have the land rights and/or have applied for planning permission, these projects would also be required to meet ongoing compliance requirements regarding land and planning.

The “Strategic Alignment Criteria” will ensure that these projects are aligned with the locational and technology pathways in the Clean Power 2030 plan and SSEP, this will not be evidenced by the applicant, but defined and confirmed to the applicant by the NESO. Most generation projects would need to meet both of these criteria before receiving a “Gate 2” offer. Projects designated in accordance with the Project Designation Methodology (see below) would only need to meet the “Readiness Criteria”.

Connections Network Design Methodology (CNDM)

2.28 This methodology contains the process the NESO and network companies will follow to order the connections queue, allocate capacity, assess the enabling infrastructure required to make connections, design a coordinated network and prepare connection offers.

2.29 In particular, it will contain the process on:

- 1) how the queue will be formed and ordered in alignment with the Clean Power 2030 Action Plan when the Connection Criteria (as per CMP435 proposal) are applied to the existing queue;
- 2) how the queue will be ordered and capacity allocated on an enduring basis for new applicants, including how capacity will be allocated or reallocated to meet the capacity pathways in the Clean Power 2030 Action Plan;
- 3) how Users’ requests for advancement will be assessed and acted on for both existing agreements and new applicants;
- 4) how “Gate 1” offers will be produced and the process for reserving capacity for eligible “Gate 1” projects (this includes the process for reserving queue positions to address undersupply against pathways in the Clean Power 2030 Action Plan);
- 5) how the design of the network infrastructure needed to enable connections will interact with the wider strategic energy planning process; and
- 6) how the process will facilitate anticipatory investment and signpost to other relevant documents and processes related to strategic energy planning.

Project Designation Methodology

2.30 This methodology sets out the process by which the NESO will designate projects under the reformed Connections Process, based on the criteria outlined in this methodology. The rationale for this designation process is for the NESO to ensure that projects that are critical to security of supply, provide significant additional

consumer benefits, Net Zero, economic and/or societal benefits are considered and adequately included in the reformed connections queue and prioritised for queue position.

2.31 It is proposed that the projects to be designated must be assessed by the NESO as meeting one or more of the following criteria:

- as critical to security of supply or system operability;
- as materially reducing system/network constraints (and therefore balancing costs on consumers);
- as being innovative / emerging technologies not covered under the Clean Power 2030 Action Plan; and/or
- as having particularly long lead times (ie long design, consenting and construction periods), so are required beyond 2035 but would not be reflected in the Clean Power 2030 Action Plan.

2.32 With respect to the NESO being able to designate projects, our initial response is that this would be a useful and appropriate power for the NESO to have, given its role as energy system operator. We also recognise that there are sound reasons for this power to be exercised through the application of the Connections Methodologies, which would ensure transparency and fairness. We have considered when such a power might be used, and the safeguards that are needed to ensure that a correct balance is struck between the statutory objectives, and the needs and interests of industry participants, which we had explored in our Open Letter in September 2024.²⁴

Ensuring industry is heard

2.33 Prior to Ofgem taking any decision on new licence conditions, the Connections Methodologies and proposed TMO4+ code modifications consultations (including those required by statute and relevant industry codes) will be carried out. We have taken the view that it makes sense for all these proposals to be considered in parallel, so industry can assess the proposed reforms in their entirety and meet the urgent timelines – and so that our final decisions can take account of these views in full.

2.34 Our intention is to reach a final decision on whether and how to proceed with TMO4+ proposals, and the necessary changes to the codes and licences, including approval of the Connections Methodologies, by the end of Quarter 1 of 2025. If

²⁴ [Open letter on the reformed regulatory framework on connections | Ofgem](#)

we decide to implement the relevant modifications to codes and licences (and approve the Connections Methodologies) these are likely to take effect from Quarter 2 of 2025. Our expectation is that, if the changes are approved, the NESO and the network companies will work at pace to ensure that they are in a position to begin issuing improved offers in 2025.

- 2.35 In parallel to Ofgem’s analysis of the existing licence framework, the NESO has designed the content of the Methodologies and is consulting on them. If the proposed package of reforms is ultimately adopted, the Connections Methodologies will then be required to be approved by Ofgem.

3. Proposed Electricity System Operator Licence Conditions

Section summary

In this section, we set out our proposals for amendments to the Electricity System Operator licence conditions including definitions, incorporating the new Connections Process and new obligations relating to the annual application windows. We propose modifications to existing licence obligations around timeframes and requirements relating to offer contents, as well as a section related to ISOP's business conduct and independence.

We also propose new licence conditions in which we describe the objectives and proposed governance processes for the three new Connections Methodologies.

General approach to changes to the Electricity System Operator licence

- 3.1 The new Connections Process set out by TMO4+ requires the relevant new customers to apply during application windows and follow the Gated Process as described in paragraph 2.3, and existing contracted customers are required to meet the Connection Criteria to maintain their "full" offers as in paragraph 2.4. In order to enable implementation of TMO4+, and to ensure the Connections Process aligns with the wider strategic energy and network plans, some amendments to the licence are required. This is because at present, everyone who applies for a connection offer gets the "full" offer and can apply for a connection at any point throughout the year.
- 3.2 The licence modifications proposed in this consultation provide a balance between prescriptive and non-prescriptive approach: they will govern how the licenced parties discharge their obligations with the proposed new Connections Process and intends to drive the right behaviour and outcomes from them. This approach will also help to preserve the ongoing compatibility of the licence and the codes, ensuring, as far as possible, that future changes to the Connections Process at code level do not require corresponding modifications to the licence.
- 3.3 We are seeking respondents' views on proposed changes to the Electricity System Operator Licence, while work on the code modifications necessary to deliver TMO4+ progresses in parallel. The purpose of these licence modifications is therefore to create an overarching regulatory and enforcement framework that confers upon the NESO the powers and obligations necessary to implement the more detailed requirements that will be embedded in the CUSC and STC. In

this consultation, we are proposing to make only those licence modifications that are necessary to facilitate (or remove obstacles to) the efficient implementation of CMP434, CMP435 and CM095.

3.4 The proposed licence amendments would enable the implementation of TMO4+ by requiring (via three new licence conditions) the NESO to develop and maintain, in accordance with certain strategic objectives, the three Connections Methodologies described in more detail from 2.19 to 2.32 above. The NESO will be required to consult on the development of these Connections Methodologies, which would have to be approved by the Authority before they could come into force. Following the approval and introduction of the Connections Methodologies, the NESO will be required to review them at least annually, and to identify any changes that are necessary to ensure that the objectives are met. The Authority will also have power to direct NESO to review the Connections Methodologies, if it feels that the objectives are not being met.

3.5 The Connections Criteria Methodology will specify the Connections Criteria: these are the criteria that the NESO will apply when determining the contents of a connection offer made to new and existing contracted customers. Under the new "gated" application process set out in CMP434 and CMP435, for new and existing applicants:

- who have applied for or having existing "Gate 2" offers and meet the Connections Criteria, as well as any to whom the criteria do not apply as they are not required to go through the "gated" process, will receive "full" offers containing detailed specifications about works, as well as a "firm" connection date; and
- applicants who have applied for "Gate 1" and those who have applied for new or hold existing "Gate 2" offers but do not meet the Connections Criteria will be offered an "indicative" connection date and location.

3.6 This new gated approach to the processing of connection applications necessitates a modification to the condition in the licence (currently E12, but E15 if modified) that requires the NESO to offer terms following an application to connect. This condition has been modified to reflect the fact that there will now be two kinds of agreement, and to enable the NESO to ascertain which type should be offered and hence how much detail goes into the offer, for relevant applicants, by reference to the Connections Criteria Methodology.

3.7 The amended condition E15 will enable the NESO to offer what are referred to in the CUSC Modification Proposals as "Gate 1" agreements and "Gate 2"

agreements. However, while these are the terms which will be used in the proposed CUSC modifications, we have chosen not to define them in the licence, preferring instead, to make only those changes that are necessary to facilitate the implementation of the relevant CUSC modifications while avoiding unnecessary duplication in the licence. We have therefore maintained the definition of "Bilateral Agreement" and "Construction Agreement", which we consider is sufficiently broad to include both "Gate 1" agreements and "Gate 2" agreements. That is, while the NESO will still be required under Condition E15 to offer Bilateral Agreements to all applicants for a connection, it will now be able to determine the content of those agreements by reference to the terms of the Connections Methodologies.

3.8 Applications for connection, which are required to go through the "gated" process as mentioned in paragraph 2.3 above, will now be made during defined periods (or "application windows"). The modified Condition E15 requires the NESO to establish these windows in accordance with the specifications contained in the CUSC.

3.9 To ensure that the process and approach required to implement the modifications to the NESO's licence, as described in paragraphs 3.2 to 3.8 above, we are proposing changes to existing licence conditions and adding new ones which are necessary for the TMO4+ connection reform. The relevant conditions where we will be making the licence modifications are summarised below:

- 1) Licence condition A1: Definitions
- 2) Licence condition B3: Conduct of ISOP Business
- 3) Licence condition C11: Requirements of a Connect and Manage Connection
- 4) Licence condition D4: Provision of information and assistance to the Authority in relation to applications requiring the appointment of an Offshore Transmission Owner
- 5) Licence condition E2: Connection and Use of System Code (CUSC)
- 6) Licence condition E15 (Previously E12): Requirement to offer terms

Proposed new licence conditions:

- 7) Licence condition E12: Connections Criteria Methodology
- 8) Licence condition E13: Connections Network Design Methodology
- 9) Licence condition E14: Project Designation Methodology

Consultation questions – General approach to changes to the Electricity System Operator licence

Question 1: Do you agree that licence changes are necessary to adequately facilitate the policy intent of the reformed Connections Process, if it is approved? Please, provide the reasons for your answers.

Question 2: Do you agree with the approach summarised in paragraphs 3.2 to 3.8? Please provide the reasons for your answer.

Question 3: Do you agree that we have considered all relevant areas of the licence which might need modifications, and that we have proposed changes in relation to all relevant matters? If there are areas we need to consider further, please specify. Also, please specify any matters that we have addressed but which you do not think should be relevant. Please, provide the reasons for your answer.

Section A: Definitions and Interpretation

Condition A1

Rationale for change / Proposal

- 3.10 The modified licence contains several new definitions relevant to the criteria and processes that the NESO will apply when assessing applications for project readiness and adherence to strategic criteria. The new definitions below define the various Connections Methodologies that the NESO would be required to establish and maintain under its new licence conditions. "Connections Methodologies" is an umbrella term for the three methodologies: it means the "Project Designation Methodology", the "Connections Criteria Methodology" and the "Connections Network Design Methodology", each of which is now separately defined. The licence at various points refers to "Connections Criteria" or "Designation Criteria", and definitions of these are included, for the avoidance of doubt, refer back to the methodology documents from which those criteria originate.
- 3.11 As well as definitions of the Connections Methodologies, there are other new definitions which describe different elements of the reformed Connections Process. These are also listed below.

Proposed New Definitions

3.12 **Clean Power 2030 Action Plan** - means the plan for achieving a clean power energy system by 2030 which contains energy generation supply pathways for Great Britain, endorsed by the Secretary of State and published by Government.

Policy intent: The generation supply pathways in the Clean Power 2030 Action Plan provide the basis for the 'strategic alignment' component of the 'Connections Criteria'.

3.13 **Connections Criteria** - means the criteria, as specified in the Connections Criteria Methodology.

Policy intent: This will specify the criteria that relevant applicants, including Users with existing offers to whom the criteria apply, need to meet to receive a "Gate 2" connection offer from the NESO. See further 2.27 above.

3.14 **Connection Criteria Methodology** - means the document issued by the ISOP and approved by the Authority in accordance with condition E12.

Policy intent: This will set out the Connection Criteria, the evidence required to show they have met the criteria, and the process to be used for evaluating this. See further 2.26 above.

3.15 **Connections Methodologies** - means:

- the Connections Criteria Methodology; and/or
- the Connections Network Design Methodology; and/or
- the Project Designation Methodology

as applicable.

Policy intent: This is an umbrella term used to refer to the three new methodology documents.

3.16 **Connections Network Design Methodology** - means the document issued by the ISOP and approved by the Authority in accordance with condition E13.

Policy intent: This will govern how NESO and Transmission Owners determine matters including the indicative connection date and location included in a "Gate 1" offer; the confirmed date and location in a "Gate 2" offer; how (in consequence) the existing connections queue will be ordered; what enabling and wider works are required to facilitate future connections; and other matters set out at 2.28 and 2.29 above.

3.17 **Connections Process** - means the process undertaken by the ISOP, Transmission Owners, Offshore Transmission Owners and Distribution Operators to assess connection applications and provide offers in accordance with the CUSC, STC and Connections Methodologies.

Policy intent: This is the term for the reformed Connections Process, the details of which are covered in the CUSC, STC and the Methodologies. This definition is added for ease of reference to describe a single process that is set out in multiple regulatory documents.

3.18 **Designation Criteria** - means the criteria specified in the Project Designation Methodology.

Policy intent: This will specify a list of criteria, from which the projects should meet one or more to be able to qualify for being designated. See further 2.31 above.

3.19 **Project Designation Methodology** - means the document issued by the ISOP and approved by the Authority in accordance with condition E14.

Policy intent: This will specify the Designation Criteria, evaluation process and how the NESO will follow for identifying specific connections applications that will be given priority in the Connections Process. See further 2.30 above.

Consultation questions – Condition A1

Question 4: Do you agree that the new definitions as set out in paragraphs 3.12 to 3.19 and draft legal text in condition A1, as set out in Annex A, are necessary to and adequately facilitate the policy intent of the reformed Connections Process? Please provide the reasons and any alternative suggestions if you disagree.

Question 5: Do you agree that no changes are required to the existing definitions in condition A1, as set out in Annex A, and that the proposed new changes are enough? Please provide the reasons for your answer and identify any changes you consider to be needed.

Condition B3: Conduct of ISOP Business

B3.2

Existing purpose

3.20 This condition sets out the requirements on the licensee to conduct its business in such a manner that none of the NESO, its affiliates, network operators or any User of the National Electricity Transmission System obtain an unfair commercial advantage, including from a preferential or discriminatory arrangements.

Rationale for change / Proposal

3.21 This paragraph does not include the word 'unduly', so we propose to add further clarification, that as being designated by the ISOP under the Project Designation Methodology does not give an unfair commercial advantage to a project. The process of designation would be an objective one driven by legitimate and fair technical criteria, not resulting in any discriminatory outcomes.

Consultation question – Condition B3

Question 6: Do you agree this clarification in paragraph 3.21 and proposed text in condition B3, as set out in Annex A, is required? Please provide the reasons for your answer.

Condition C11: Requirements of a Connect and Manage Connection

C11.3

Existing purpose

3.22 This condition sets out the requirements on the licensee upon receipt of a Connect and Manage Application, that is an application for connection or modification of an existing connection to the National Electricity Transmission System or Distribution System of a Connect and Manage Applicant, which is dependent upon completion of Enabling Works but not on completion of Wider Works on the National Electricity Transmission System.

Rationale for change / Proposal

3.23 C11.2 requires the licensee to adhere to condition E15 (Requirement to offer terms), which we propose to keep as it is, so that all Connect and Manage applicants should get an offer.

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- 3.24 In paragraph C11.3 the connection date offered will be on completion of the enabling works identified by the Associated Transmission Owner Offer, and this will not be available for "Gate 1" offers. This section requires the licensee to offer terms that specify enabling works. However, this requirement will only apply at "Gate 2" under the new process. In C11.3 we are proposing, for these types of applications, to introduce a requirement that the licensee provides a "full" offer as per the requirements to offer terms condition E15.5, and the licensee to include site-specific details only in respect of applicants who have applied for "Gate 2" and meet the Connections Criteria or are not required to go through the "Gated" process. The details of the enabling works will not be available in the "Gate 1" offers, so the Licensee will therefore only be required to make a "full" Connect and Manage Connection offers if:
- the application is for a non-gated offer; or
 - the application is for a "Gate 2" offer and is subject to, and meets, the Connection Criteria.

Consultation question – Conditions C11

Question 7: Do you agree with the policy intent behind the changes we are proposing that these types of "full" offers will only be made to the "non-gated" applications or "Gate 2" applications? Please provide reasons for your answer.

Question 8: Do you agree that the proposed text in condition C11, as set out in Annex A, gives appropriate effect to the policy intent? Please provide reasons for your answer.

Section E: Industry Codes and charging

Condition E2: Connection and Use of System Code (CUSC)

E2.7

Existing purpose

3.25 This condition describes the Connection and Use of System Code (CUSC). It lists the requirements of the CUSC, its governance process, and the licensee's other obligations in respect of the CUSC.

Rationale for change / Proposal

3.26 Under E2.7, the licensee must only enter into arrangements for connection that are in conformity with any relevant provision of the CUSC. This will include the CUSC as amended by the modifications that are currently being progressed to implement TMO4+, meaning that no changes are required to this provision.

E2.8(b)

Existing purpose

3.27 E2.8(b) requires the CUSC to provide for the licensee, transmission licensees and CUSC Users to enter into site-specific agreements about the connection of CUSC Users' lines or electrical plants to the National Electricity Transmission System.

Rationale for change / Proposal

3.28 However, under TMO4+ (if the proposed CUSC modifications come into effect), site-specific details of the sort required by E2.8 would not be included in all agreements. Instead, such details would only be included in "Gate 2" agreements, or in "full" agreements that are not required to go through the Gated Process, for example some non-significant modification applications and embedded demand or any other applications which are not included in paragraph 2.3.

3.29 We are therefore proposing to modify paragraph E2.8 (b)(i) and (ii) to clarify that the CUSC must provide under the reformed Connections Process for relevant agreements between the CUSC User and the licensee to include site-specific details only in respect of applicants who have applied for "Gate 2" and meet the Connections Criteria or are not required to go through the "Gated" process.

Consultation questions – Condition E2

Question 9: Do you agree with the policy intent behind the changes we are proposing in paragraphs 3.28 and 3.29? Please provide the reasons for your answer.

Question 10: Do you agree that the proposed text in condition E2, as set out in Annex A, gives appropriate effect to the policy intent? Do you think any further changes would be appropriate? Please provide the reasons for your answer.

Condition E12 (New): Connection Criteria Methodology

E12.1 to E12.16

New Proposed Licence Condition E12

- 3.30 This is a new licence condition. It requires the licensee to establish and maintain the 'Connection Criteria Methodology'. This is the document that will contain the "Connections Criteria": the criteria that eligible new and existing applicants using, impacting, or connecting to the transmission system (including relevant applicants connecting at the distribution level) will need to meet to receive a "Gate 2" connection offer with a confirmed connection location, connection date and a place in the connections queue. Existing agreements will also be required to meet the Connections Criteria to receive a "Gate 2" offer, unless they are not required to go through the Gated Process. If they do not meet the criteria they will receive "Gate 1" offers instead.
- 3.31 E12.1 sets out the purpose of the new condition. It is to:
- define the set of objectives of the Connection Criteria Methodology;
 - require the licensee to ensure that the Connections Criteria Methodology furthers those objectives;
 - require the licensee to regularly review and update the Connection Criteria Methodology;
 - establish robust governance and oversight frameworks (including Authority approval) for the creation and ongoing review of the Methodology; and
 - require the licensee to publish the methodology.
- 3.32 E12.2(a) sets out that the Connections Criteria will be used to determine what is the content of an offer for the relevant application for connection. E12.2(b)

contains the objectives that the Connections Criteria Methodology will be required to promote. We are proposing that the Methodology must:

- be clear, transparent, and objective;
- enable a Net Zero energy system;
- take into consideration strategic energy plans, including the Clean Power 2030 plan and subsequently the SSEP;
- take into consideration the readiness of applicants to connect; and
- maintain security of supply.

3.33 In addition to meeting the relevant objectives above, in paragraph E12.3 we are proposing that the Connections Criteria Methodology must set out:

- the Connections Criteria;
- evidence which an applicant for a connection must provide to the ISOP to demonstrate they have met the Connections Criteria; and
- the process that the licensee will follow to verify the evidence submitted by applicants and confirm the applicant has met the Connections Criteria.

3.34 In paragraphs E12.4 to E12.16, we define the governance process that the NESO should follow to create and maintain the Connections Criteria Methodology, this includes:

- having the methodology that has been approved by the Authority in force at all times;
- review the methodology at least once annually and submit a statement to the Authority if an update is required;
- the Authority can also instruct the NESO to update the methodology;
- the consultation process and approval process that the NESO and the Authority have to follow, including exception for the first publication as the NESO would have already consulted on the methodologies before the proposed licence changes are implemented; and
- requirements around publishing the methodology.

Consultation questions – Condition E12

Question 11: Do you agree with the proposal for the Licensee to create and maintain the Connections Criteria Methodology as in paragraphs 3.30 to 3.34? Please provide the reasons for your answer.

Question 12: Do you agree with the objectives and scope of the Connection Criteria Methodology as in paragraphs 3.32 and 3.33, respectively? Please provide the reasons for your answer.

Question 13: Do you agree that the proposed text in new condition E12, as set out in Annex A, provides the right level of governance and industry engagement to ensure that the Connections Criteria Methodology is developed and modified in a robust manner? Please provide the reasons for your answer.

Condition E13 (New): Connection Network Design Methodology

E13.1 to E13.16

New Proposed Licence Condition E13

3.35 This is a new licence condition. It will require the licensee to establish and maintain the 'Connection Network Design Methodology'. This is the document that will specify the process that the licensee (and Transmission Owners) must follow when it makes connection offers, orders the queue, and identifies relevant enabling and wider works. It will define the process by which NESO will assess connection applications, and it sets out:

- the relevant type of date and location for "Gate 1" and "Gate 2" offers;
- the reserved connection date and connection point for "Gate 1" offer for eligible projects;
- proposals for anticipatory investments;
- how queue is revised for CMP435, assessing how existing projects will be advanced, and how capacity will be reallocated; and
- describe how connection design process will have strategic alignment.

3.36 E13.1 sets out the purpose of the new condition, which is to:

- define objectives of the Connection Network Design Methodology;
- require the licensee to produce and update the Connection Network Design Methodology;

-
- establish robust governance and oversight frameworks (including Authority approval) for the creation, modification and ongoing review of the Methodology; and,
 - require the licensee to publish the methodology.

3.37 In paragraph E13.2, we set out the requirement which the NESO should meet while producing the Connections Network Design Methodology before they submit this to the Authority for approval. This should set out the processes that the relevant parties will follow:

- while preparing offer, we have kept this broad in the licence by not being more specific about the scope, but the purpose is that it will determine the queue order, study applications and assess the infrastructure required to enable/prepare offers to enter into a "Gate 2" agreement;
- while assessing how projects interact with network planning, strategic energy plans and identify opportunities for anticipatory investments;
- when re-assessing agreements following advancement requests or terminations of other agreements; and
- when acting on CMP435, which is looking at existing contracts in the first window of the "Gated" process and assessing if they get a "Gate 2" offer or need to be provided with "Gate 1" offers.

3.38 The objectives of the Connections Network Design Methodology are in E13.3. We are proposing that the Methodology must:

- 1) be clear, transparent and objective;
- 2) enable a Net Zero energy system;
- 3) facilitate an economic, consistent, efficient, sustainable and coordinated network;
- 4) facilitate appropriate anticipatory investment;
- 5) take into consideration the readiness of applicants to connect;
- 6) ensure safety and security of supply; and
- 7) align with the obligations of the NESO in the Electricity Act 1989, licence, CUSC and STC.

3.39 In paragraphs E13.4 to E13.16 we define the governance process that the NESO should follow to create and maintain the Connections Network Design Methodology. This is aligned with the governance process as described in the paragraph 2.24 above.

Consultation questions – Condition E13

Question 14: Do you agree with the objectives of the Connections Network Design Methodology as in paragraph 3.38? Please provide the reasons for your answer.

Question 15: Do you agree with the scope of the Connections Network Design Methodology as set out in paragraph 3.35 and 3.37 is aligned with the TMO4+ connection reform process? Please provide the reasons for your answer.

Question 16: We have kept the licence change broad for 'preparing offers' as in paragraph 3.37. Should we be more specific with the scope to include further description in the licence that it will determine the queue order, study applications and assess the infrastructure required to enable/prepare offers to enter into a "Gate 2" agreement? Please provide the reasons for your answer.

Question 17: Do you agree that the proposed legal text in conditions E13, as per Annex A, and in this section provides the right level of governance and industry engagement to ensure that the Connections Network Design Methodology is developed and modified in a robust manner? Please provide the reasons for your answer.

Condition E14 (New): Project Designation Methodology

E14.1 to E14.20

New Proposed Licence Condition E14

3.40 This is a new licence condition. It requires the licensee to establish and maintain the new Project Designation Methodology. This is the document that will contain the Designation Criteria: the criteria that the NESO will apply to identify and designate strategically important projects with potential system-wide or security of supply implications. Projects that meet the Designation Criteria can be considered by the NESO to be included in the reformed connections queue, be prioritised for a "Gate 2" assessment process, and post "Gate 2" being accelerated (should another project exit and the capacity can be reallocated). As well as setting out the Designation Criteria, the Project Designation Methodology will set out the process that the NESO must follow when applying the criteria and selecting projects for designation.

3.41 The new condition E14.1 sets out the purpose of the new condition. It is to:

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- define the purpose and set of objectives of the Project Designation Methodology;
 - require the licensee to produce and update the Project Designation Methodology;
 - define the approval process for initial development and further modification of the Project Designation Methodology; and
 - require the licensee to publish this methodology.

3.42 Under the new paragraphs E14.2 and E14.3, the licensee will only be able to designate a project in certain circumstances as set out in the CUSC and Connections Methodologies. We are proposing that the Designation Criteria will apply only to projects that meet one or more of the following:

- are critical to Security of Supply;
- are critical to System Operation;
- materially reduce system and/or network constraints;
- utilise new technologies and/or are highly innovative, that are not included within the scope of the pathways in the Government's Clean Power 2030 Action Plan; and
- have very long lead times (ie long design, consenting and construction periods) that may be needed beyond the pathways and capacities contain in the Clean Power 2030 Action Plan.

3.43 In paragraphs E14.4 and E14.5, we are proposing the governance process the NESO has to follow while designating projects. This includes the requirement for the NESO to consult on their minded-to decisions to designate projects, clearly setting out the rationale for designating a project and its impact. After the consultation, the NESO will be required to:

- post a public notice on NESO's website that it has designated a project (after or in-lieu of consultation); and
- publish an impact assessment of its decisions on NESO's website, demonstrating the benefit to the system and consumers with reference to the relevant Designation Criteria.

When the NESO designates a project for connection, it will then be required to submit this decision to the Authority for approval.

3.44 The overall purpose of the Project Designation Methodology is articulated in paragraph E14.7. We are proposing that the Methodology must set out:

-
- the Designation Criteria;
 - the information and evidence the NESO will require when assessing for designations;
 - the process it will follow while making this assessment; and
 - the process the NESO will follow to verify the evidence.

3.45 The objectives of the Project Designation Methodology are in proposed in paragraph E14.8. We are proposing that the Methodology must:

- 1) be clear, transparent, and objective;
- 2) effectively assess applications from applicants and CUSC Users against the Designation Criteria;
- 3) maintain security of supply;
- 4) consider the impact on consumers;
- 5) enable innovation and facilitates competition in electricity markets; and
- 6) take into consideration strategic energy plans, including the Clean Power 2030 Action Plan and subsequently the SSEP.

3.46 From paragraphs E14.9 to E14.20, we define the governance process that the NESO should follow to create and maintain the Project Designation Methodology. This is aligned with the governance process as described in the paragraphs 2.24 and 3.43 above.

Consultation questions – Condition E14

Question 18: Do you believe the NESO should be able to designate projects for prioritisation in the circumstances as specified in paragraph 3.42? Please provide the reasons for your answer.

Question 19: Do you agree that the NESO should only be able to designate projects after a period of consultation as in paragraph 3.43, for existing agreements also in the first application window? If not, please explain your reasoning, along with alternative suggestions if appropriate.

Question 20: Do you agree that the proposed legal text in condition E14, as set out in Annex A, provide the right level of governance and industry engagement to ensure that the Project Designation Methodology is developed and modified in a robust manner? Please provide the reasons for your answer.

Condition E15: Requirement to offer terms

E15.3

New Proposed Paragraph

3.47 We also propose including a new condition E15.3, affirming the requirement to offer a Bilateral Agreement/and or a Construction Agreement to all applicants who are applying for new connections or modifying an existing connection, while clarifying that these will be issued in accordance with the reformed Connections Process and the Connections Methodologies. In this way, the NESO will apply the relevant criteria to applications in accordance with the modified CUSC so as to determine whether to make "Gate 1" or "Gate 2" offers, while continuing to guarantee all applicants the right to a Bilateral Agreement. We are adding this as an umbrella statement to ensure the NESO is obligated to provide a connection offer to any party that makes an application for connection in accordance with the new Connections Process as defined in the CUSC and the Connections Methodologies.

E15.4

Existing purpose

3.48 This paragraph is to ensure that for the applicants who are applying for new connections or modifying an existing connection, the NESO is required by the STC to notify other STC parties, following what is prescribed in the STC for making an offer for connection or modification to an existing connection. The NESO should work in cooperation and coordination with the other STC parties.

Rationale for change / Proposal

3.49 As the new Connections Process will be covering the details of what these processes of making an offer should entail in the Connections Network Design Methodology, we are proposing that in addition to being in accordance with STC this process should also follow and align with the Connections Network Design Methodology.

E15.5

Existing purpose

3.50 The NESO is currently required to offer a connection agreement to all applicants who apply for one. Under E15.5, this agreement is required to contain certain detailed specifications. These specifications relate to, among other things, the carrying out of works, confirmed date of connection and a confirmed connection location.

Rationale for change / Proposal

3.51 If the proposed TMO4+ modifications are made to the CUSC, there will be changes to the way that connection offers are made and what goes into these offers. Under the reformed process, the NESO will only be required to offer a "full" or "Gate 2" agreement of the sort described in E15.5 (ie a detailed agreement containing specifications related to works and confirmed connection date and location) to applicants who:

- have requested the "Gate 2" offer, and are required to meet and have met the Connections Criteria; or
- have requested the "full" offer, and don't have go through the "Gated" process.

3.52 We have therefore amended E15.5 to clarify for which applications the NESO is required to enter into a "full" agreement.

E15.6

Proposal for New Paragraph

3.53 As well as amending E15.5, we have included a new condition E15.6. This relates to the NESO's obligations in respect of applicants who have applied for a "Gate 2" offer, but have not met the Connections Criteria. The NESO will still be required to enter into a Bilateral Agreement with these applicants, but the new condition stipulates that the content of this agreement will differ from the requirements of an agreement entered into under E15.5. Under E15.6, instead of a "full" agreement with site-specific details, an applicant whose application does not meet the Connections Criteria will be offered an agreement with an indicative connection date and point of connection, as well as any other appropriate terms. As explained above, this is what is referred to elsewhere as a "Gate 1" agreement.

3.54 There is another new condition that offers the same type on contract as mentioned in paragraph 3.52 above, but these are provided for applicants who have applied for “Gate 1” offers and do not require the “full” agreement.

E15.7

Proposal for New Paragraph

3.55 We have also included a new condition E15.7, relating to the NESO’s obligations in respect of applicants who have applied for a “Gate 1” offer. The NESO will still be required to enter into a Bilateral Agreement with these applicants, but the new condition stipulates that the content of this agreement will differ from the requirements of an agreement entered into under E15.5 and same as for E15.6. Instead of a “full” agreement with site-specific details, they will be offered an agreement with an indicative connection date and point of connection, as well as any other appropriate terms.

E15.9

Proposal for New Paragraph

3.56 Under TMO4+, applications will be made in defined periods, or “application windows”. We have therefore proposed the new condition E15.9, which requires the NESO to establish application periods, and that they be of the nature and length specified in the CUSC, where not superseded in the licence. The NESO needs to open the window at least once a year and more frequently if and when required. The duration of these should be not less than 2 weeks and not more than 4 weeks. The NESO is required to provide the prospective customers with at least 3 months of notice of an upcoming application window, to ensure sufficient time is provided to the prospective applicants for them to prepare and do all the pre-application checks and engagements. If any changes to notice and duration of the “application window” is required by the NESO, from the obligations in this paragraph, it will be subject to agreement with the Authority in advance. For example, such as for the first window or when strategic plans come out every 3 years.

E15.14

Existing purpose

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- 3.57 The licensee is obligated to provide offers to applicants within certain timeframes. These timeframes are specified here. Presently it specifies that:
- for use of system the CUSC framework agreement should be provided in 28 days;
 - for connection the agreements should be provided in three months; and,
 - in any other case within 28 days.

Rationale for change / Proposal

- 3.58 We are changing the clause E15.14(b) to clarify that for all the applications which don't have to go through the "Gated" process, the NESO will be required to offer terms within 3 months of the application being made.
- 3.59 We are proposing to add a new clause E15.14(c). This clause will apply to applications made during an "application window" for "Gate 1" and "Gate 2" agreements. For these applications, the NESO will be required to offer terms within 6 months of the window closing. This is subject to agreement with the Authority that the timing can be extended, for example for the first window as the NESO would need to apply changes to the whole queue and when successive strategic plans come into place, which may also force the NESO to need more time to process applications and provide offers.
- 3.60 There are a few alternative options that are being considered regarding what the timeframe for clause E15.14(c) could be, as follows:
- NESO have full discretion and will outline in a "Gated Timetable", which is the timetable for each "Gated" application window and offer defined in the CUSC or CNDM;
 - for enduring window timescales (6/7.5) months, with specific clauses for first window, "Gate 2" to whole queue and strategic energy plans; and,
 - more lenient timescales in the licence that would be sufficient in all cases, giving the NESO a wider discretion on when to make offers following the closure of an application window.

Consultation questions – Condition E15

Question 21: Do you agree with the requirements that an application window as in paragraph 3.56 is practical and sufficient? Please provide the reasons for your answer. What is the right maximum and/or minimum period for how long an application window should be open? Is the minimum requirement of there being at least one application window every year sufficient? Please provide the reasons for your answer.

Question 22: Do you agree that 6 months as mentioned in paragraph 3.59 to provide an offer once the application window closes is adequate? Do you agree with our proposed option regarding timing for the NESO to make offers, or do you prefer any of the alternative options set out in paragraph 3.60? Are there any other options we should be considering? Please provide the reasons for your answer and suggest alternative.

Question 23: Do you agree with our proposed approach of specifying which type of applications get which type of offers as in paragraphs 3.52 to 3.55? Does this cover all type of applications? Please provide the reason for your answer and mention if any type of applications is not captured in here.

Question 24: Do you agree that the proposed legal text in condition E15, as set out in Annex A, meets the policy intent above? Please provide the reasons for your answer.

4. Proposed Electricity Transmission Standard Licence Conditions

Section summary

In this section, we describe our proposals for modifying licence obligations relating to requirements on Transmission Owners to provide offers and issue Transmission Owner Construction Offers (“TOCOs”), and requirements relating to Enabling Works and Connect and Manage applications.

We also propose new obligations on Transmission Owners and Offshore Transmission Owners to comply with the Connections Network Design Methodology and support the NESO in the development and maintenance of this methodology.

General approach to modification of the Electricity Transmission Standard Licence Conditions

- 4.1 As noted above in relation to the Electricity System Operator licence, we are seeking respondents’ views on proposed changes to the Electricity Transmission Standard Licence Conditions, while work on the code modifications necessary to deliver TMO4+ progresses in parallel. We have taken the same approach to proposed modifications to the Transmission Licence as for the System Operator Licence: the objective of the modifications proposed below is to align the regulatory and enforcement framework for Transmission Owners and Offshore Transmission Owners with the potential industry code changes that are underway to implement TMO4+. We are therefore proposing to make only those licence modifications that are strictly necessary to facilitate (or remove obstacles to) the efficient implementation of CMP434, CMP435 and CM095.
- 4.2 The proposed licence modifications will require new definitions under section D of the licence. These will be the same definitions that have been included in the System Operator Licence. The proposed licence modifications will also affect requirements to offer terms for Transmission Owners and Offshore Transmission Owners, so as to reflect the new requirements of TOCOs for connections applications that follow the new reformed process, as well as applications that are outside the scope of TMO4+. The licence modifications will also include the appropriate changes to ensure that the requirements for connect and manage applications are aligned with the reformed Connections Process.
- 4.3 Lastly, we are including new obligations for Transmission Owners and Offshore Transmission Owners to comply with the Connections Network Design Methodology and support the NESO in the development and maintenance of this

methodology. This would also require the licensee to provide information to the NESO, as the NESO deems appropriate, in order to have a methodology that is kept updated and in force at all times.

Consultation questions – General approach to changes to the Electricity Transmission Standard Licence Conditions

Question 25: Do you agree with our approach mentioned above in paragraphs 4.1 to 4.3? Please provide the reasons for your answer.

Question 26: Do you agree that we have considered all the areas of the licence which might need modifications? Please provide the reasons for your answer and specify if you think we have missed some areas.

Section D: Transmission Owner Standard Conditions

Condition D1: Interpretation of Section D

Proposed New definitions

Rationale for change / Proposal

4.4 We are proposing to add new definitions to the Transmission Licence to ensure that the interpretation section reflects the new concepts and processes that will be introduced under TMO4+ (if it proceeds following the relevant consultations). The purpose of these proposed modifications is to align the relevant definitions in the Transmission Licence with the definitional changes that we are proposing to make to the System Operator Licence. The new definitions in this section, which relate in most cases to the Connections Methodologies that will be developed and maintained by the ISOP, are therefore the same ones added to the System Operator licence and described above from paragraphs 3.13 to 3.19, with the exception of the definition “Clean Power 2030 Action Plan”, which would not be proposed in this licence because is not relevant to the changes we are proposing.

Consultation questions – Condition D1

Question 27: Do you think any other modifications to definitions are required for the transmission licence in addition to the ones proposed for the System Operator Licence in paragraphs 3.12 to 3.19? Please provide a reason for your answer

Question 28: Do you agree that the proposed text in SLC D1, as set out in Annex B, meets the policy intent? Please provide a reason for your answer.

Question 29: Would you suggest any changes to the new and existing definitions in SLC D1 that are pertinent to Connections Reform? Please provide a reason for your answer.

Condition D4A: Obligations in relation to offers for connection etc. (Transmission Owners)

D4A.1 - requirements to offer to enter into agreement with the ISOP and provisions for that offer

Existing purpose

4.5 D4A is the condition that governs the relationship between the ISOP and Transmission Licensees following the receipt of an application to connect or to modify an existing connection.

Rationale for change / Proposal

4.6 If TMO4+ is approved under CUSC and STC terms, it will allow the ISOP to provide connection offers that contain different elements, depending on the type of agreement requested, and whether or not an applicant meets, or is required to meet, the Connections Criteria. The decision about whether applicants meet the Connection Criteria will in most cases be made by the NESO after assessing the evidence submitted by applicants. However, in the case of embedded generation that impacts the Transmission network, DNOs and/or IDNOs may be responsible for making this decision and communicating it to the NESO and their customers.

4.7 If TMO4+ is approved, the obligations of Transmission Licensees will vary according to the nature of the offer that is made to the applicant by the ISOP. Existing transmission licence conditions, which only specify one type of offer, will therefore need to be modified to reflect a reformed Connections Process that will, if approved, accommodate two different types of offers, and to delineate the licensee's different obligations in respect of each one. We are therefore proposing to modify condition D4A, to ensure that it adequately facilitates the

new Connections Process, and aligns with the relevant provisions of the amended System Operator Licence, specifically condition E15 (Requirement to Offer Terms).

- 4.8 D4A.1 creates an obligation for the licensee to offer to enter into an agreement with the ISOP, and establishes the provisions that this agreement should include. This condition will apply to applications for a "full", or "Gate 2", connection offer: that is, an offer containing the site-specific details listed in E15.5 (a) – (g) of the System Operator Licence. Our proposed modifications would clarify that this condition applies to the following applications:
- applications made under E15.5 that have requested for a "Gate 2" offer, and do meet the Connections Criteria (ie to applications that meet the criteria for a "Gate 2" Offer); and
 - connections applications made under E15.5 that are not required to meet the Connections Criteria (this would apply to the relatively limited class of connection applications that are outside the scope of TMO4+, and therefore do not need to meet the Connections Criteria in order to qualify for a "full" Offer).
- 4.9 When notified by the ISOP that it has received one of the applications described above, the licensee will be obliged to enter into the kind of agreement (specifying site-specific details relating to works and costs) that it is currently obliged to enter into in respect of all applications for connection made under E12 (Requirement to Offer Terms). Going forward, if the proposed changes are implemented, the obligation will now be confined only to those applications in respect of which there is or will be a "Gate 2" or "full" connection offer. The licensee's obligations in respect of applications that are not deemed by the ISOP to have met the Connections Criteria are explained in the new paragraph D4A.2 (see below).
- 4.10 Finally, we propose language to D4A.1 to clarify that offers must be produced by the licensee in accordance with the Connections Network Design Methodology, as this is the document that would establish the process for determining some of the essential elements contained in the offer, including but not limited to works required (if any), their cost and completion date.

The detailed text suggested for these proposed modifications is available in Annex B.

Consultation questions – Condition DA4.1

Question 30: Do you agree with the policy intent and the rationale described in the paragraphs 4.6 to 4.10, in respect of the changes to SLC D4A.1? Please provide a reason for your answer.

Question 31: Do you agree with the proposed changes to the text of SLC D4A.1, as set out in Annex B? If you disagree or partially agree, please provide a reason for your answer.

D4A.2 - New proposed Paragraph 2 – requirements to offer terms requirements to offer to enter into agreement with the ISOP and provisions for that offer

Rationale for change / Proposal

- 4.11 We are proposing to add a new paragraph D4A.2. This would set out the requirements for transmission offers in respect of connection applications that are required to, but do not, meet the Connections Criteria for a “Gate 2” connection offer (ie one containing the details set out in E15.5 of the System Operator Licence). This new paragraph would also cover the licensee’s obligations in respect of applications that are made in accordance with E15.7 of the System Operator Licence (ie applications for a “Gate 1” agreement that contains “indicative” details about the connection).
- 4.12 This change is needed to reflect the fact that under TMO4+, if the ISOP receives an application from an applicant that does not meet the Connections Criteria (ie when it issues a “Gate 1” offer), the corresponding agreement between it and the Transmission Owner will contain fewer site-specific details and include an indicative, as opposed to a firm connection date. The “indicative” nature of the agreement between the System Operator and the applicant will then need to be reflected in the ensuing agreement between the System Operator and the Transmission Owner. We are therefore including the new D4A.2 wording to mirror the equivalent provisions in the amended System Operator Licence, and to clarify Transmission licensees’ responsibilities in relation to these new “indicative” offers. There is discrepancy between the proposed licence changes and the TMO4+ code modification proposals under STC terms, where it is proposed that Transmission Owners would not be involved in the “Gate 1”

process, except for their indirect involvement where the NESO plans reservation for specific projects²⁵, as this can help in better planning of the network.

- 4.13 As with D4A1 above, we are also including wording in D4A.2 to clarify that offers made by licensees under this condition will need to be developed in accordance with the Connections Network Design Methodology, as this document would establish the process for determining some of the essential elements of the offer, including but not limited to an assessment of date and point of connection.

The detailed text suggested for these proposed modifications is available in Annex B.

Consultation questions – Condition DA4.2 (New condition)

Question 32: Do you agree with the policy intent and the rationale for the proposed changes described in the paragraphs 4.11 to 4.13, in respect of the changes to SLC D4A.2? Please provide a reason for your answer.

Question 33: Do you agree that the proposed changes to the text of the new paragraph 2 of SLC D4A, as set out in Annex B, effectively facilitate the policy intent? Please provide a reason for your answer.

D4A.2, D4A.3, D4A.4, D4A.5- Proposed paragraphs 3, 4, 5 and 6 (formerly paragraphs 2, 3, 4 and 5)

Existing purpose

- 4.14 D4A.2 of the current licence requires the licensee to offer terms in accordance with D4A.1 as soon as practicable.
- 4.15 D4A.3 and D4A.4 of the current licence require the licensee to offer to enter into an agreement with the ISOP, and they also list the exemptions from obligations to offer to enter into an agreement pursuant to that condition.
- 4.16 D4A.5 of the current licence requires the licensee to provide a non-confidential report to the ISOP in relation to all connections agreements the licensee has offered to enter into with the ISOP within a period of six months.

D4A.3, D4A.4, D4A.5, D4A.6

Rationale for change / Proposal

²⁵ [CM095 Work Group Report](#).

4.17 Because we are proposing to add new provisions under paragraph 2 of D4A, we are also proposing to amend the number of paragraphs that followed the current licence (paragraphs 2, 3, 4 and 5), by moving their number by one, so that they become respectively paragraphs 3, 4, 5 and 6. Considering the provisions for each respective paragraph, we are also proposing the following changes:

- D4.3 (formerly D4A.2). We propose amending it to clarify that the requirement applies to terms offered under both the new D4A.2 and D4A.1 (that is, to both “indicative” and “firm” agreements offered by the ISOP to a CUSC User). This is to ensure that the licensee offers terms in a reasonable timeframe for both type of offers. Though the clarification noted in paragraph 4.12 above, in relation to the Transmission Owners involvement in the “Gate 1” process, applies in this case.
- At D4A.4 (formerly D4A.3), we propose to change the reference to existing conditions in order to make sure that they match the order and numbering of licence conditions as originally intended.
- D4A.6 (formerly D4A.5). We propose to maintain this clause as is, so that the non-confidential report provided under this section will only include information about “full” agreements: agreements that have either met, or are not required to meet, the Connections Criteria.

The detailed text suggested for these proposed modifications is available in Annex B.

Consultation questions – Conditions D4A.3, D4A.4, D4A.5 and D4A.6 (formerly D4A.2, D4A.3, D4A.4 and D4A.5)

Question 34: Do you agree with the policy intent described in paragraph 4.17, in respect of the changes suggested in paragraphs 2, 3, 4 and 5, now amended to become paragraph 3, 4, 5 and 6, of SLC D4A? Please provide a reason for your answer.

Question 35: Do you agree that the proposed changes to the text of the amended paragraph 3, 4, 5 and 6 of SLC D4A, as set out in Annex B, effectively facilitate the policy intent? Please provide a reason for your answer.

Condition D16: Requirements of a connect and manage connection

Paragraphs 1, 3 and 5 – completion of enabling works and a Connect and Manage applicant’s expectation of a connection date

D16.1

Existing purpose

- 4.18 Condition D16 contains licensees' obligations in respect of Connect and Manage offers. D16.1 requires the licensee to comply with condition D4A.

Rationale for change / Proposal

- 4.19 If modifications to section 17 of the CUSC and section D of STC are approved, this requirement would apply only to connection applications that meet the Connections Criteria. The existing provisions in D16.1 do not recognise this difference, and we are proposing changes to make it clear which applications this condition applies to.

D16.3

Existing purpose

- 4.20 D16.3 requires the licensee to use all reasonable endeavours to complete enabling works in a timescale that meets the Connect and Manage applicant's reasonable expectation for a connection date.

Rationale for change / Proposal

- 4.21 If section 17 of the CUSC and the modified section D of the STC are approved, the obligations in this paragraph will have to be modified to align with a) the new timelines proposed in the reformed Connections Process and b) the requirements provided in the Connections Network Design Methodology. We are therefore proposing to modify this section to clarify that the licensee is required to complete enabling works according to a timeline that is consistent with the requirements of the Connections Process, and in particular, with the Connections Network Design Methodology.

D16.5

Existing purpose

- 4.22 D16.5 requires the licensee to cooperate with the ISOP and other STC parties to facilitate the ISOP's obligation to make offers to Connect and Manage transferees within the specified timescale so that their terms are consistent with a Connect and Manage offer.

Rationale for change / Proposal

4.23 As with D16.3 above, if modifications to section 17 of the CUSC and section D of STC are approved, the obligations in this paragraph will need to be modified so that they align with the new timelines proposed in the reformed Connections Process. We are therefore amending this clause to require that the licensees cooperate with the ISOP to facilitate the making of offers to Connect and Manage transferees according to a timeline that is consistent with the requirements of the amended STC and the Connections Process.

The detailed text suggested for these proposed modifications is available in Annex B.

Consultation questions – Condition D16

Question 36: Do you agree with the policy intent and the rationale in respect of the proposed changes to SLC D16 as described in paragraphs 4.19 to 4.23? Please provide a reason for your answer.

Question 37: Do you agree that the proposed changes to the text of SLC D16, as set out in Annex B, effectively facilitate the policy intent? Please provide a reason for your answer.

Condition D18 (New): Requirements to comply with connection network design methodology for Use of System and connection (Transmission Owners)

D18

Rationale for change / Proposal

4.24 If the relevant modifications to the CUSC and STC are approved, the Connections Network Design Methodology will be introduced and the requirements relating to its development and ongoing governance will be included in the Electricity System Operator Licence. In order to effectively administer the methodology in accordance with the relevant objectives, the ISOP will depend on the cooperation of transmission licensees. To ensure that this cooperation is forthcoming, and to allow the ISOP to access all of the information that is required for the efficient administration and governance of the new methodology, we are planning to introduce a condition into the Transmission Licence that creates a positive obligation for licence holders to cooperate with the ISOP in the administration, and to comply with the requirements of, the CNDM.

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- 4.25 This new condition, D18, will establish two new core obligations for Transmission Owners. They are at D18.1, to comply with the CNDM and cooperate with the ISOP in the production and ongoing maintenance of the CNDM, and at D18.2, to provide the ISOP with such information as might be necessary for that purpose.
- 4.26 We believe that these changes will enhance cooperation between transmission licensees and the ISOP, ensuring that the CNDM is optimised to meet the relevant objectives, and ultimately to facilitate a more coordinated and strategic approach to network design.

The detailed text suggested for these modifications is available in Annex B.

Consultation questions – Condition D18

Question 38: Do you agree with the policy intent behind the proposed new licence condition as explained in paragraphs 4.24 to 4.26, in respect to the proposed SLC D18? Please provide a reason for your answer.

Question 39: Do you agree that the proposed text gives appropriate effect to the specific policy intent, as detailed in Annex B? Please provide a reason for your answer.

Section E: Offshore Transmission Owner Standard Conditions

Condition E17: Obligations in relation to offers for connection etc. (Offshore Transmission Owners)

Paragraphs 2, 3 and 4 – completion of enabling works, wider works and a Connect and Manage applicant’s expectation of a connection date.

E17.2

Existing purpose

- 4.27 Section E of the Electricity Transmission Standard Licence Conditions contains the Offshore Transmission Owner standard conditions. Licence condition E17.2 makes provisions in relation to connections offers. These correspond to the obligations for Transmission Owners in condition D4A of the same licence.

Rationale for change / Proposal

- 4.28 The rationale for changes to this section is the same as that for D4A above: the obligations for Offshore Transmission Owners replicate those for Transmission Owners. Considering E17.2, and similarly to what we propose under D4A.1, our proposed modifications would clarify that this condition only applies to:

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- connections applications that are required to meet, and do meet, the Connections Criteria; and
 - connections applications that are not required to meet the Connections Criteria (i.e. applications that are out of scope of TMO4+).

4.29 E17.2(d) and (e) set out obligations to provide:

- the date by which any works required on the licensee's transmission system to facilitate access to the national electricity transmission system, including to reinforce or extend the licensee's transmission system shall be completed;
- the detailed costs that may be incurred in carrying out works, the extension or reinforcement required of the licensee's transmission system, or the provision and installation, maintenance and repair or removal following disconnection of any electric lines, electric plant or meters.

4.30 As discussed above in respect of the corresponding provisions of D4A, E17.2 (d) and (e) will (if the proposed changes are adopted) only apply to applicants that have either met, or are not required to meet the Connections Criteria.

E17.3

Rationale for change / Proposal

4.31 We are proposing to add a new clause E17.3. This sets out requirements of transmission offers for any connection application that is required to meet the Connections Criteria but has not met them (ie a "Gate 1" offer). For these offers (and for the reasons explained in respect of D4A above) the agreement between the ISOP and the Offshore Transmission Owner under E17.3 will contain fewer details than an agreement entered into under E17.2. Agreements between the ISOP and the applicant at "Gate 1" will contain an indicative connection date, and no detailed provisions about transmission reinforcement works. This lower level of detail will be reflected in the agreement that is then offered to the ISOP by the Offshore Transmission Owner. Though the clarification noted in paragraph 4.12 above, in relation to the Transmission Owners involvement in the "Gate 1" process, applies in this case.

E17.4

Existing purpose

4.32 E17.4 (formerly E17.3) requires the licensee to offer the terms described above "as soon as practicable" after the application is received.

Rationale for change / Proposal

4.33 We have amended this clause to make it clear that this obligation to provide terms as soon as reasonably practicable now applies to agreements made under E17.3 (ie "Gate 1" agreements), as well as to those entered into under E17.2 (ie "Gate 2" agreements). Though the clarification noted in paragraph 4.12 above, in relation to the Transmission Owners involvement in the "Gate 1" process, applies in this case.

E17.5

Rationale for change / Proposal

4.34 We have also made some minor consequential amendments to E17.5 (formerly E17.4), to ensure that cross references remain correct.

The detailed text suggested for these modifications is available in Annex B.

Consultation questions – Condition E17

Question 40: Do you agree with the policy intent and rationale in respect of the changes proposed to SLC E17, in paragraphs 4.28 to 4.34? Please provide a reason for your answer.

Question 41: Do you agree that the proposed changes to the text in SLC E17, as set out in Annex B, effectively facilitate the policy intent? Please provide a reason for your answer.

Condition E25 (New): Requirements to comply with connection network design methodology for Use of System and connection (Offshore Transmission Owners)

E25

Rationale for change / Proposal

4.35 This is a new condition that mirrors the new condition D18 above. It places the same obligation (to assist the NESO in the development and maintenance of the Connections Network Design Methodology and comply with it) on Offshore Transmission Owners as D18 does for Transmission Owners. If the relevant code modifications are approved and the reformed Connections Process is introduced,

this condition will require Offshore Transmission Owners to comply with the methodology and provide information requested by ISOP as needed.

The detailed text suggested for these modifications, is available in Annex B.

Consultation questions – Condition E25

Question 42: Do you agree with the policy intent behind the proposed new licence condition as explained in paragraph 4.35, in respect of the SLC E25? Please provide a reason for your answer

Question 43: Do you agree that the proposed text of the new condition, as detailed in Annex B, gives effect to the policy intent? Please provide a reason for your answer.

5. Distribution Standard Licence Conditions – Policy Intent

Section summary

In this section, we describe our policy intent for Distribution Licence changes in light of TMO4+ Connection Reform and strategic system plans. As proposals for the new Distribution Connections Process have not been fully agreed upon yet, we discuss two scenarios based on the possible outcomes of the design process. At this point we are not proposing to make any changes to the Distribution Licence, but we are interested in respondents' views on the changes that may be required in the future.

- 5.1 Distribution network companies are in agreement that changes will be required to align the Connections Process at distribution level should the TMO4+ reforms be introduced at transmission level, particularly for generation customers, including small and medium embedded generation that may impact the Transmission network, as well as large embedded generation (Bilateral Embedded Generator Agreements 'BEGAs' and Bilateral Embedded License Exemptible Large Generator Agreements 'BELLAs'). It is anticipated that any such changes would apply to both new and existing customers. Embedded demand customers are out of scope of the TMO4+ reforms.
- 5.2 Currently, two scenarios are being considered by parties involved in the TMO4+ process design for distribution connections.
- 5.3 To ensure delivery in line with the proposed schedule should TMO4+ be adopted, we have decided to simultaneously consult on both scenarios, inviting stakeholders to provide their views on (a) design of the process, and (b) licence changes required to enable it.
- 5.4 The two scenarios considered in this consultation are:
 - **Scenario 1:** Distribution Network Operators (DNOs) and Independent Distribution Network Operators (IDNOs) pass on all relevant connection applications to the NESO for strategic alignment checks and Transmission Impact Assessment. DNOs would validate that applicants meet the "Gate 2" readiness criteria before passing applications to the NESO. Upon receipt of these applications, the NESO would determine if projects align with strategic plans (e.g. the Clean Power 2030 Action Plan and SSEP) and inform DNOs/IDNOs which projects are eligible for a "Gate 2" offer. We expect that

limited changes (if any) to licences and legislation would be required in this scenario.

- **Scenario 2:** DNOs/IDNOs perform both the readiness and strategic alignment checks before passing connection applications on to the NESO. We expect that more substantial changes to licences and legislation would be required in this scenario.

Distribution Connections Process

- 5.5 Unlike customers directly connecting to the transmission system, distribution connectees will not receive indicative “Gate 1” offers. We expect the initial stage of the application for a connection at distribution will remain largely as it is currently: customers will be issued a firm distribution offer, conditional on further checks (including the Transmission Impact Assessment) undertaken by DNOs/IDNOs and NESO during the new Gated Process before a Transmission offer is issued, as specified below.
- 5.6 Regardless of which above scenario is ultimately enacted, under the new proposed process, the DNOs/IDNOs will assess each application against readiness criteria, in line with the requirements of Section 8 of the NESO Gate 2 Criteria Methodology. Once the DNO/IDNO confirms the criteria have been met, licensees will submit this information to NESO for further assessment, including for what is currently referred to as the Transmission Impact Assessment. This process will be known as the Transmission Evaluation Application (TEA).
- 5.7 We expect that DNOs/IDNOs should be able to conduct these checks at any point. However, the TEA and supporting information can only be submitted to NESO within the specified Gated Window.
- 5.8 If DNOs/IDNOs are given responsibility for ensuring that projects are strategically aligned and are then required to progress them on that basis, a queue ordering process equivalent to the NESO’s proposed CNDM process at Transmission is likely to be required. DNOs would then be required to submit the strategic alignment information to NESO, alongside the readiness submission.
- 5.9 Under any scenario, the NESO will perform duplication “Gate 2” checks.
- 5.10 We consider that the changes to the Distribution Connections Process described above will require modifications to the following licence conditions:
- **Licence condition 1:** Definitions for the standard conditions
 - **Licence condition 4:** No abuse of the licensee’s special position

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- **Licence condition 12:** Requirement to offer terms for Use of System and Connection
 - **Licence condition 19:** Prohibition of discrimination under Chapters 4 and 5
- 5.11 We also consider that three new conditions should be introduced under a new section, "Licence condition 12A: Requirement to progress User applications into the Gated Window process":
- **Licence condition 12A.1:** A new condition to require licensees to check applicants meet readiness criteria in line with the requirements of Section 8 of the NESO "Gate 2" Criteria Methodology
 - **Licence condition 12A.2:** A new licence condition that requires licensees to perform those "Gate 2" checks in a timely manner
 - **Licence condition 12A.3:** A new licence condition is necessary to require that licensees must submit a project for Transmission Evaluation Application (TEA) within the soonest available Gated Window once the licensee has confirmed to the User that it has met the "Gate 2" criteria
- 5.12 We consider that these new conditions would be required under both scenario 1 and scenario 2 – whilst under scenario 1 it would be NESO responsible for performing the strategic alignment checks within the Gated Window process, DNOs will still be required to perform readiness checks under both scenarios. We think it is important that regulations require these DNO checks to be performed and the projects to be progressed for transmission assessment in a timely manner under both scenarios.
- 5.13 We set out below our reasoning and the policy intent of the changes we think we are required. We seek views on our proposed licence changes as part of this consultation.

Existing conditions

Chapter 1: Interpretation and application

Condition 1: Definitions for the standard conditions

Existing Purpose

- 5.14 This licence condition includes a list of definitions and references to relevant documents that licensees need to comply with.

Rationale for change / Proposal

5.15 Under the proposed reformed TMO4+ Connections Process, only those projects that meet the Connections Criteria (readiness criteria and strategic alignment criteria) will be able to progress through the TEA process. The details of these offers might also be subject to the provisions made in separate, new, methodologies. DNOs/IDNOs will be required to provide offers in alignment with terms specified by CUSC, the Distribution Connection and Use of Systems Agreement (DCUSA), the Connections Criteria Methodology and potentially other methodologies yet to be defined. Therefore, depending on the contents of the final proposals for distribution presented by the network companies, some of the current definitions regarding connections offers and processes may need to be modified, and new ones added (eg "Connections Criteria", "Connections Criteria Methodology" and "Gated Window") to ensure consistency across the regulatory framework at both transmission and distribution.

Consultation question – Condition 1

Question 44: Do you agree that changes are likely be required to some of the definitions within licence condition 1? Please provide any information / evidence you can provide to support your response.

Chapter 2: General obligations and arrangements

Condition 4: No abuse of the licensee's special position

5.16 We believe no change to this condition 4 is necessary under Scenario 1. Scenario 2 however may require a modification, as outlined below.

Paragraph 4.1

Existing Purpose

5.17 Paragraph 4.1 of this licence condition requires that DNOs/IDNOs must operate a Distribution Business in a way that it does not restrict, prevent or distort competition in supply or generation of electricity.

Rationale for change / Proposal

Scenario 1 – DNOs/IDNOs submit applications for the NESO to perform strategic alignment checks:

- 5.18 We do not consider that Scenario 1 will require a change to this condition because under that scenario, the licensee is not involved in decision-making processes related to strategic alignment.

Scenario 2 - DNOs/IDNOs perform strategic alignment checks:

- 5.19 Scenario 2 may require changes to this licence condition. While we do not believe this to be the case, if a new obligation on DNOs to assess applications in terms of alignment with the Clean Power 2030 Action Plan, SSEP and/or other strategic plans is introduced this might be considered to be distortionary and licence changes may need to be considered.

Consultation question – Condition 4

Question 45: Do you consider any modifications to licence condition 4 are required?

Chapter 4: Arrangements for the provision of services

Condition 12: Requirement to offer terms for Use of System and connection

- 5.20 We consider that changes to Condition 12 might be required under **both scenarios**, as outlined below.

Paragraph 12.1

Existing Purpose

- 5.21 Paragraph 12.1 requires the licensee to enter into an agreement with any person asking it to do so, to connect that person at the capacity requested to the licensee's distribution system.

Rationale for change / Proposal

- 5.22 Under the new proposed process, and for the Users whose applications are in the scope of TMO4+, the licensee will only provide a "full", final offer once the requester meets a set of criteria indicated in the Connections Criteria and any future, relevant methodologies. This means that the licensee would not be able to offer to enter into agreement with a connecting customer unless the relevant criteria have been met (i.e. there will no longer be a blanket requirement to provide a "full" connection offer to anyone who requests one.)

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- 5.23 Our policy intent is to allow the licensee to discharge its obligations to implement the reformed Connections Process as specified in CUSC and separate connections methodologies. We consider that the current licence provisions may not fully allow this and would probably need modifications under both scenarios. While we have not reached a view on the form that these modifications should take, the distribution licence will likely need to be amended to allow DNOs and IDNOs to apply a degree of selectivity (based on alignment with strategic plans) in the processing of connection applications – a degree of selectivity that broadly corresponds with that afforded to NESO under the TMO4+ proposals, and implemented via the modifications to the System Operator Licence described above.
- 5.24 DNOs/IDNOs will be required to assess compliance with the Connections Criteria and process applications that meet those criteria through the TEA process, as specified in the CUSC and Connections Methodologies. Therefore, we consider that paragraphs (a) and (b) of 12.1 may need to be amended to reflect the fact that distribution licensees will not be required to enter into a connection agreement with a requesting User that does not meet the Connections Criteria.

Paragraph 12.4

Existing Purpose

- 5.25 Paragraph 12.4 (c) meanwhile requires the licensee to set out in the connection offer the date by which any works required for connection to the licensee's Distribution System, including any works to extend or reinforce that system, will be completed.

Rationale for change / Proposal

- 5.26 We consider that this condition may need to be modified to facilitate a reformed Connections Process where licensees would not grant connection offers with finalised dates, location, works and costs prior to the customer meeting the Connections Criteria.

Consultation question – Condition 12

Question 46: Do you agree with the policy intent to modify licence conditions 12.1 and 12.4 under both scenarios? Please provide a reason for your answer.

Condition 19. Prohibition of discrimination under Chapters 4 and 5

5.27 We believe changes to this licence condition are not required under either of the two scenarios.

Paragraph 19.1-19.8

Existing Purpose

5.28 Condition 19 prohibits the licensee from discriminating between any person in providing services leading to obtaining a connection to the electricity system.

Rationale for change / Proposal

5.29 Projects meeting technological and readiness specifications, as mandated by the Clean Power 2030 Action Plan, SSEP, and the Methodologies, will be prioritised over projects that do not meet these requirements. While we do not view this action by DNOs/IDNOs as discriminatory and do not think that changes to Condition 19 will be necessary, we appreciate that some stakeholders have pointed towards the risk of DNOs/IDNOs being perceived to be in breach of this condition, and we are interested in respondents' views on whether or not licensees' non-discrimination obligations are currently an impediment to Connections Reform at the distribution level.

Consultation question – Condition 19

Question 47: Do you agree with our view that no changes to licence condition 19 are necessary under any of the two scenarios? If you disagree or partially agree, please provide a reason for your answer.

Question 48: If you disagree, what kind of change to the licence condition 19 do you believe is necessary?

Chapter 5: Industry codes and agreements

Condition 20. Compliance with Core Industry Documents

5.30 Our proposal remains the same under both scenarios.

Paragraph 20.3

Existing Purpose

5.31 Paragraph 20.3 obligates the licensee to be a party to and comply with:

- (a) the Balancing and Settlement Code;*
- (b) the Connection and Use of System Code (CUSC);*
- (c) the Distribution Connection and Use of System Agreement; and*
- (d) the Master Registration Agreement.*

Rationale for change / Proposal

5.32 In order to provide additional justification for DNOs/IDNOs to change the way they process connection requests under the Government plans, a designation of SSEP and the Clean Power 2030 Action Plan documentation is currently under consideration. This designation will help to ensure compliance with these policies, as they will not be written directly into the legal text of the CUSC, but rather into TMO4+ associated methodologies. Therefore, we are considering whether it may be necessary to introduce into the licence an explicit obligation to align the Connections Process with these policies (excluding sections that might not be relevant).

Consultation questions – Condition 20

Question 49: Do you see any risk related to introducing an obligation for DCUSA licensees to comply with the Clean Power 2030 Action Plan and SSEP?

Question 50: Do you agree with the changes suggested to licence condition 20? If you disagree or partially agree, please provide a reason for your answer.

Proposed new conditions

5.33 As noted above, as well as changes to the existing distribution licence we are also considering the introduction of new licence conditions, in order to drive the behaviours and outcomes we want to see within the new reformed Connections Process.

5.34 These new conditions all relate to the requirement for licensees to progress customer applications into the new Gated Window process as defined by NESO. We think that these new requirements would appropriately sit within a new

Condition 12A – “Requirement to progress User applications into the Gated Window process”.

- 5.35 We are proposing different licence conditions depending on the category of the connecting User, as the proposed processes are different for Small / Medium embedded generators and Large embedded generators:
- For Small / Medium embedded generators, the applicant applies only to their respective DNO, who will then process the application and, for relevant projects, perform the Gate 2 checks and pass on to NESO for transmission assessment.
 - For Large embedded generators, the applicant applies to the DNO for a distribution offer in the same way, however they must also apply for transmission access directly to the NESO with their Gate 2 evidence. NESO will then inform the DNO via a modification notice that the applicant has submitted an application, whereafter the DNO is then responsible for submitting a modification application back to NESO for transmission assessment and Gate 2 checks.
- 5.36 We consider that these new conditions are required to obligate licensees to progress distribution connections in a timely manner and with an appropriate standard of service to the connecting customer. As highlighted in our concurrent consultation on the “Connections end-to-end review of the regulatory framework”²⁶, issues at the transmission / distribution interface, including DNOs delaying the submission of applications to transmission through the Project Progression process, can result in delays to connection dates for distribution connecting customers. We therefore think there is a need, as part of the licence changes being proposed within this consultation, to strengthen the regulatory requirements at the T/D interface within the new Connections Process to ensure distribution projects are not unduly held up relative to transmission connecting projects.
- 5.37 In summary, the proposals are to introduce new licence requirements on DNOs:
- to perform Gate 2 checks in line with the NESO methodology (for small / medium embedded generation projects only)

²⁶ [Connections end-to-end review of the regulatory framework | Ofgem](#). This is a part consultation / part call for input on proposed changes to the regulatory framework around electricity grid connections intended to drive improve behaviours and outcomes through the connection customer journey. The consultation closes on 13 January 2025.

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- to perform those Gate 2 checks in a timely manner
 - to submit projects into the Transmission Evaluation Application process in a timely manner (for small / medium embedded generation projects only)
 - to submit modification applications for transmission assessment in a timely manner (for large embedded generation projects only)

5.38 We acknowledge that similar timeliness requirements on DNOs at the T/D interface are already being proposed within CUSC changes. We are keen to hear stakeholders' views on whether they consider also including such requirements in the distribution licence is necessary / justified, as we are proposing here.

Condition 12A (New): Requirement to progress User applications into the Gated Window process

Conditions 12A.1 and 12.A.2 - "Gate 2" checks (for small / medium embedded generation projects only)

Proposal

5.39 Under the proposals as set out in the NESO Gate 2 Methodology, DNOs will be required to perform the necessary "Gate 2" checks defined within that Methodology, ie both readiness and strategic alignment checks, for all relevant distribution connecting customers. As noted, this may be either readiness checks only (our scenario 1), or both readiness and strategic alignment checks (our scenario 2). This will apply only to small / medium embedded generators. NESO will perform the "Gate 2" checks for large embedded generation customers.

5.40 We want to ensure that licensees have a clear licence requirement to undertake these "Gate 2" checks in line with the relevant part of the regulatory framework within which they are defined, for example within NESO's Gate 2 Methodology.

5.41 We also want to ensure that these "Gate 2" checks take place as quickly as is reasonably practicable, such that distribution connecting customers are not unduly held up at this stage of the process.

5.42 We are therefore considering the insertion of two new licence conditions:

- 1 – (LC12A.1) - a new condition to require licensees to perform "Gate 2" checks in line with the requirements of Section 8 of the NESO Connections Criteria Methodology, and
- 2 – (LC12A.2) a new licence condition that requires licensees to perform those "Gate 2" checks in a timely manner once they have received all

relevant "Gate 2" evidence, as required within the Gate 2 Methodology, from the User.

- 5.43 In terms of the timeliness requirement in the proposed LC12A.2, this could take one of the following two forms:
- 1 – A principles-based condition, for example "the licensee must take all reasonable steps to complete the "Gate 2" checks, and subsequently notify the User of the outcome, as quickly as possible from the point in time at which they have received all relevant supporting information from the User", or
 - 2 – A more prescriptive condition, for example "the licensee must complete the "Gate 2" checks, and subsequently notify the User of the outcome, within XXX days from the point in time at which they have received all relevant supporting information from the User"
- 5.44 We recognise the need with the prescriptive approach to apply any timeliness requirement in a fair and transparent manner. The "Gate 2" checks must be performed in a robust manner, and there must not be a cost to the quality of assurance performed by the licensee if the required timescales are too strict. We do however consider that timeliness should be a requirement, particularly as the licensee can perform the checks outside of the Gated Window process (unlike at transmission).
- 5.45 We are keen to understand through this consultation whether stakeholders agree the both conditions 12A.1 and 12A.2 are required, and, if so, whether a principles-based or prescriptive approach should be followed for 12A.2.

Consultation questions – New Conditions 12A.1 and 12A.2

Question 51: Do you agree with the proposal to define a new licence condition 12A.1 – requirement to perform "Gate 2" checks in line with the NESO methodology?

Question 52: Do you agree with the proposal to define a new licence condition 12A.2 – requirement to perform "Gate 2" checks in a timely manner? If so, do you consider the approach to the condition should be principles-based or prescriptive?

Conditions 12A.3 and 12A.4 (New): Submission of projects for transmission assessment

Proposal

- 5.46 The DNO will be responsible for submitting projects to the NESO for transmission assessment. This process will be different for small / medium embedded generation projects than large embedded generation projects.
- 5.47 As set out in the proposals, for all distribution projects this process can only take place within the newly defined Gated Window process, in line with those projects connecting directly at transmission. Under the proposals there will be two Gated Windows per calendar year.

Small / Medium Embedded Generators

- 5.48 Once the small / medium embedded generator has been notified that they have satisfied the "Gate 2" criteria, the next stage of the customer journey, as set out in the proposed process in the CUSC and methodologies, is for the licensee to submit the project to the NESO as part of the Transmission Evaluation Application (TEA) process. This is the process broadly equivalent to the Project Progression process stage of the current Connections Process, the aim of which to secure the project a firm agreement from the NESO for access to the transmission system.
- 5.49 We want to ensure that licensees have a clear requirement to submit projects into the TEA process in a timely manner, i.e. within the next available Gated Window. We recognise that, should a licensee fail to progress a User within the next window, that User will then need to wait until the next window six months later. We consider that this would represent an unacceptable delay to a User if it were to occur for reasons within the licensee's control.
- 5.50 We therefore consider that a new licence condition (12A.3) may be necessary to require licensees to submit a project for TEA within the soonest available Gated Window once the licensee has confirmed to the User that it has met the "Gate 2" criteria. We think this could take broadly the following form:

"the licensee must take all reasonable steps to submit a User for inclusion within the Transmission Evaluation Assessment process within the next available Gated Window"

Large Embedded Generators

- 5.51 Large Embedded Generators must instead separately apply to both the DNO and NESO, with NESO responsible for performing the “Gate 2” checks.
- 5.52 We consider that DNOs should also have a licence requirement to ensure timeliness in the process of progressing these Users to NESO across the T/D interface. In this case that would involve the DNO submitting the modification application for the User to NESO in a timely manner, after the point at which they had received modification notice from NESO informing them that the User had applied to NESO, as they were required to do.
- 5.53 Similar to the process for Small / Medium Users, we think this should involve the DNOs being required to take all reasonable steps to do this within the next available Gated Window. Again, we recognise that, should a licensee fail to progress a User within that next window, that User will then need to wait until the next window six months later.
- 5.54 We therefore consider that a new licence condition (12A.4) may be necessary to require licensees submit a modification application within the soonest available Gated Window once the DNO has received the modification notice from NESO. We think this could take the following form:

“the licensee must take all reasonable steps to submit a modification application for the User within the next available Gated Window”

Consultation question – New Conditions 12A.3 and 12A.4

Question 53: Do you agree with the proposal to define new licence conditions 12A.3 and 12A.4 - this would introduce a requirement to submit projects for transmission assessment within a timely manner?

- 5.55 We consider that, taken together, these four new conditions will ensure that licensees are suitably required to progress Users through the Connections Process in as timely a manner as possible, protecting against undue delays to distribution connecting customer connection dates.

6. Proposed Electricity Transmission Special Licence Conditions

- 6.1 We believe that no further changes are currently required to the Electricity Transmission Special Licence in light of TMO4+ proposals. We are, however, open to hearing views regarding relevant licence conditions that should be considered.

Consultation question – Electricity Transmission Special Licence Conditions

Question 54: Do you think any Electricity Transmission Special Licence Conditions changes are required? If you think that changes are required, please provide a reason in your answer.

7. Proposed Electricity Distribution Special Licence Conditions

- 7.1 We believe that no changes are currently required to the Electricity Distribution Special Licences in light of TMO4+ proposals. We are, however, open to hearing views regarding relevant licence conditions that should be considered.

Consultation question – Electricity Distribution Special Licence Conditions

Question 55: Do you think any Electricity Interconnector Standard Licence Conditions changes are required? If you think that changes are required, please provide a reason in your answer.

8. Proposed Electricity Interconnector Standard Licence Conditions

- 8.1 We believe that no changes are currently required to the Electricity Interconnector Standard Licence in light of TMO4+ proposals. We are, however, open to hearing views regarding relevant licence conditions that should be considered.

Consultation question – Interconnector Standard Licence Conditions

Question 56: Do you think any Electricity Interconnector Standard Licence Conditions changes are required?

9. Proposed Electricity Generation Standard Licence Conditions

- 9.1 We believe that no changes are currently required to the Electricity Generation Standard Licence in light of TMO4+ proposals. We are, however, open to hearing views regarding relevant licence conditions that should be considered.

Consultation question – Electricity Generation Standard Licence Conditions

Question 57: Do you think any Electricity Generation Standard Licence Conditions changes are required?

10. Your response, data and confidentiality

Consultation stages

- 10.1 The consultation will be open until 6 January 2025. Responses will be reviewed, and the statutory consultation will be published.

Stage 1

Consultation opens on 27/11/2024.

Stage 2

Consultation closes on 06/01/2025.

Stage 3

Statutory consultation publication in Q1 2025.

Stage 4

Consultation decision/policy statement in Q1 2025.

How to respond

- 10.2 We want to hear from anyone interested in this consultation. Please use the response template available to download from the Consultation page and send an electronic copy to connections@ofgem.gov.uk by 5pm on 6th January 2025. Alternatively, you can email your response directly.
- 10.3 We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 10.4 We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, your data and confidentiality

- 10.5 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 10.6 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.
- 10.7 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 1.
- 10.8 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

- 10.9 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:
- Do you have any comments about the overall process of this consultation?
 - Do you have any comments about its tone and content?
 - Was it easy to read and understand? Or could it have been better written?
 - Were its conclusions balanced?
 - Did it make reasoned recommendations for improvement?

-
- Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit.

[ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)

Notify me +

Would you like to be kept up to date with *Consultation name will appear here*? subscribe to notifications:

Email*

Submit >

Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

Appendices

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– Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, 'Ofgem'). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

(Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data then make this clear. Be as specific as possible.)

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. 'six months after the project is closed')

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

-
- a) know how we use your personal data
 - b) access your personal data
 - c) have personal data corrected if it is inaccurate or incomplete
 - d) ask us to delete personal data when we no longer need it
 - e) ask us to restrict how we process your data
 - f) get your data from us and re-use it across other services
 - g) object to certain ways we use your data
 - h) be safeguarded against risks where decisions based on your data are taken entirely automatically
 - i) tell us if we can share your information with 3rd parties
 - j) tell us your preferred frequency, content and format of our communications with you
 - k) to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use 'the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this'.

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system. (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, click on the link to our '[ofgem privacy promise](#)'.