
Statutory Consultation on TMO4+ Reform related Modifications to Electricity Licence Conditions

Publication date:	14 February 2025
Response deadline:	14 March 2025
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The purpose of this document is to consult on amendments proposed to the Electricity System Operator Licence, Transmission Licence and Distribution Licence to enable the National Electricity System Operator's (NESO) Target Model Option 4 (TMO4+) reform package.

We¹ previously consulted on proposed changes in this space from 27 November 2024 to 6 January 2025. Further information on this previous consultation is available on Ofgem's website.²

This statutory consultation follows from that previous consultation. The document provides a high-level outline of the proposed changes as previously consulted on, presents the themes of submissions we received in response, and then presents our resulting views and our proposed licence text changes. Marked up versions of these proposed modifications to the licence text are also provided in subsidiary documents.

Another separate document entitled 'Consultation: TMO4+ Connections Reform Proposals – Code Modifications, Methodologies & Impact Assessment' provides a background narrative of the Authority's current position on other proposed changes to the regulatory framework. This document should be read alongside all other change proposal documents, including this statutory consultation document.

We particularly welcome responses to this consultation from regulated parties that are subject to the licences we are proposing to amend including network companies and the

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This consultation is made by or on behalf of GEMA.

² More information on TMO4+ delivery package is available in the main document published here: [Proposed licence changes to enable TMO4+ Connections Reform | Ofgem](#)

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NESO, as well as connecting customers at all voltage levels. We would also welcome responses from other stakeholders, such as DESNZ, and the public.

This document also 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. If you want 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.

Next Steps

This statutory consultation will remain open for four weeks **until 14 March 2025**. The feedback that we receive will inform our final decisions on changes to the licences, expected soon afterwards.

Final decisions will also be made in relation to other proposals and their minded-to decisions that form part of the TMO4+ connections reform package, such as code modifications and the new connections methodologies. Due to the close relationship between the various proposals and decisions, we are seeking feedback on all aspects in parallel.

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1. Introduction

Section summary:

This section provides an overall background to this statutory consultation and sets out why we consider modifications to the licences to enable the TMO4+ reform package are required.

Background

- 1.1 In December 2023, the National Energy System Operator (NESO) set out its final recommendation for connections reform.³ It considered four Target Model Options and expressed a preference for “TMO4”. It recommended that TMO4 be developed and finalised via a detailed design process before proceeding to implementation. In April 2024, NESO recognised the need to go further than TMO4, by applying the reforms to the existing contracted background as well as new applicants. This saw TMO4 evolve to “TMO4+”.⁴ For more detail on the background to the TMO4+ reforms please refer to the Consultation: TMO4+ Connections Reform Proposals – Code Modifications, Methodologies & Impact Assessment.
- 1.2 In order to enact the reforms, it was envisaged that modifications to different parts of the regulatory regime would be required, including licence changes.
- 1.3 We first proposed licence changes in our policy consultation which occurred between November 2024 and January 2025⁵ within the following standard licences:
- Electricity System Operator Licence (referred to as the ‘NESO licence’ in this consultation document);
 - Transmission Standard Licence; and
 - Distribution Standard Licence.
- 1.4 We received 30 responses from across industry. These were from: the National Energy System Operator, Transmission Owners (TOs), Distribution Network Operators (DNOs), Independent Distribution Network Operators (iDNOs), renewable energy developers, generators, and trade associations. The majority of responses broadly supported our call for change, and the policy intent of the licence changes.

³ <https://www.nationalgrideso.com/document/298496/download>

⁴ NESO, *GB Connections Reform*, April 2024.

⁵ [Proposed licence changes to enable TMO4+ Connections Reform | Ofgem](#)

What are we consulting on now?

- 1.5 This statutory consultation follows the previous consultation. It presents our final proposed licence changes and asks for further feedback from stakeholders.
- 1.6 The related changes to the respective licence text are included in separate subsidiary documents to this main document.
- 1.7 We are also concurrently asking for stakeholders' views on the wider TMO4+ reform package, of which the licence changes are an integral part. The package includes proposed modifications to industry codes and introduces Connections Methodologies, which, in some cases, mirror the changes outlined in this document. These are presented in separate documents that should be read alongside this one. Together, these documents explain why we are minded to proceed with the TMO4+ reforms as a whole, and with the specific proposals for associated licence changes, changes to industry codes, and the adoption of NESO's proposed Methodologies.

2. Electricity System Operator Licence Conditions

Section summary:

In this section, we provide the context for the changes we consider are needed to the Electricity System Operator licence, summarise the points raised by respondents on each proposed licence change we consulted on, and propose amendments to the licence based on stakeholder response and our analysis.

General Concerns

Summary of stakeholder responses

Generally, stakeholders called for maximum clarity in the licence around the new connections processes (eg their stages and scope), licensee obligations and types of offers that would be issued.

Respondents were broadly supportive of the general approach, policy intent and proposed legal text drafts of the licence documents. Stakeholders' key criticisms related to the non-codification of the Methodologies into the CUSC framework. Views on the proposed new definitions to be introduced into the licence were generally positive, with some specific concerns raised. Similarly, there was general support for our approach towards preserving 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 licences. Feedback was also received on how the governance of the Methodologies can be made more robust, and the Methodologies' objectives made clearer and more comprehensive. Some stakeholders raised concerns regarding transparency, for example that the guidance for Modification Applications is not published yet and could impact viable projects.⁶

It was flagged that inserting new proposed conditions E12, E13 and E14 in the middle of section 'E' of the NESO licence, thus altering the numbering of subsequent licence conditions, may cause cross-referencing issues in other industry documents, eg codes. Stakeholders stated that the licence changes support the implementation of the new process in a transparent manner for industry, providing clarity on roles and obligations surrounding the proposed TMO4+ reform package.

⁶ We are aware NESO is currently developing the Gated Modification Application guidance as well as the guidance on Material Technology Change. These new guidance documents are being prepared by NESO alongside updates to the following three existing NESO guidance documents: Queue Management, Letter of Authority and Interactivity. We understand and expect NESO will publish these in due course, and in advance of implementation of the TMO4+ reforms (if approved).

Ofgem response

- 2.1 Most of these general concerns are further reflected in the detailed feedback we received on the proposed licence conditions. They are addressed in more detail in the relevant sections below.
- 2.2 We do note here the concern regarding inserting the new proposed conditions on the Connections Methodologies in the middle of section 'E' and potential disruptions this may cause where these are cross-referred to across the regulatory framework. We are minded to address this in the manner set out below.

Proposed licence changes

- 2.3 We are proposing to move the new proposed conditions to the end of Section 'E', changing these to E15: Gate 2 Methodology⁷, E16: Connections Network Design Methodology and E17: Project Designation Methodology. This will ensure that other existing conditions maintain their original numbering.
- 2.4 Please see the relevant separate document for the proposed changes in marked up text.

Condition A1: Definitions

Policy intent as consulted on

- 2.5 We consulted on a change to condition A1. The proposed change was the addition of the following new definitions: "Clean Power 2030 Action Plan", "Connections Criteria", "Connections Criteria Methodology", "Connections Methodologies", "Connections Network Design Methodology", "Connections Process", "Designation Criteria", and "Project Designation Methodology".
- 2.6 The intent of this was to ensure that relevant definitions are provided for the various new Connections Methodologies that the NESO would be required to establish and maintain under its proposed new licence conditions.
- 2.7 We chose not to define nor make references to "Gate 1" and "Gate 2" in the licence, preferring instead to make only those changes that are necessary to facilitate the implementation of the relevant CUSC modifications while avoiding duplication in the licence. In general, this was due to our position of wanting to avoid making unnecessary additions and changes to the licence and to ensure

⁷ The CUSC refers to the 'Gate 2 Criteria Methodology' which is the same as the 'Gate 2 Methodology'.

that any changes to the codes or methodologies in the future do not also require licence changes.

Summary of stakeholder responses

The majority of stakeholders agreed with our proposal to add new definitions to condition A1 as well as our intent behind these additions.

However, respondents did ask for further clarity on the proposed definitions, and there were mixed views on some aspects of the drafting we proposed. Some respondents stated that the new definitions proposed in the drafting were insufficient for facilitating the implementation of the reform's proposals and requested clarification on why the terms 'Gate 1' and 'Gate 2' were not included in the proposed new definitions.

Several respondents requested that if included in the licence, the definitions we proposed should include a statement that makes clear that these definitions have been added as part of the wider changes associated with the TMO4+ Connections Reform.

Respondents also expressed concerns about the inclusion of a definition for Clean Power 2030 Action Plan in the licence. The reasons given for this were that it would be superseded by other documents, such as the SSEP, and, given the explicit mention of 2030, that it would become outdated in the future, thus resulting in further changes being needed to update the licence in the future. One respondent stated that they were unclear of the legal status of the Action Plan, its place in relation to legislation, and how Ofgem has interpreted the implications of this.

Ofgem response

2.8 Following the feedback received, we are now of the view that the inclusion of definitions for 'Gate 1' and 'Gate 2' will add clarity to the licence, in that it will allow for consistency and alignment across the licence texts, the Connections Methodologies, and the TMO4+ code modifications, and as a result, will better facilitate the implementation of the TMO4+ reform packages proposals.

2.9 We are not minded to link the proposed definitions explicitly with the reformed process, eg by having the drafting reflect the word 'reformed' or words to that effect. These are enduring definitions and linking them with 'reform' in this way would compromise the enduring nature of the definitions and possibly require further licence changes in the future.

- 2.10 We are minded to amend the proposed definition for the "Connections Process" to include that the process must be undertaken in accordance with DCUSA in addition to obligations set out by the CUSC and the Methodologies. This is to ensure that processes relating to Distribution customers continue to be followed in line with requirements of that document.
- 2.11 We agree with stakeholder concerns regarding the definition of the Clean Power 2030 Action Plan becoming outdated post 2030 and being superseded by the SSEP. We are, therefore, minded to replace it with a definition for 'Strategic Energy System Plan', the definition of which would cover the Clean Power 2030 Action Plan, SSEP and any future energy plans introduced by Government.
- 2.12 Additionally, we propose to define "Application Window" in the licence and refer to it consistently when setting out NESO obligations with respect to frequency, duration and notice period of said window in the licence. This term is aligned with terminology used in CMP434, CMP435 and Connections Methodologies.

Proposed licence changes

- 2.13 We are proposing to amend the definition of "Connection Process" to include "DCUSA".
- 2.14 We are also proposing to add definitions for "Strategic Energy System Plan", "Gate 1", and "Gate 2".
- 2.15 We are proposing to define "Strategic Energy System Plan" as "means the most recent energy system plan, published by Government, that contains the capacity ranges or pathways that NESO is permitted to rely upon as the basis for connections when developing, reviewing and implementing its Connections Methodologies". This definition will replace "Clean Energy 2030 Action Plan".
- 2.16 We are proposing to define "Gate 1" and "Gate 2" as: "means the connection stage of this type as defined in the Connections Methodologies."
- 2.17 To align with the new definitions for Gate 1 and Gate 2, we are proposing to make the following changes to defined terms: "Connections Criteria" will become "Gate 2 Criteria" and "Connections Criteria Methodology" will become "Gate 2 Methodology".
- 2.18 We propose to define the term "Application Window" in the licence and refer to it as such in the licence, removing references to "application periods".
- 2.19 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q1. Do you agree with the proposed licence changes for Condition A1 of the Electricity System Operator Licence?

Condition B3: Conduct of ISOP Business

Policy intent as consulted on

- 2.20 We consulted on a change to paragraph B3.2. The proposed change was an additional sentence in B3.2 clarifying that commercial advantage resulting from project designation by NESO is not considered unfair.
- 2.21 The intent of this was to ensure that the process of project designation is, to the maximum extent possible, an objective one driven by legitimate and fair technical criteria, not resulting in any discriminatory outcomes.

Summary of stakeholder responses

Responses were generally positive and in agreement with Ofgem's policy intent. Respondents expressed a preference for the word 'undue' or 'unduly', instead of our suggested wording in our drafting of 'unfair' to describe commercial advantage resulting from project designation by the ISOP.

Stakeholders also raised concerns that Project Designation by the ISOP should not be the only Methodology addressed in B3 as there are other potential sources of commercial advantage in the new Connections Reform process, like Capacity Reservation. Some respondents commented on the scope of what may constitute a 'commercial advantage' being wider than just NESO actions under Project Designation. On the other hand, NESO suggested removing the reference altogether, commenting that adding a reference to just designation may lead to unintended consequences, as there may be other activities that NESO conducts under processes set out in the licence which could be perceived as creating commercial advantage, which would then not be specifically referenced to in B3.2.

Ofgem response

- 2.22 Our current drafting for licence paragraph B3.2 uses the word 'unfair' instead of 'undue'. Whilst we acknowledge that altering the wording of our proposed addition to this condition from 'unfair' to 'undue' would align the NESO licence with the Transmission licence and language used elsewhere in the NESO licence, the drafting of our proposed additional clause and use of the word 'unfair' reflects an earlier drafting of condition B3.2. We also note that this lack of

alignment in language used in non-discrimination provisions is present in other places across different licences. We are, therefore, not minded to make this change to the drafting of the proposed addition to paragraph B3.2, instead retaining the word 'unfair'. In line with our original policy intent, the drafting of the clarifying clause added to B3.2 will remain unchanged.

- 2.23 For avoidance of doubt, the drafting proposed under the policy consultation referred to NESO application of the project designation criteria, as referenced in all three Connections Methodologies. In other words, we do not consider that NESO applying the project designation criteria within any of the Connections Methodologies would be providing unfair commercial advantage. This is simply a clarificatory addition that does not impact any other processes in the licence or Connections Methodologies. Therefore, we propose to retain the current drafting. Nonetheless, we do not consider licensee compliance with any of the Connections Methodologies (or any other licence condition) and implementation of the processes as set out in the TMO4+ reform package to imply providing an unfair commercial advantage, but propose not to include any further wording in the licence. Therefore, we propose to retain the current drafting.

Proposed licence changes

- 2.24 We are not proposing to make any further changes to condition B3, other than the addition to B3.2 as outlined in the previously concluded policy consultation.

Questions

Q2. Do you agree that no further changes should be made to Condition B3 of the Electricity System Operator Licence?

Condition C11: Requirements of a Connect and Manage Connection

Policy intent as consulted on

- 2.25 Under paragraph C11.2 a licensee must adhere to condition E12 (Requirement to offer terms) so that all Connect and Manage applicants receive an offer. We proposed to retain this paragraph unaltered, so that all Connect and Manage Applicants should get an offer.
- 2.26 However, in paragraph C11.3, we are proposing to clarify that the type of offer granted will depend on the Gate 2 assessment in paragraph E12.5. Under C11.3, the connection date offered will be on completion of the enabling works identified by the Associated Transmission Owner Offer, but this will not be available for Gate 1 offers. This section also currently 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 proposed to introduce a requirement that the licensee provides a Gate 2 offer as per the requirements to offer terms paragraph E15.5 [now E12.5], so that the licensee includes site-specific details only in respect of applicants who have applied for Gate 2 and meet the Gate 2 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 Connect and Manage Connection offer 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 Gate 2 Criteria.

Summary of stakeholder responses

Stakeholders were generally in agreement with these changes and with the principle of only granting Gate 2 offers to applications that meet the Gate 2 Criteria.

Several stakeholders raised concerns that the licence does not fully capture the details of 'Gate 1 with Reservation' offers.

Some stakeholders raised concerns over clarity and wording. Some also stated that the difference between requirements relating to Gate 1 and Gate 2 offer contents was not clear.

Ofgem response

2.27 We are not minded to define "Reservation" in the licence. As set out in the Gate 2 Methodology, Gate 1 offers with capacity reserved by NESO (project-specific Reservation), will not be required to meet the Gate 2 Criteria. This is due to the way connection design process works for these types of projects - the offer contents for these projects cannot be prescribed by the licence, as the details, are subject to the design process which is undertaken at Gate 2.⁸ Therefore, we consider the existing licence provisions to be sufficient. As per our response for licence condition A1 (Definitions), we are not minded to add a definition for "Reservation", as the Gate 1 with Reservation offer can be addressed without requiring this definition. Please see condition E12 for more details.

Proposed licence changes

⁸ This is described in detail in the 'Element 10: Connection Point and Capacity Reservation' sections of our minded-to decision on CMP434 and CMP435.

- 2.28 We are not proposing to make any further changes to condition C11, other than the addition to C11.3, as outlined in the previously concluded policy consultation.

Questions

- Q3. Do you agree that no further changes should be made to Condition C11 of the Electricity System Operator Licence?

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

Policy intent as consulted on

- 2.29 Under paragraph E2.7, the licensee must only enter into arrangements for connections that are in conformity with any relevant provision of the CUSC (including the TMO4+ code modifications currently being considered). We did not propose any changes to this paragraph.
- 2.30 We proposed additions to E2.8(b)(i) to clarify that agreements made via the new connections process between the CUSC User and the licensee must be consistent with the requirements of E12.5 in relation to terms offered, and include site-specific details only in respect to Gate 2 or applicants not subject to Gate 2 Criteria.

Summary of stakeholder responses

Respondents were broadly supportive of the changes we proposed to paragraph E2.8(b)(i), and most responses to the questions relating to these changes were positive. Several respondents called for more clarity and consistency in the drafting and suggested that we use more standardised terminology across the licences and codes. Stakeholders agreed that no changes to paragraph E2.7 were needed.

Several stakeholders asked for more precise guidance regarding Gate 1 offers with insofar as enabling licensees and Users to understand the scope of the drafting. It was also suggested that we should include site-specific details in agreements for the Gate 1 with Reservation offers.

Ofgem response

- 2.31 Whilst some specific drafting points were raised calling for greater clarity and consistency in language across the licences and codes, we are not minded to apply these. This, again, is due to a desire to avoid using terminology in the licence that may change in the future, requiring further licence changes.

- 2.32 No changes are being proposed to E2.7, stating that 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 proposed as part of the overall TMO4+ reform package.
- 2.33 We are proposing to retain the proposed modifications to E2.8(b)(i) and (ii) to clarify that the CUSC must provide 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 met the Gate 2 Criteria, or who are not required to go through the "Gated" process, and therefore, are not subject to Gate 2 Criteria. As Capacity Reservation projects belong to the latter category, we do not believe it is necessary to make an explicit reference to these in the licence.
- 2.34 Obligations related to Gate 1 with Reservation offer provision, and the details to be provided in the agreement are described by the code modification CM434 and addressed by paragraph E12.5. As per CUSC, the NESO will advise the Applicant as soon as reasonably practicable that the 'Gate 1 Offer with Reservation' may be provided later in the gated design process. This is because the design process is required for NESO to identify opportunities where Reservation is required and confirm the necessary details. Considering that what these details will include can only be confirmed after the design process, the offer contents cannot be prescribed in the licence.

Proposed licence changes

- 2.35 We are not proposing to make any further changes to condition E2, other than the modification to E2.8, as outlined in the previously concluded policy consultation.

Questions

Q4. Do you agree that no further changes should be made to Condition E2 of the Electricity System Operator Licence?

Condition E15 (new): Gate 2 Methodology (E12 in the policy consultation)

Policy intent as consulted on

- 2.36 We proposed a new condition requiring the licensee to establish and maintain the Gate 2 Methodology. The Methodology document contains the "Gate 2 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 connection offer with a confirmed connection location, connection date and a place in the connections queue (ie a Gate 2 offer).

- 2.37 The intent for part A, paragraph 12.2 of this new licence condition was to set out objectives for this Methodology and relevant NESO obligations, including a requirement to perform these in accordance with the wider Government strategic plans. The licence condition would also establish the governance and oversight frameworks (including Authority's approval) for the creation and ongoing review of the Methodology.
- 2.38 Part B, paragraphs E12.3-E12.10 introduced specific obligations in relation to establishing and maintaining the Gate 2 Methodology by the licensee. These included:
- the criteria against to be set out in the Gate 2 Methodology against which applications would be reviewed;
 - a requirement on the licensee to regularly review and update the Gate 2 Methodology; and
 - established and robust governance and oversight frameworks (including the Authority approval process in Part C, paragraphs E12.11-E12.15) for the creation and ongoing review of the Methodology; and require the licensee to publish the methodology.
- 2.39 The new proposed condition also set out evidential requirements of connection applicants and the need to verify information submitted. Further, it provided the governance process that NESO must follow to instil periodic reviews of the process, and, if necessary, update and publish the revised Methodology, as per Part D, paragraph E12.16.

Summary of stakeholder responses

Stakeholders expressed their views about the Methodologies' governance process. Concerns were raised around the lack of a formal mechanism for industry participants, other than Ofgem and NESO, to raise issues or propose changes to the Methodologies. Some respondents requested more information on how industry could engage with NESO to ensure an agile approach to changes that may be required in the Methodologies. Stakeholders thought that NESO should be obligated to work more collaboratively with industry (eg TOs, DNOs and iDNOs). Some suggested that NESO should run a 'Call for

Input' or create a forum similar to the Connections Delivery Board (CDB), where industry representatives can canvass concerns regarding the Methodologies.

Responses highlighted issues around the transparency of any review process and that any planned publication needs to be easily accessible and intelligible, ensuring extensive consultation with industry.

The stakeholders felt that embedding the Methodologies within the CUSC would address the governance-related issues and also maintain investors' confidence. Some stakeholders acknowledged the pace and urgency of TMO4+ reform package and recommended that the Methodologies should be reviewed and codified around two years post implementation of the reforms.

Further, some responses suggested that if the Methodologies are not codified in the CUSC, then the Methodology objectives need to be as robust as possible, considering that these are what the reviews of the Methodologies will be based on. Stakeholders indicated that the objectives need to use consistent terminology and adequately interact with the Electricity Act 1989, Energy Act 2023, CUSC and Methodologies.

Ofgem response

- 2.40 In an open letter⁹ published in September 2024, the Authority acknowledged that NESO now has new and enhanced responsibilities, including driving the coordinated development of the whole energy system. We therefore consider it appropriate for NESO, through its licence, to be charged with having greater control over the connections process.
- 2.41 If the industry considers a review to be required, stakeholders can engage with Ofgem and/or NESO and highlight their concerns regarding the Methodologies. We consider that running a Call for Input and/or creating a Connections Delivery Board-type forum would be resource intensive and restrictive for NESO, undermining the flexibility provided by the licence to act swiftly when changes are required. Further, the timeframe for any reviews would be limited, in order to ensure that appropriate modifications to Methodologies have been considered, consulted on and implemented in time for the next application window.
- 2.42 NESO asked for clarification on whether they would be required to consult again if Ofgem rejects the proposed changes to Methodologies while reviewing them.

⁹ [Open letter on the reformed regulatory framework on connections | Ofgem](#)

We consider that this direction can be provided by Ofgem based on how substantive the changes requested are. We propose to add a clause to the licence to clarify that the Authority will provide feedback as to whether further consultation is required.

2.43 We note the stakeholder recommendation to codify the Methodologies in the CUSC at a point in the future, after any TMO4+ proposal implementation. In the associated minded-to decision on CMP434, we have stated we are minded to reject WACM6, the alternative proposal which accounts for possible codification of the methodologies in the future post implementation.

2.44 We consider that the approach of not coding the Methodologies should enable the NESO to act more flexibly and decisively, including being able to swiftly amend its processes to implement future reforms if needed and to mitigate the risk of the connection queue growing to unsustainable levels again in the future. Therefore, we have already proposed in the licence objectives against which the Methodology will be reviewed, and a governance process to ensure that while NESO is afforded the agility they require, customers, TOs and DNOs also have the opportunity provide feedback via a consultation process. In our view there is no further change required to address this concern.

2.45 We agree with the feedback regarding making the language around objectives more consistent and ensuring that these licence obligations work in a comprehensive manner without any gaps, along with the wider regulatory framework, including NESO's statutory obligations. We propose not to repeat NESO's statutory obligations in the licence text, as we expect NESO to meet all its statutory objectives while performing its functions including the implementation and maintenance of the Methodologies. We propose that only new or particularly pertinent objectives should be specified within the licence. Some of the requirements for NESO to meet as specified in the Energy Act 2023 are:

- the net zero objective;
- the security of supply objective;
- the efficiency and economy objective;
- facilitating competition;
- the consumer impact;
- whole system impact; and
- the desirability of facilitating innovation.

- 2.46 We are proposing not to add a requirement for the publication to be easily accessible and intelligible, as we consider that the requirement for the Methodologies to be 'clear, transparent and objective', implies this automatically.
- 2.47 Stakeholders enquired about the discrepancy between the terminology used for this Methodology in the codes and the licences (eg "Gate 2 Criteria" in the codes and "Connections Criteria" in the licence policy consultation). We explain our approach in paragraph 2.8 above and propose to make changes as suggested so that the licence uses the same terminology across licences and Methodologies in relation to Gate 1 and Gate 2.

Proposed licence changes

- 2.48 The following paragraphs specify additional changes we propose to include, further to what had been proposed in the policy consultation.
- 2.49 In paragraph E15.2 of the NESO licence, where we are specifying the Methodology objectives, we have changed two sub-clauses E15.2(b)(i) and (v) to make the language consistent across all objectives for all Methodologies and complementary to NESO's statutory objectives.
- 2.50 In paragraph E15.6 and E15.7 we have clarified that the process of identifying and consulting on changes to the Methodology relates to 'significant' updates. This is to account for our expectation that NESO should implement minor (for example clarificatory updates and updates that are consequential to these proposed licence changes) without consultation. We expect NESO to publish minor updates on its website making the changes clear. This proposal is not the result of consultation feedback; however, we believe it is necessary to allow for minor changes identified by NESO or as directed by the Authority.
- 2.51 In paragraph E15.14(b), we have clarified that depending on the reason why the Authority rejects the proposed Gate 2 Methodology, whether it is substantive or minor, the Authority can give direction to the NESO that it needs to further consult. This is also reflected in relevant conditions for other methodologies, namely paragraphs E16.14(b) and E17.20(b). We have made the required changes following the inclusion of Gate 1 and Gate 2 terminology in line with the changes set out in this section under condition A1. This terminology replaces the terms 'Clean Power 2030 Action Plan', 'Connections Criteria', and 'Connections Criteria Methodology'.

- 2.52 Please see the relevant separate document for the proposed changes in marked up text.

Questions

- Q5. Do you agree with the further changes to the proposed new Condition E15 (formerly E12) of the Electricity System Operator Licence?

Condition E16 (new): Connection Network Design Methodology (E13 in the policy consultation)

Policy intent as consulted on

- 2.53 We proposed a new condition that would require NESO to establish and maintain the Connection Network Design Methodology (CNDM).
- 2.54 Part A, paragraph E13.2 sets out specific requirement on the licensee on the creation and contents of the CNDM. The licence set out that the Methodology document should specify the process that NESO, TOs and DNOs must follow when making connections offers, identifying relevant enabling and wider works. We also proposed that the CNDM defines the process by which licensees will assess connection applications in terms of strategic alignment, network planning and anticipatory investment, as well as the G2tWQ exercise.
- 2.55 Part A, paragraph E13.3 set out the objectives and established a robust governance and oversight frameworks for the creation, modification and ongoing review of this Methodology.
- 2.56 Part B, paragraphs E13.4-E13.10 introduced specific obligations in relation to establishing and maintaining the CNDM. These included:
- A requirement on the licensee to produce, regularly review and update the CNDM; and
 - established and robust governance and oversight frameworks (including the Authority approval process in Part C, paragraphs E13.11-E13.15) for the creation and ongoing review of the Methodology.
- 2.57 Part D, paragraph 13.6 proposed to introduce a requirement on the licensee to publish the Methodology.

Summary of stakeholder responses

Multiple stakeholder views on obligations relating to the CNDM were identical to those provided for the Gate 2 Methodology. They related to industry's participation and ability to trigger review, as well as using consistent language to set out the objectives and

ensure there are no gaps across the regulatory framework. We have addressed these views in the section above and will not be re-iterating them in this section.

There were also other responses specific to the CNDM, which we will address here. Some respondents stated that the licence condition should be more prescriptive in relation to NESO's preparation of offers and details included in the offers, as well as be comprehensive to include all types of offers subject to the gated process, ie both existing and new.

Ofgem response

- 2.58 As to whether the licence should be more prescriptive towards NESO obligations relating to offer provision and content, we agree that the right balance should be struck between the licence changes being prescriptive and principle-based, so that licensees are able to discharge their obligations with the right behaviour, with the desired outcomes achieved. We have reviewed paragraph E16.2 (formerly E13.2) of the NESO licence, and believe that the proposed licence obligations, along with the requirement to act "in accordance with the obligations in their respective licences, CUSC, Connections Methodologies and STC", makes them prescriptive enough, particularly as the existing condition E12 'Requirement to offer terms' provides more detail on what types of offer to provide different applicants, including details that should be included in these offers. As part of condition E12 (as described in the section below), we present our proposal to ensure that all the three types of offers, their timelines and details of what goes in the offer, are sufficiently addressed.
- 2.59 The proposed licence condition sets out how NESO should assess applications and their interaction with network and strategic energy planning and identify opportunities for anticipatory investment. It also specifies the process that needs to be followed when reassessing agreements following advancement requests or termination of other agreements. However, there are two NESO obligations not currently addressed in the licence text, namely:
- reviewing existing contracts in the first period of the "Gated" process and assessing if they should receive a "Gate 2" offer or need to be provided with "Gate 1" offers, as per CMP435; and
 - determining the connections queue order.
- 2.60 In relation to alignment with CMP435, our current view is that deciding which of the existing projects receive Gate 1 or Gate 2 offers in time for the first application window, is already an obligation under the CNDM. As this is not an

enduring process and we are confident it will be set out clearly in the Methodology document, we propose not to include this more expressly in the licence condition.

- 2.61 With respect to determining the connections queue order, the licence drafting we proposed under the policy consultation specifies that the CNDM will determine the offer content for both new and existing agreements. This will include connection dates. Therefore, we propose for this not to be additionally specified in the licence.
- 2.62 We are proposing not to add the requirement for the publication to be easily accessible and intelligible, as we consider that the requirement for the Methodologies to be 'clear, transparent and objective', implies this automatically.

Proposed licence changes

- 2.63 E16.2(a) has been edited to add a reference to the modification of existing agreements also being subject to the CNDM, to align the wording with the proposed drafting of condition E17 (Project Designation Methodology).
- 2.64 E16.2(b) has been edited to include the new term "Strategic Energy System Plan" as defined in this section under condition A1 of this document.
- 2.65 In paragraph E16.3 of the NESO licence specifying CNDM objectives, we have changed four sub-clauses E16.3(ii), (iii), (iv) and (vi), to ensure consistency across all three Methodologies and provide clarity on objectives that CNDM is required to meet.
- 2.66 We have deleted the last clause E16.3(vii) where the requirement to align with wider obligations was specified, as this is expected to be done in any event, and we had not specified this in relation to other Methodologies.
- 2.67 In paragraph E16.6 and E16.7 we have clarified that the process of identifying and consulting on changes to the Methodology relates to 'significant' updates.
- 2.68 Paragraph E16.14(b) is changed to reflect the change set out above under condition E15.
- 2.69 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q6. Do you agree with the proposed new Condition E16 (formerly E13) of the Electricity System Operator Licence?

Condition E17 (new): Project Designation Methodology (E14 in the policy consultation)

Policy intent as consulted on

- 2.70 We proposed to introduce a new condition which would require NESO to establish and maintain the new Project Designation Methodology. Part A, paragraphs E14.2 set out the purpose of this Methodology – to specify the information and evidence NESO will require when assessing projects for designation and the process to verify the evidence submitted by applicants.
- 2.71 E14.3 set out the requirement on the licensee to follow 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.
- 2.72 In paragraphs E14.4 – E14.5, we set out a governance process that NESO must follow while designating projects. The framework set out in the licence included the requirement to submit rationale and consult on minded-to decisions.
- 2.73 Part B, paragraphs E14.6-E14.14 introduced specific obligations in relation to establishing and maintaining the 'Connection Network Design Methodology'. These included:
- the criteria that the NESO will apply to identify and designate strategically important projects with potential system-wide or security of supply implications;
 - a defined set of objectives of the Project Designation Methodology which also provides the criteria against which the PDM will be reviewed;
 - a requirement on the licensee to produce, regularly review and update the Project Designation Methodology;
 - established and robust governance and oversight frameworks (including the Authority approval process in Part C, paragraphs E14.15-E14.19) for the creation and ongoing review of the Methodology.
- 2.74 Part D, paragraph 14.20 proposed to introduce a requirement on the licensee to publish the Methodology.

Summary of stakeholder responses

The majority of stakeholders' questions relating to this Methodology are answered in the Gate 2 Methodology section above, the key points being industry participation and ability to trigger a review, and consistency of objectives and their alignment with the wider regulatory framework. We have addressed these in the section above and will not be re-iterating them.

There were other responses specific to the Project Designation Methodology, which we address in this section. These include clarity around the dispute process where a project wishes to challenge a designation decision. Some of the respondents asked for more clarity on whether and how Distribution projects will be designated. A few respondents highlighted that the Designation Criteria specifying which projects qualify for designation needs to be more prescriptive, while NESO asked for more flexibility.

Most stakeholders agreed that the final decision on Project Designation should only happen after a consultation, and a few highlighted that NESO has expertise, and the designation decisions should be left to its discretion. Stakeholders, however, agreed that projects should be designated only in critical and exceptional circumstances. NESO suggested that Ofgem should not only review the proposed designations, but also the ones which are rejected. NESO also requested that project designation decisions during the Gate 2 to Whole Queue (G2tWQ) exercise should be exempted from requiring consultation.

Stakeholders also asked what Ofgem's role, and the right level of governance should be, without inhibiting the purpose of the Methodology. They questioned whether Ofgem needs to have a role if NESO's process is sufficiently robust and contains the appropriate appeal rights, specifically in relation to the G2tWQ process.

Ofgem response

2.75 The draft Project Designation Methodology has addressed the dispute process in the Methodology document, and NESO will publish details of this process. Should NESO wish to modify the dispute process in any way, it should provide clear rationale to Ofgem and consult stakeholders as per the proposed obligations set out in the licence section E17 and described below. Once NESO publishes all the designation decisions with the rationale behind them, customers can dispute a non-designation, which will then be referred to an independent expert. The decision of the independent expert would be final and binding. Since a dispute process is already included in the Methodology document, which (for the reasons set out in the associated minded-to Project Designation Methodology

- decision) we are minded to approve, we believe there is no need for further addressing it in the licence.
- 2.76 Distribution projects can be designated, but only NESO can designate. DNOs can indicate which projects they consider should be designated and then NESO is the decision maker. This is specified in the Project Designation Methodology, and our view is that this does not need to be reiterated in the licence. This is because the terms of the licence are broad enough to include Distribution projects within the scope of what can be designated, and the Methodology provides sufficient clarity on designation of Distribution projects.
- 2.77 We have considered the responses regarding Designation Criteria above and propose that no further changes are required to the proposed licence changes. Stakeholders are divided on this issue and on the basis that there might be new types of projects needed in the future to meet the requirements of the electricity system, which we are not aware of presently. We consider that the present criteria listed in the licence conditions provide a good balance between what stakeholders consider to be required.
- 2.78 Further, the licence condition requires NESO to submit all project designation decisions to Ofgem. The licence condition as drafted does not exclude rejected applications, meaning they must be included in NESO's submission.
- 2.79 The licence condition proposed under the policy consultation specifies the requirement on NESO to publicly consult, clearly setting out the connection application it is minded to designate and the reasons for the designation, with reference to the Designation Criteria. Giving regards to the length and impracticality of this requirement under certain circumstances, eg when designating projects under the one-off G2tWQ exercise, we are inclined to add a clause providing that if arranged with the Authority, the consultation can be avoided. This solution would allow NESO to expedite the process, if agreed by Ofgem.
- 2.80 We have also given consideration on Ofgem's role in the designation process. We are proposing for Ofgem to have a veto power over which projects are designated, ie the power to challenge the designation or rejection of individual projects within a 28-day period. Ofgem would be given discretion to decide whether to invite reconsideration or direct a new decision.
- 2.81 However, we note that a balance must be achieved between taking time to review NESO's decision on which projects are designated and inhibiting NESO

from progressing, as it awaits a decision from Ofgem. Therefore, we propose that if Ofgem does not decide to reject the designation proposal within 28 days, NESO can consider it to be approved. When the Authority receives the request to approve the list of projects NESO is proposing to designate and reject, it will be reviewed against the criteria set out in this licence condition. We believe licence changes are necessary to enable this.

Proposed licence changes

- 2.82 We added a sub-clause (f) to the paragraph E17.3 to include designation of projects not meeting the specified criteria as agreed with the Authority.
- 2.83 In paragraph E17.4, to cater for the G2tWQ exercise under CMP435 for existing agreements, we have added a clarification 'unless otherwise agreed in advance with Authority', so that if NESO considers a consultation impractical, it can ask the Authority to be exempted from this requirement.
- 2.84 Two new paragraphs, E17.6 and E17.7 have been added to provide for Ofgem to have a veto power over NESO's decision whether or not to designate projects. If Ofgem does not respond to NESO's submission within 28 days, then NESO can go ahead with the proposal to designate and reject projects as if it had been accepted.
- 2.85 In paragraph E17.10 of the NESO licence, where we are specifying the objectives, we have changed 4 clauses E17.10 (b), (c), (d) and (e), to make the language consistent with the other methodologies.
- 2.86 E17.10(f) has been edited to include the new term "Strategic Energy System Plan", which is defined in this section under condition A1 in this document.
- 2.87 In paragraph E17.12 and E17.13 we have clarified that the process of identifying and consulting on changes to the Methodology relates to 'significant' updates.
- 2.88 Paragraphs E17.3(d) and (e) and E17.20(b) is changed to reflect the change set out above under condition E15.
- 2.89 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q7. Do you agree with the proposed new Condition E17 (formerly E14) of the Electricity System Operator Licence?

Condition E12: Requirement to offer terms (E15 in the policy consultation)

Policy intent as consulted on

2.90 We consulted on a new paragraph E15.3 [E12.3 in annex A of this statutory consultation]. This new paragraph set out the requirement for the licensee to offer a Bilateral Agreement or a Construction Agreement to all applicants applying for a new connection or a modification to an existing connection. The intent of this proposed paragraph was for this obligation to be discharged in accordance with new "Connections Process" as defined in the CUSC and the Connections Methodologies.

2.91 We proposed to modify paragraph E15.4 [E12.4] by adding references to the CNDM to require the licensee to notify other STC parties of making an offer for connection or modification to an existing connection in accordance with the CNDM in addition to the existing requirement to align with the STC.

2.92 We proposed to modify paragraph E15.5 [E12.5]. The proposed change was an additional sentence clarifying that, under the reformed process, NESO will only be required to offer a Gate 2 agreement to applications who:

- have requested a Gate 2 offer, are required to meet and meet the Gate 2 Criteria; or
- have requested a Gate 2 offer and are not required to meet the Gate 2 Criteria.

The proposed change was aligned with the proposed TMO4+ modifications to the CUSC, clarifying which applications NESO is required to enter into a Gate 2 agreement with.

2.93 We proposed to add paragraph E15.6 [E12.6] to require the NESO to enter into a Bilateral Agreement with applications who have applied for a Gate 2 offer but do not meet the Gate 2 Criteria to specify that only indicative provisions would be made for such applicants. The intention of this new paragraph is to ensure an outcome for applicants who have applied for a Gate 2 offer but have not met the Gate 2 Criteria.

2.94 We proposed a new paragraph E15.7 [E12.7] to require the NESO to enter into a bilateral agreement with applications who have applied for Gate 1 offers. These applications do not require the 'full' agreement and offers will contain indicative connection date and point of connection. The intent of this paragraph was to clarify the agreements for Gate 1 applications.

- 2.95 We proposed a new paragraph E15.9 [E12.9] to require the NESO to establish application windows. The paragraph sets out the requirements for the application windows frequency (at least once a year) and duration (open at least for 2 weeks and no more than 4 weeks). It also requires the NESO to send notices to stakeholders of upcoming application windows at least 3 months in advance.
- 2.96 We proposed to modify paragraph E15.14 [E12.14] in clauses b) and c) to indicate that the projects which did not have to apply within gated process, still get their offers in 3 months, while the ones that apply through gated process should get their offers within 6 months.

Summary of stakeholder responses

Stakeholder responses can be grouped into three main areas, as follows:

Timescale for requirement to make an offer: 6 months is the timescale broadly considered optimal, acknowledging this might need to be longer for the G2tWQ exercise. Shorter timescales were generally preferred, caveating the need for the process to be efficient to ensure delays extending over the 6-month period do not occur. The NESO and some TOs disagreed with this, as explained below in the 'Ofgem response' section.

Types of offers: Stakeholders were supportive of the approach on how the existing licence conditions were modified to include the new types of offer as part of the gated process. A few stakeholders highlighted that Gate 1 with Reservation, ie indicative offers with Reservation have not been addressed in the type of offers in the licence conditions. NESO considered that with few minor changes the proposed licence changes can work for this type of offer too.

Application windows: Stakeholders considered a minimum 2 weeks and maximum 4 weeks range to be insufficient and should be expanded to a minimum 4 weeks to maximum 6 weeks range. The requirement to have application window at least once per year was also believed to be insufficient and misaligned with the expectations set in the Code Administrator Consultation for CMP434. Three months' notice was considered satisfactory for the enduring process, but in some cases the notice period would need to be shorter and should also be provided to TOs and not just CUSC Users. There was some feedback that a new application window should only open once the previous one has closed and all offers have been accepted, so that Gate 2 applicants who do not qualify for Gate 2 offers are able to prepare and apply in the next application window.

Ofgem response

- 2.97 The aim of the licence condition is to provide a backstop maximum period within which NESO must make an offer from the closing date of the application window. CMP434 and CMP435 have set out in their legal texts that a Gated Timetable and an Existing Agreement Timetable will be confirmed along with the notice to the industry of when an application window will be opening. These will specify how much time will be required to make offers, based on how many applications have been received.
- 2.98 While industry considers a total of 6 months to be the right timescale on an enduring basis for producing an offer, NESO and some TOs disagree. They have indicated that the 'application competency period' (ie, when NESO checks that application form has been completed as required, required data has been provided and the application fee has been paid) under the reformed connections process, would require NESO, TOs and DNOs to undertake a more complex and time-consuming set of activities before applications can be clock-started and this process would require several weeks to be completed. We consider that a 6-month period from the 'clock-start' date (ie when competency checks have been completed) to be a sufficient time period for NESO to make an offer. On that basis, we are proposing to change the timescale to make offers to 7.5 months from the closing date of the application window, accounting for the additional time required to complete application competency checks.
- 2.99 NESO has stated that applicants applying for Gate 2 but not meeting the Gate 2 Criteria would not get either a Gate 2 offer or a Gate 1 offer. The current drafting of the proposed new paragraph E12.6 would require such applicants to be provided with a Gate 1 Offer, which is not the policy intent based on the proposals and legal text proposed within CMP434. We therefore believe that further modification to the proposed licence condition is required to address the above issue.
- 2.100 Considering the various responses, including NESO's, we are proposing to make the following changes:
- Application window to be open for minimum 2 weeks and maximum 6 weeks, from the policy consultation where we had proposed minimum 2 weeks and maximum 4 weeks.
 - Shorten the notice period to 4 weeks, instead of 3 months. While industry indicated that it prefers a longer notice period, NESO has highlighted that this would not be practical.

2.101 As the licence is providing a backstop indication of how many application windows there should be in a year, we are proposing to maintain the minimum one application window a year requirement, making it more clear by using 'must' in the licence text. NESO has indicated it plans to run at least two application windows in a year, which is also what the industry expectations are, but thinks this might be challenging in 2025 due to the G2TWQ process. Further, as NESO and industry are aligned that there should be least two application windows annually on an enduring basis, we propose to add in the clause that there 'should' be two, therefore setting an expectation, while limiting the requirement to only one.

Proposed licence changes

2.102 We propose to amend paragraph E12.6 by modifying sub-clauses (a) and (b), to provide additional clarity on when indicative date of connection and point of connection are not required to be stated in the offer.

2.103 We propose to amend paragraph E12.7 to clarify that a Gate 1 agreement must also be offered where an applicant holds a connection agreement and does not request to modify it, as set out in CMP435.

2.104 Paragraph E12.9 has been amended to make the following changes:

(a) Clarification that application windows only apply to certain types of applications.

(b) Application windows 'must' (instead of 'should') occur 'at least' once annually, with an expectation that there will be two windows per annum.

(c) Application window must be open for a minimum of 2 and a maximum of 6 weeks (changed from 4 weeks previously in the policy consultation).

2.105 NESO should give all stakeholders (not just customers as stated in the policy consultation), 4 weeks' notice (changed from 3 months' notice previously in the policy consultation).

2.106 Paragraph E12.14 clause (c) has been changed to introduce the requirement on NESO to make an offer within 7.5 months (instead of 6 months).

2.107 We have made changes reflecting the use of Gate 1 and Gate 2 terminology in this condition, as set out in this section under condition A1 in this document.

2.108 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q8. Do you agree with the proposed licence changes to Condition E12 of the Electricity System Operator Licence?

3. Electricity Transmission Standard Licence Conditions

Section summary:

In this section, we provide the context for the proposed changes to the Transmission licence; address the general comments made relating to the TMO4+ reform package's approach to Transmission applications; summarise the points raised by respondents on each licence change we consulted on; and propose further amendments to the licence, based on comments and our analysis.

General Concerns

Summary of Stakeholder Responses

Overall, respondents were strongly supportive of the licence changes proposed and considered that all relevant conditions of the Transmission licence were addressed in the policy consultation. There was some confusion from the industry regarding TO role and obligations around the Gate 1 offer provision process and submission of information to NESO. Respondents stated that further clarity on the obligation to comply with the CNDM was necessary. Respondents noted that the G2tWQ exercise was not mentioned in the policy consultation.

Ofgem response

- 3.1 Most of these general concerns are further reflected in the detailed feedback we received on the proposed licence conditions. They are addressed in more detail in the relevant sections below.
- 3.2 Please note that respondent's concerns about the general approach to the entire policy consultation have been set out in section 7 and will not therefore be discussed in this section.
- 3.3 We recognise that the G2tWQ exercise was not addressed in the policy consultation, and we provide the relevant detail about this exercise here. The G2tWQ exercise is intended to be a one-off exercise and the proposed code modifications CMP435 and CM095 set out the process for this. Once NESO provide notification to the TOs that Users with existing offers meet the Gate 2 Criteria, the TOs will provide NESO with relevant information through a Transmission Owner Construction Offer (TOCO) when required, eg where Reservation has been flagged by NESO. This process is set out in detail by existing obligations, code modifications CMP435, CM095 and the NESO licence.

As there are no new direct obligations on TOs with respect to this, we believe no licence changes are necessary to facilitate the G2tWQ exercise.

- 3.4 We acknowledge the need for maximum clarity provided by the Transmission licence, and we have given this due consideration to ensure the conclusions set out below provide additional clarity.

Condition D1: Interpretation of Section D

Policy intent as consulted on

- 3.5 The new definitions we proposed in the policy consultation reflected the new concepts and process that will be introduced under the TMO4+ reform package. In most cases, these modifications related to the Connections Methodologies. We aligned the relevant definitions in the Transmission licence with the definitional changes contained within the Electricity System Operator Licence above – with the exception of a definition for the Clean Power 2030 Energy Plan.
- 3.6 We proposed to add to condition D1 the definitions of:
- “connections criteria”
 - “connections criteria methodology”
 - “connections methodologies”
 - “connections network design methodology”
 - “connections process”
 - “designation criteria”
 - “project designation methodology”
- 3.7 The intent of this was to ensure that relevant definitions are provided for the various new Connections Methodologies that the TOs would be required to refer to.
- 3.8 We chose not to define nor make references to “Gate 1” and “Gate 2” in the licence, preferring instead to make only those changes that are necessary to facilitate the implementation of the relevant CUSC modifications while avoiding duplication in the licence. In general, this was due to our position of wanting to avoid making unnecessary additions and changes to the licence and to ensure that any changes to the codes or methodologies in the future do not also require licence changes.

Summary of stakeholder responses

The majority of respondents agreed that the proposed definitions are sufficient to reflect the changes to the regulatory framework if the TMO4+ reform package is implemented. Multiple respondents were of the view that defining strategic alignment as the alignment with the Clean Power 2030 Action Plan and the Strategic Spatial Energy Plan, as well as defining Capacity Reservation, would increase clarity for customers and investors. Respondents also proposed amending the definition for the "connections process" with references to the Electricity Act 1989 and the Distribution Connections Use of System Agreement (DCUSA). Furthermore, capitalisation inconsistencies were highlighted by multiple respondents.

Ofgem response

- 3.9 We note the suggestion to define "Capacity Reservation" in the licence. We propose not to include this definition in order to align with the NESO licence, and consider this appropriate for the purpose of enabling the TMO4+ reform package for the reasons set out in the NESO licence definitions section in paragraph 2.27 above.
- 3.10 Similarly to our approach to the Distribution licence, we do not believe it is necessary to include a definition of "strategic alignment" in the Transmission licence. Strategic alignment criteria and requirements will be defined in the Connections Methodologies, and our proposed licence changes will require compliance with these Methodologies. This approach will ensure compliance with relevant strategic plans, and that any subsequent change to the strategic alignment criteria will not require a corresponding change to the licence.
- 3.11 We propose not to capitalise the new definitions to align them with the format of terms already defined across the Transmission licence.

Proposed licence changes

- 3.12 Following respondents' inputs, further to what had been proposed in the policy consultation, we propose to modify section D1.1 by amending the "connections process" definition.
- 3.13 We also propose to amend the previously used terms "connections criteria" and "connections methodology" to "gate 2 criteria" and "gate 2 methodology" respectively, as well as to add definitions for "gate 1" and "gate 2" for the reasons set out in the System Operator Licence Definitions section above.

- 3.14 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q9. Do you agree with the proposed licence changes to Condition D1 of the Electricity Transmission Standard Licence?

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

Policy intent as consulted on

- 3.15 We proposed to amend the condition to set out the obligations of Transmission licensees after a connection application is received by NESO, in line with the proposed changes to the TMO4+ CUSC and STC code mods.
- 3.16 If the TMO4+ reform package is approved, Transmission licensees' obligations will change based on the type of connection application made to NESO by Users. We proposed to update current Transmission licence conditions, which only specified one type of offer, to reflect the new connections process that would include two types of offers:
- Gate 2 offer containing the site-specific details for applications which have requested a Gate 2 offer and meet the Gate 2 Criteria and applications which are not required to meet the Gate 2 Criteria.
 - Gate 1 offer containing fewer site-specific details and an indicative connection date for applications required to meet but not meeting the Gate 2 Criteria.
- 3.17 We proposed to modify paragraph D4A.1 to enable the new connections process effectively by outlining the different obligations of Transmission licensees. These would differ depending on the nature of the offer that is made to the applicant. Licensees' obligations to enter into agreements specifying site-specific details relating to works and costs are set out in paragraph D4A.1, and we proposed to modify this clause so that the obligation under D4A.1 applies only to applications eligible for Gate 2 connection offers.
- 3.18 We proposed an additional obligation in paragraph D4A.2 on licensees to offer to enter into agreements with NESO when NESO receives an application that does not meet the Gate 2 Criteria (and Gate 1 offer needs to be issued) and established the obligations on licensees. The agreements would contain fewer site-specific details and include indicative connection dates.

- 3.19 The proposed modification also made clear that these agreements must be produced by the licensee in accordance with the CNDM.

Summary of stakeholder responses

While respondents were broadly supportive of the proposed changes, some made a recommendation against the licence indicating TOs' involvement in Gate 1 offers creation. This was viewed as an additional, unnecessary step between the User and NESO, causing inefficiencies and an additional administrative burden. A few stakeholders highlighted that the text implied that TOs had an active role in the Gate 1 offers decision-making process and that TOs and NESO enter into an agreement through the TOCO provision. Respondents viewed that as factually incorrect, as in practice TOCO submission to NESO is limited to providing an indicative date and location only in the Gate 1 stage of the new connections process.

It was also raised that, provided that CM095 is approved, TOs would not require the Transmission licence to refer to Gate 1 projects, as obligations relating to Gate 1 provisions have been clearly set out by the proposed CUSC changes.

Some respondents highlighted an omission in not defining the NESO "reserved capacity" in the licence and therefore, a lack of relevant licence requirement to provide offers to this type of applications within timeframes similar to Gate 2 offers.

A few respondents made a point that NESO should decide whether an embedded generation installation impacts transmission instead of the DNOs.

A respondent questioned the reference to the BETTA go-live date.

Ofgem response

- 3.20 We consider that TOs should be involved in the Gate 1 offer process as the information exchange with NESO will enable efficient network design and implementation of future works. The obligation to issue TOCOs for Gate 1 offers, as defined in paragraph D4A.1 of the Transmission licence, applies only to Gate 1 offers with Capacity Reservation. TOs remain obligated to issue indicative information to NESO for applications that are subject to Gate 2 Criteria. The Gate 1 offer must comply with the CNDM, however, the indicative connection date and location do not have to be contained in a TOCO.
- 3.21 In the case of Gate 1 offers with reserved capacity by NESO (project-specific Reservation), the projects will not need to meet the Gate 2 Criteria, as defined in the Gate 2 Methodology document. Therefore, as the TOs must issue a TOCO for such projects, the TOs will ensure the offers comply with the appropriate

CNDM requirements. Furthermore, the proposed changes under CM095 detail that NESO will inform the TO when a project has met Gate 2 Criteria for which the TO will produce a full TOCO. The timescales are considered consistent across Gate 2 TOCO provision irrespective of whether these are Gate 1 offers with Capacity Reservation. Given this, we are not minded to further amend the Transmission licence in regard to Gate 1 offers with reserved capacity.

- 3.22 Embedded generation relates to the Distribution network and the details regarding the process design implemented at Distribution level were previously consulted upon by NESO under the Code Administrator Consultation and the Methodologies consultation¹⁰. The Distribution Standard Licence Conditions section below addresses embedded generation in further detail.
- 3.23 The BETTA are still in force in the industry and are consistently referred to in the Transmission licence in conditions which were not consulted upon. Maintaining the reference to BETTA aligns condition D4A with the whole of the Transmission licence.

Proposed licence changes

- 3.24 We propose to further amend the paragraph D4A.2 to clarify that licensees are required to provide "indicative" information when notified by NESO for Gate 1 offers without the use of TOCO or entering into an agreement with NESO.
- 3.25 Please see the relevant separate document for the proposed changes in marked up text.

Questions

- Q10. Do you agree with the proposed further licence changes to Condition D4A of the Electricity Transmission Standard Licence?

Condition D16: Requirements of a connect and manage connection

Policy intent as consulted on

- 3.26 Subject to the approval of the modifications to section 17 of the CUSC and section D of the STC, this requirement for Connect and Manage offers would apply only to connection applications that meet the Gate 2 Criteria. The existing provisions in D16 did not recognise this difference, and we proposed to amend paragraph D16.1 to make it clear which applications this condition applies to, as well as to align with licence condition D4A.

¹⁰ [Connections Reform | National Energy System Operator](#)

- 3.27 The changes proposed in the policy consultation also clarified, in paragraph D16.3, that the existing requirement to use all reasonable endeavours to complete enabling works should be consistent with the timelines required by the newly defined connections process. We also proposed that this is consistent with the CNDM and connect and manage applicant's reasonable expectations as to connection date, as notified to the TO by NESO.

Summary of stakeholder responses

Many respondents were supportive of the new requirements proposed for Connect and Manage connections, particularly the requirement to "use all reasonable endeavours" to complete enabling works within specified timescales. However, there was a call to clarify the timeframes for connection dates as well as the alignment of enabling works' completion date to the CNDM and the expected connection date. Several stakeholders were concerned about aligning the requirement on TOs to complete enabling works to the expected connection date as this does not reflect the requirements and challenges to deliver suitable infrastructure. It was also highlighted that the proposed wording was too vague in terms of TO completion of enabling works.

It was also argued that the connections process should not apply to Connect and Manage applications.

Ofgem response

- 3.28 We believe that having the new requirement for the enabling works completion to be consistent with the CNDM enables licensees to input into what is considered 'reasonable', both in terms of licensee endeavours and the applicant's expectations. This would be done via CNDM regular reviews and consultations undertaken by NESO. The drafting we initially proposed and linking this obligation to the requirements of CNDM would allow licensees to propose updates and caveats to be included in future iterations of the Methodology to reflect the challenges of creating a reliable and efficient infrastructure. Furthermore, the duty to protect customers is set out in governing legislation and setting reasonable customer expectations as the baseline for the delivery of a connection date ensures the customers' best interests are protected. Therefore, we propose to retain the obligation to align timescales with CNDM and applicant's reasonable expectations.
- 3.29 However, the connections process broadly refers to the timeline and offer provision and it does not describe enabling works and associated expected completion dates in detail. The Connect and Manage Guidance document

specifying further obligations with regard to Connect and Manage applications and enabling works is expected to be updated prior to TMO4+ go-live.

Therefore, we propose to remove the reference to the connections process and not include further requirements in the licence.

- 3.30 In the case of Gate 1 offers with reserved capacity by NESO (project-specific Reservation), the project will not need to meet Gate 2 readiness criteria to be eligible for a Gate 2 offer. Therefore, the TOs will enter an agreement with NESO in the same process as for Gate 2 type offers defined in paragraph D4A.1 of the Transmission licence.
- 3.31 We welcome the suggestion to clarify the wording on connecting applications which meet the Gate 2 Criteria in paragraph D16.1. The licensees' obligation to provide an offer to applications approved by NESO has been clarified and aligned with the terms in D4A.1 of the Transmission licence.

Proposed licence changes

- 3.32 We propose to further amend the Transmission licence, following respondents' feedback, to clarify which Connect and Manage applicants are eligible to receive a Gate 2 offer, as well as to align the wording with D4A.1.
- 3.33 We propose to further amend the Transmission Licence in D16.3 to remove the requirement to align the completion of the enabling works to the connections process. Instead, we would require the licensees to complete the enabling works in line with the applicant's reasonable expectations and the requirements contained in CNDM.
- 3.34 Please see the relevant separate document for the proposed changes in marked up text.

Questions

- Q11. Do you agree with the proposed licence changes to Condition D16 of the Electricity Transmission Standard Licence?

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

Policy intent as consulted on

- 3.35 In order to effectively administer the methodology with the relevant objectives, the ISOP will rely on the cooperation of Transmission Owners. We proposed to introduce a positive obligation into the Transmission licence for license holders

to co-operate with the ISOP in the administration and requirements of the CNDM.

- 3.36 Condition D18 also sought to establish two new obligations for TOs, the first in paragraph D18.1, to comply with and maintain the CNDM as well as cooperate with the ISOP to produce and maintain the CNDM and facilitate information exchange. The second obligation set out in paragraph D18.2 was to provide the ISOP with information needed for the first obligation's purpose.
- 3.37 Overall, our intent for the proposed licence changes was to enhance cooperation to promote a more coordinated and strategic approach to network design.

Summary of stakeholder responses

Most respondents agreed with the proposed changes. Several stakeholders expressed views against the requirement to provide any information to NESO for the purpose of maintaining and ensuring the CNDM objectives are met. The lack of a framework stating and limiting the type of information NESO could request was the key concern of these reservations. A few respondents noted that the CNDM was not sufficiently developed at the time of Ofgem's consultation publication. The obligation to maintain the CNDM was also deemed not the right obligation to place on TOs, unless clear guidance regarding the maintenance regime and scope was provided.

It was also noted that the objectives in the NESO licence relating to the TOs are not precise enough to demonstrate how these would be met.

Ofgem response

- 3.38 The information provided to NESO to support the CNDM will be used to deliver the government objectives of the Clean Power 2030 Action Plan. As an independent public body, the information required will solely be used by NESO for the purposes of reassessing the connections queue and assessing new Gate 1 and Gate 2 applications under the reformed connections process, should the TMO4+ reforms package be approved. Because of this, we deem that the requirement to provide information to NESO as it may reasonably require is appropriate under the CNDM and the licence.
- 3.39 Concerns were raised regarding the gaps in detail in the CNDM at the time of our policy consultation on proposed licence changes to enable TMO4+. ¹¹ The accompanying minded-to decision on the CNDM includes an assessment of

¹¹ [Proposed licence changes to enable TMO4+ Connections Reform | Ofgem](#)

stakeholder feedback on the Methodology as well as an assessment of how the CNDM meets proposed new licence objectives. Our separate accompanying consultation document titled 'Consultation: TMO4+ Connections Reform Proposals – Code Modifications, Methodologies & Impact Assessment' invites responses to questions on connections reform proposals, including our minded-to decisions relating to the proposed Methodologies.

- 3.40 We believe the objectives for the CNDM document set out in Part A of condition E15 of the NESO licence should be amended in accordance with respondents' suggestions. The rationale for the amendments is set out in the above NESO licence section.

Proposed licence changes

- 3.41 Following respondents feedback, we propose to amend the objectives of the CNDM document set out in Part A of condition E12 of the NESO licence. No further changes are proposed to this licence condition.
- 3.42 Please see the relevant separate document for the proposed changes in marked up text.

Questions

- Q12. Do you agree that no further changes should be made to the proposed new Condition D18 of the Electricity Transmission Standard Licence?

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

Policy intent as consulted on

- 3.43 We proposed to modify E17 to ensure the obligations on Offshore Transmission Owners replicate those for Onshore Transmission Owners.
- 3.44 We proposed to clarify the new requirements in paragraph E17.2 on Offshore Transmission Owners regarding offers for connection applications that are required to meet and do meet the Gate 2 Criteria as well as applications which are not required to meet the Gate 2 Criteria (ie Gate 2' offers).
- 3.45 We set out proposed requirements in paragraph E17.3 to issue agreements for applications which are required to but fail to meet the Gate 2 Criteria (ie Gate 1 offers). We also proposed that these offers and subsequent agreements with the ISOP will contain fewer details than Gate 2 offers.

- 3.46 Our proposed changes in the policy consultation also sought to bring clarity around providing terms as soon as reasonably practicable for both Gate 1 and Gate 2 agreements.

Summary of stakeholder responses

Many respondents did not complete this section because it was not applicable to them, while those who did agreed with the proposed changes and policy intent. Some respondents emphasised the need for fair treatment of Competitively Appointed Transmission Operators (CATOs) in the Transmission offer process. They supported the current phrasing regarding offers for Gate 1 but suggested that CATOs who have met the Gate 2 Criteria or who are not part of the gated process should receive offers within the same timeframe as other market participants. This approach is deemed essential for maintaining equity among all market participants in the gated process.

Ofgem response

- 3.47 We acknowledge the industry views on providing offers to CATOs who have met the Gate 2 Criteria or who are not part of Gate 1 within the same timeframe as other market participants. While we understand the concerns raised by industry participants about treating CATOs like other applicants, it is important to clarify that CATOs are not part of the gated process. The proposed changes apply to all connection applications from NESO to Onshore/Offshore Transmission Operators, triggered by applications that follow the gated process outlined in the CUSC. Separate code modifications relating to the introduction of CATOs into the STC and STP are being reviewed by Ofgem. Depending on the approval of these, CATOs may access the STC at which point they would have the same role and responsibilities as onshore TOs in facilitating the gated process. At present, Ofgem will proceed with the CATO's current status until further notice.

Proposed licence changes

- 3.48 We propose to further amend paragraph E17.3 to align with the changes proposed in paragraph D4A.3 of the Transmission licence, as per the rationale set out in section relating to D4A. In our view, no further changes to this licence condition are required, as per the rationale set out above.

Questions

- Q13. Do you agree with the proposed changes to Condition E17 of the Electricity Transmission Standard Licence is required?

Condition E25 (New): Requirements to comply with Connection Network Design Methodology for Use of System and connection (Offshore Transmission Owners)

Policy intent as consulted on

3.49 We proposed to add E25 to mirror Condition D18 above, which places the same obligation on Offshore Transmission Owners as D18 does for Transmission Owners. It will require Offshore Transmission Owners to comply with the CNDM and the provision on information to the ISOP.

Summary of stakeholder responses

Many respondents did not complete this section. because it was not applicable to them. However, a few respondents did express support for the proposed changes and the intent of the policy. Some respondents suggested that there should be clear limits on what data CATOs are expected to provide to the NESO to support the CNDM, to ensure that commercially sensitive information is protected, and to comply with legally binding data protection requirements.

Ofgem response

- 3.50 We understand the industry's concerns regarding the need for clarity on the limitations of data that CATOs are expected to provide to the NESO to support the CNDM while ensuring that commercially sensitive information is protected and compliance to legally binding data protection requirements.
- 3.51 We acknowledge the importance of safeguarding commercially sensitive information. However, the proposed changes apply to all connection applications from NESO to Onshore and Offshore Transmission Operators. Recognizing that CATOs are not part of this gated process, these proposed changes apply to applications that follow the gated process outlined in the CUSC. To this effect, the proposed changes will not provide any further clarity on the limits of what data that CATOs are expected to provide to the NESO to support the CNDM.

Proposed licence changes

3.52 In our view, no further changes to this licence condition are required, as per the rationale set out above.

Questions

Q14. Do you agree that no further changes to the new proposed condition E25 of the Electricity Transmission Standard Licence are required?

4. Distribution Standard Licence Conditions

Section summary:

In this section, we provide the context for the Distribution licence changes we consider are needed; we summarise the points stakeholders made on the proposals in our policy consultation; set out our policy response; and finally provide the details of the licence changes we are proposing.

Scenarios

- 4.1 We described our policy intent for the Distribution licence changes in our Policy Consultation published on 27 November 2024.¹² We asked for stakeholder views on the licence modifications that we consider are necessary to align the connections process at Distribution level with the TMO4+ proposals at Transmission level. Due to the ongoing consultations and discussions around the TMO4+ connections process at Distribution, which was much less evolved at the time of the policy consultation, we decided to consult on the policy intent behind potential licence modifications, without presenting specific amendments to the licence text. We did this to give stakeholders the opportunity to raise any significant issues related to the new DNO obligations, and to allow them to propose any changes to the licence that they believed might be necessary.
- 4.2 The licence modifications are relevant to generation customers, including small and medium embedded generation that is eligible for Transmission Impact Assessment (TIA), as well as large embedded generation (Users who have Bilateral Embedded Generator Agreements 'BEGAs' and Bilateral Embedded License Exemptible Large Generator Agreements 'BELLAs'). Embedded demand customers are out of scope, as with the TMO4+ reforms. Changes proposed here would apply to both new and existing customers.
- 4.3 Considering that industry work on the TMO4+ process design was still ongoing at the time of the Policy Consultation, which meant that not all relevant details were known, we considered two potential scenarios to inform our thinking on necessary Distribution changes:
 - Scenario 1: DNOs pass on all relevant connection applications to the NESO for strategic alignment checks as part of the Transmission Impact Assessment (TIA) process. DNOs will first validate that applicants meet the Gate 2 readiness criteria before passing applications to NESO.

¹² [Proposed licence changes to enable TMO4+ Connections Reform | Ofgem](#)

- Scenario 2: DNOs perform both the readiness and strategic alignment checks before passing relevant connection applications on to NESO.
- 4.4 Most stakeholders agreed that both of these scenarios would require licence changes, with Scenario 2 likely requiring more substantial licence changes, possibly alongside legislative changes. Regarding Scenario 2, all stakeholders noted that a new obligation on DNOs to assess applications against strategic alignment criteria may need to be supported by additional provisions to clarify that licensees are not restricting or distorting competition by complying with the requirements of the reformed process.
- 4.5 We now know that, as per the final legal text of CMP434 and CMP435 and the associated Methodologies, the proposed process follows Scenario 2: if the reforms are implemented, DNOs will be responsible for performing both readiness and strategic alignment checks, subject to subsequent review and final confirmation by NESO.

General Concerns

Summary of Stakeholder Responses

Respondents broadly agreed with the general policy intent. There was general agreement that changes are needed to enhance the efficiency and strategic alignment of the connections process. There was also broad support for the proposal that DNOs should be responsible for undertaking readiness and strategic alignment checks. There was general concern among stakeholders about the interface between Distribution and Transmission being underdeveloped, and some uncertainty about how the key elements of that interface would work in practice. There was concern about a lack of clarity regarding the reforms' impacts on security charges; for example, where customers currently have securities in place/connection charges identified, how these would change post-reform, and how and when would this be communicated to DNOs and Users. There was broad agreement among stakeholders that licence changes alone are likely not enough to implement the changes proposed by the Connections Reform, with changes to legislation required as well.

Ofgem response

- 4.6 We acknowledge industry views that the pace and sequencing of the policy design may have been perceived as sub-optimal. We acknowledge that the implementation timetable for Connections Reform is ambitious, and that Ofgem and the industry have been proceeding with the relevant regulatory change proposals at an accelerated pace. However, while we consider it important to

progress these reforms quickly, we see it as equally important that NESO and network companies can give the Distribution-level process due consideration; that stakeholders are able to influence the design of that process through consultation, and that we make the necessary changes to ensure that the reforms are fair, proportionate, and fit for purpose.

- 4.7 In addition to the changes that we are proposing in this document, and if the proposed reforms are implemented, it is important that Ofgem, NESO and network companies continue to monitor the outcomes resulting from the Code, Methodologies and licence changes, and that all interested parties remain open to the possibility of exploring further improvements to the TMO4+ regulatory framework in the future.
- 4.8 Considering the ambitious timeline to deliver the connections reforms, and the importance of the changes required for the go-live in Q2 2025 (subject to final Ofgem approval), we consider it necessary that provisions relating to securities and any associated licence changes are considered at a later date, when there is more clarity around securities and abortive costs. The predicted time for when licence changes would be needed is early 2026.
- 4.9 Several respondents suggested that implementation of the reforms by DNOs may ultimately require changes to legislation. Distributors have a “duty to connect” under s16 of the Electricity Act, and some stakeholders expressed concern about a potential conflict between this duty and their obligation to assess applicants against strategic criteria. We have considered this issue, and our view remains that the statutory exceptions are sufficiently broad to cover circumstances in which a DNO is properly following the connections process as laid out in the proposed CUSC, Methodologies, and Licence amendments. A DNO is not required by the Act to connect a customer if it would not be reasonable in all the circumstances for it to do so, or if it is prevented from doing so by circumstances beyond its control. Connection offers can be subject to reasonable terms. We are therefore satisfied that amendments to these sections of the Electricity Act are not a necessary pre-condition for the implementation of TMO4+ at Distribution level. However, we acknowledge that clarificatory amendments could be useful going forward, as they would provide additional and enduring certainty to DNOs and connecting customers on the nature of the duty to connect. We are working with the government to explore the introduction of such clarificatory amendments.

4.10 Overall, we consider that the current regulatory framework, with the addition of the TMO4+ code modifications, Methodologies and the licence amendments proposed by Ofgem are sufficient to ensure that the right provisions are in place to enable DNOs to implement the TMO4+ connections process.

Condition 1: Definitions for the standard conditions

Policy intent as consulted on

4.11 In our policy consultation, we stated that some definitions in the Distribution licence would have to be modified – and some new definitions would have to be added – to ensure that the new concepts introduced by the TMO4+ reform package were reflected in the licence. To minimise confusion or ambiguity, and to ensure consistency of terminology across the regulatory framework, we noted that our aim would be to align (as closely as possible, and insofar as it was practical to do so) the definitions in the Distribution Licence with the relevant definitions in other licences, particularly the Transmission Licence.

Summary of stakeholder responses

The majority of respondents agreed that new definitions are likely to be required to reflect the changes to the wider regulatory framework if the TMO4+ proposals are pursued, and that definitions would need to be reviewed regularly – and potentially updated – to reflect any additional changes. A key concern raised by respondents was that definitions should be consistent across Distribution and Transmission licences. Several respondents also indicated that including a reference in the licence to the definitions of strategic alignment regarding Clean Power 2030 Action Plan and the SSEP would provide clarity around the process and obligations associated with the various new Connections Methodologies.

Ofgem response

4.12 Our view remains that definitions should be consistent across Distribution and Transmission licences. We propose to align the definitions in the Distribution licence with those in the Transmission and System Operator Licences, to ensure consistency and clarity across the regulatory framework.

4.13 We are of the view that it is unnecessary at this time to include a definition of “strategic alignment” in the licence: strategic alignment criteria and requirements will be defined in the Connections Methodologies, and our proposed licence changes will require compliance with these Methodologies. This approach will ensure that any subsequent change to the strategic alignment

criteria will not require a corresponding change to the licence: that is, licensees' obligation to comply with the Methodologies will remain consistent, even if the content of the Methodologies changes.

- 4.14 As explained above (in section A1), our initial approach to licence drafting (reflected in the amendments we initially proposed to the Transmission and System Operator Licences) was to not include definitions of "Gate 1" and "Gate 2", and to not refer to those concepts explicitly in the proposed new substantive licence conditions. We took this approach in order to avoid duplication, and to separate the specific requirements of the CUSC and Methodologies from the more generalised obligations in the Licences. Many respondents disagreed with this rationale, arguing that references to Gate 1 and Gate 2 would add clarity to the drafting, and would ensure consistency of terminology across the whole package of reforms. We are therefore proposing to include these definitions in the amended Distribution licence, and have proposed amendments accordingly.

Proposed licence changes

- 4.15 We propose to amend condition 1 to include new definitions that reflect the new concepts and processes that would be introduced by the TMO4+ reforms. We are proposing to introduce definitions of "Gate 1" and "Gate 2". These terms refer to the stages of the connection process established by the methodologies, and will therefore be defined as: "the connection stage of this type as defined in the Connections Methodologies".
- 4.16 We are also proposing to add a definition of "Gate 2 Criteria", which will be the "Criteria specified in the Gate 2 Methodology". As in the other licences, each methodology will be separately defined, and there will be a separate definition of "Connections Methodologies", as an umbrella term that is used to refer to all three methodologies.
- 4.17 Also in accordance with the changes proposed to other licences, we are proposing to include a new definition of "Connections Process", a general term that refers to all stages of the process for assessing connection applications and making connections offers, as laid out in the various documents that constitute the TMO4+ package.
- 4.18 We are proposing these changes to align the Distribution licence with other electricity licences, and to make the link between the new licence obligations and the Codes and Methodologies explicit. We agree with respondents who said that incorporating these terms into the text would clarify the proposed new

licence obligations, and would help to ensure consistency of terminology across the wider package of reforms.

- 4.19 Please see the relevant separate document for the proposed changes in marked up text.

Questions

- Q15. Do you agree with the proposed licence changes to Condition 1 of the Electricity Distribution Standard Licence?

Condition 4: No abuse of licensee's special position

Policy intent as consulted on

- 4.20 Under Scenario 1, in which DNOs undertake Gate 2 readiness checks only, without assessing applications based on strategic pathways, we set out in the consultation that we considered no change to this condition would be necessary.
- 4.21 Under Scenario 2, we suggested that changes may be required if new obligations were placed on DNOs to assess applications in terms of alignment with both the Clean Power 2030 Action Plan and the Strategic Spatial Energy Plan (SSEP). Since we published our initial consultation, Scenario 2 has been realised in the final proposed design, and we are now proposing changes to the licence on that basis.

Summary of stakeholder responses

The consensus view among respondents was that changes to condition 4 would be required. This was true for both network companies and Users. The key rationale was that selective treatment of applications based on the criteria established by the Methodologies and strategic plans (eg different treatment of different technology types) could be construed as an abuse of the licensee's special position.

Additionally, some respondents argued that the introduction of different processes for small/medium and large customers created a risk that application of the connections process by DNOs could be inconsistent with their obligations under condition 4.

Respondents therefore proposed that the amended licence condition should clearly state that compliance with TMO4+ reform package processes and Clean Power 2030 Action Plan/SSEP does not constitute a breach of condition 4 (under both scenarios). It was submitted that this is required in addition to legislative changes to the Electricity Act 1989 to provide specific exceptions for the application of the Strategic Alignment Criteria.

Ofgem response

- 4.22 We do not think, in the absence of any changes to this condition, that correctly following the connections process would have constituted an abuse of the licensee’s special position. The rules apply equally to all, even if they produce different outcomes for different parties. We do recognise, however, that it is useful to make this position explicit in the licence.
- 4.23 Therefore, in recognising industry concerns and addressing the ask to provide a maximum level of clarity about the role of DNOs in the administration of the new connections process, we agree with the proposals to introduce an explicit carve-out to state that implementation of the connections process does not constitute a breach of this licence condition.

Proposed Licence Changes

- 4.24 We therefore propose to amend condition 4 to clarify that licensees are not in breach of their obligation under condition 4 when abiding by the requirements of the ISOP connections process, and/or implementing any decisions the ISOP may make under that process.
- 4.25 Please see the relevant separate document for the proposed changes in marked up text.

Questions

- Q16. Do you agree with the proposed licence changes to Condition 4 of the Electricity Distribution Standard Licence?

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

Policy intent as consulted on

- 4.26 Under both scenarios, we considered that changes would be required to this condition. This includes changes to reflect the fact that in some circumstances, the licensee will only be required to provide a “full” offer if the applicant has met the Gate 2 Criteria.
- 4.27 In our initial consultation, we said that changes should be made to this condition to allow DNOs to apply a degree of selectivity based on strategic plans that is equivalent to that granted to NESO under the proposed modifications to the System Operator Licence. In other words, the modification would be required to account for the fact that licensees would not grant connection offers with

finalised dates, location, works and costs prior to the applicant meeting the Gate 2 Criteria.

Summary of stakeholder responses

Respondents agreed with the policy intent and rationale behind introducing changes to condition 12. They noted that the licence should provide clarity on the circumstances in which connection dates should be provided as part of the application process, eg whether or not this must be done prior to the assessment of applications against the criteria. Respondents also said that the obligations set out by the licence should be aligned with the process for Transmission-connecting generation customers.

Ofgem response

4.28 Having reviewed our approach, and after further consultation with stakeholders, we believe that the licence should be clear on the licensee's obligation to offer terms to existing and new Users who are subject to (and meet) the Gate 2 Criteria, and that it should also clearly set out the extent of the obligation to offer terms when those criteria are not – or do not need to be – met. We also propose an amendment to specify that, for Distribution Users not in scope of the TMO4+ reforms (ie not subject to the Gate 2 Criteria¹³), the licensee will be required to provide a connection date, as per the existing obligation.

Proposed licence changes

- 4.29 We therefore propose to modify paragraph 12.2, requiring DNOs to comply with the new connections process when new connection applications are received on or after the cut over date set out by the CUSC, or before the cut over date for existing connections customers and for the purposes of the G2TWQ exercise. The date is defined as the 'EA [existing arrangements] Cut Off date' in CMP435 and means 23:59 on the day preceding CMP435 implementation date. The date is assumed to be 56 calendar days after the Authority decision to approve the code mod.
- 4.30 We propose to modify paragraph 12.4 to require DNOs to offer a date by which works will be completed only to projects that meet the Gate 2 Criteria. Under our proposed amendments to this condition, if NESO informs DNOs that the project does not meet the Gate 2 Criteria, licensees will not be required to offer

¹³ ie embedded demand and projects not having an impact on the Transmission system.

a firm connection date. We also propose to reflect the same by adding such projects to the list of exceptions under paragraph 12.7.

- 4.31 We propose to insert a paragraph 12.4A specifying that, for existing connection customers holding connection agreements, the connection date must be provided as soon as practicable after NESO has confirmed that the Gate 2 Criteria have been met. We have also clarified (at 12.4A(b)) that the licensee is not required to provide a date in the agreement if the project is subject to the Gate 2 Criteria, and has not met those criteria.
- 4.32 We propose to extend paragraph 12.7 (Part F: Exceptions to the obligation to offer terms) to provide clarity on licensee obligations relating to terms offered to customers who do not meet the Gate 2 Criteria. We believe the licence should specify that the licensee will not be required to offer to enter into an agreement for connection with a new customer who is subject to, but has not met, the Gate 2 Criteria. A confirmation from NESO will not be required in this instance, as DNOs will be obligated to only progress to NESO the projects they believe meet the criteria, in order for NESO to undertake the final assessment.
- 4.33 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q17. Do you agree with the proposed licence changes to Condition 12 of the Electricity Distribution Standard Licence?

Condition 19: Prohibition of discrimination under Chapters 4 and 5

Policy intent as consulted on

- 4.34 Our initial view was that no changes to this condition would be required under Scenario 1 or 2. This was based on the fact that, in our view, the project prioritisation benchmarks that DNOs' decisions would be based upon would not be discriminatory in nature because they would apply equally to all Users.

Summary of stakeholder responses

Similar to condition 4, the majority of respondents disagreed with the statement that no changes to condition 19 are required under either of the scenarios. The key rationale provided was that selective treatment of applications based on the criteria dictated by the Methodologies and strategic plans, as well as differing processes for small/medium versus large customers, could be perceived as discriminatory. Respondents proposed

that the amended licence condition should clearly state that DNOs must not unduly discriminate, and that compliance with TMO4+ processes, the Methodologies (the Gate 2 Criteria and the CNDM, specifically) and Clean Power 2030 Action Plan/SSEP would not constitute a breach of condition 19. Several DNOs and other system Users said that these amendments were required in addition to legislative changes, as the timelines and effectiveness of any legislative change remains uncertain. They also said that this obligation should be aligned with the similar obligation proposed to be placed upon TOs.

Ofgem response

- 4.35 As with condition 4 above, our view is that the proper application of the new connections process by DNOs would not have been discriminatory without changes to this licence condition. However, we acknowledge that the majority of stakeholders asked for this position to be explicitly incorporated into the licence text, and we agree that it is useful to provide clarity on this point.
- 4.36 In recognising industry concerns and addressing the ask to provide a maximum level of clarity, we have reconsidered our initial view, and we agree with the proposals to introduce an explicit carve out to state that implementation of the connections process does not constitute a breach of this licence condition. Additionally, to align the wording with the Transmission obligations, we are of the view that modifying the licence legal text to state that licensees are not to 'unduly' discriminate would provide additional clarity to all interested parties. Regarding our response to stakeholder concerns about legislative changes, please see paragraph **Error! Reference source not found.** of the distribution section of this consultation document.

Proposed licence changes

- 4.37 We therefore propose to amend condition 19 to require that licensees do not "unduly" discriminate, thus aligning the wording in this condition with the equivalent paragraph B3.3 in the Electricity System Operator licence and D5 in the Transmission licence. We also propose to state (in the new condition 19.1A) that the licensee shall not be in breach of condition 19 when abiding by the requirements of the ISOP connections process and/or any decisions the ISOP may make under that process.
- 4.38 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q18. Do you agree with the proposed licence changes to Condition 19 of the Electricity Distribution Standard Licence?

Condition 20: Compliance with Core Industry Documents

Policy intent as consulted on

- 4.39 Our initial view was that under both Scenarios 1 and 2, licence changes would be needed to authorise DNOs to change the way they process connection requests (eg an explicit licence obligation to align with wider strategic government objectives when assessing applications).
- 4.40 As an appropriate means of achieving that, we considered designation of the Clean Power 2030 Action Plan and the SSEP in the licence. This would have introduced a specific obligation requiring DNOs to assess connections applications against the strategic criteria and the objectives contained within these strategic plans.

Summary of stakeholder responses

Some respondents were supportive of an explicit obligation in the licence to comply with the Methodologies. However, stakeholders expressed a mixed range of views as to whether the Government's strategic plans should be explicitly incorporated into the licence legal text. Specifically, a concern was raised that the Clean Power 2030 Action Plan and the SSEP are likely, at this time, to lack the level of detail and clarity needed for a clearly defined obligation in the licence. Methodologies and CUSC modifications (CMP434 and CMP435), which DNOs will be obligated to comply with if the TMO4+ reforms proceed, were seen by respondents as a more appropriate avenue through which the obligation to comply with the alignment criteria should be enacted, given that the new criteria embed wider strategic clean energy objectives.

Ofgem response

- 4.41 Under the new process, DNOs will have to comply with the Methodologies, which set out alignment criteria as per the Clean Power 2030 Action Plan and the SSEP. Having reassessed our initial approach against stakeholders' views, we consider that there is no added value in explicitly referencing these documents in the new licence text, particularly due to industry concerns around the design, publication and governance of these strategic plans. Given a higher degree of industry engagement with regard to the Methodologies design, and the fact that

these documents set out the same relevant obligations as strategic plans, we consider it more appropriate to enact strategic alignment obligations via compliance with the Methodologies in the new licence text. As this position will be supported by the modifications to condition 1 and condition 12, we consider no changes to condition 20 are required.

Proposed licence changes

- 4.42 In our view, no changes to this licence condition are required, as per the rationale set out above.
- 4.43 Please see the relevant separate document for the proposed changes in marked up text.

Questions

- Q19. Do you agree that no change is required to Condition 20 of the Electricity Distribution Standard Licence?

Condition 12A (New): Requirement to progress User applications for Transmission assessment

Policy intent as consulted on

- 4.44 In our policy consultation, we proposed the addition of a new licence condition with four parts: 12A.1, 12A.2, 12A.3 and 12A.4. We considered that these conditions would be necessary to enable the new role that DNOs would have under both Scenario 1 and Scenario 2, and to require them to perform it in a timely manner. In summary, we considered that the licence may need to be amended to require DNOs to conduct initial checks against the Gate 2 Criteria (12A.1), to conduct those checks in a timely manner (12A.2), and to progress successful applications by submitting a Transmission Evaluation Application (TEA) within the soonest available application window (12A.3 and 12A.4).
- 4.45 We proposed that there would be different conditions for different classes of User, to reflect the different processes to be followed for small/medium and large embedded generators. For the reasons explained below, and following further consultation with industry parties, we no longer consider that separate conditions are necessary for each class of generator. Instead, we have, in line with the approach taken to amending other licence conditions as part of this process, proposed language that would enable licence holders to perform their functions under the proposed new process in manner that is compliant with the

licence, without reproducing the detailed regulatory requirements that are properly contained in other documents.

Summary of stakeholder responses

There was strong support among respondents for introducing a prescriptive requirement for DNOs to process User applications into the gated process. Some respondents also asked that the licence conditions include a specific timeframe (eg 10 working days) for DNOs to perform Gate 2 checks. Several respondents asked that the new licence conditions contain wording to clarify the treatment of embedded generators. One respondent said that an obligation should be included in the licence for DNOs to clearly, and to a minimum expected standard, explain to connecting customers the requirements for a Gate 2 application, including fee requirements. More explicitly, the proposals to introduce paragraphs 12A.3 and 12A.4 were supported and, further, some respondents suggested they should contain a hard obligation to ensure that DNOs are incentivised to submit project applications or existing offer modification requests into the next available Gated application window. It was argued that Licence paragraphs 12A.1, 12A.2 and 12A.3 must ensure that a small / medium generator User that submits valid Gate 2 evidence to its DNO ahead of a given gated window, is assured by the DNO that their application will be assessed and submitted for Transmission Evaluation Assessment (TEA) within the next gated window. Respondents had conflicting views on whether 12A.3 and 12A.4 contain duplicate obligations to those already being proposed within the CUSC.

Ofgem response

- 4.46 After further engagement with stakeholders, we are proposing to add a new condition 12A to the licence. This proposed condition would (at 12A.1) require licensees to review relevant projects in line with the requirements of the Gate 2 Methodology. It would also require (at 12A.1(c)) licensees to take all reasonable steps to submit applications that meet the Gate 2 Criteria for inclusion in the TEA process within the current gated window, and in any event, in accordance with the timelines specified in section 17 of the CUSC.
- 4.47 This new proposed condition 12A is generally intended to accommodate, as opposed to re-specify, the different processes, and different regulatory obligations, that will apply for different classes of User. As explained above and in our other consultations, our approach to licence changes has been to prioritise the changes that we consider are strictly necessary to facilitate the implementation of the new proposed connections process, and we have tried to

avoid duplicating regulatory requirements that are contained in other documents. The new condition 12A therefore follows the approach taken to amending the equivalent conditions of the Transmission and System Operator licences: upon receipt of an application from a person who is subject to the Gate 2 Criteria, the licensee will be required to assess that application against the criteria, and to progress successful applications into the Gated process in the manner prescribed by the CUSC and Connections Methodologies. In this way, the more generalised obligations of the licence are designed to facilitate – or to remove obstacles to – the implementation of the detailed process that is laid out in the CUSC and the Connections Methodologies.

- 4.48 The proposed 12A.1(c) requires licensees to progress a User’s application as soon as reasonably practicable. While we acknowledge stakeholder concerns about the risk of licence changes being duplicative of the obligations in the CUSC, and though we agree with the view that new licence conditions should not impose new or extra regulatory requirements that are not present in the CUSC, we also accept that there is some concern, particularly among generators, about delays at this stage of the process caused by the failure of DNOs to progress applications in a timely manner. For that reason, we think it is appropriate to include a principles-based, non-prescriptive condition that requires licensees to submit Users’ applications for Transmission assessment as soon as possible and at least in accordance with the maximum timeframes specified in the CUSC (ie shortly after the evidence submission window closes or in the next available window). Including this obligation in the licence will give Ofgem more authority to monitor, and if necessary, enforce, compliance. We believe that this approach strikes an appropriate balance: it requires DNOs to avoid unreasonable delays by complying with the CUSC-specified timeframes, without creating new regulatory burdens or unnecessarily reproducing the relevant elements of the CUSC.

Proposed licence changes

- 4.49 The new 12A.1 will require licensees to assess applicants against the Gate 2 Criteria, communicate the outcome of those checks to the licensee, and ensure that applications that have met the Gate 2 Criteria are progressed as soon as is reasonably practicable and in accordance with the timeframes and processes specified in the CUSC and Connections Methodologies.
- 4.50 We are also proposing to introduce 12A.2. The purpose of this clause is to clarify that this condition only applies to “Relevant Projects”. Relevant Projects includes

those in respect of which an application has been made, but the project has not yet been connected. This would mean that "Relevant Projects" includes future applications for connection, as well as projects in the existing connections queue (including projects not fully and not energised at all, as per the scope set out by CMP435). The inclusion of this condition will therefore permit DNOs to undertake the one-off "Gate 2 to Whole Queue" exercise in accordance with the revised CUSC and Connections Methodologies.

- 4.51 Given the history of customer concerns in this area, this licence obligation will be subject to further consideration as part of the ongoing connections End-to-End review¹⁴ undertaken by Ofgem, and we may propose further changes at that time.
- 4.52 Please see the relevant separate document for the proposed changes in marked up text.

Questions

Q20. Do you agree with the proposed new Condition 12A of the Electricity Distribution Standard Licence?

¹⁴ [Connections end-to-end review of the regulatory framework | Ofgem](#)

5. Transmission Special Licence Conditions

Special Conditions 4.4 Timely connections output delivery incentive (CONADJ_t) and 4.5 Quality of connections satisfaction survey output delivery incentive (QCS_t)

Policy intent as consulted on

- 5.1 We did not believe that any changes to the Electricity Distribution Special Licences were required for the TMO4+ reform package. Our intent was therefore to seek views on whether stakeholders agreed, and to feed back if they felt there were gaps in our analysis.

Summary of stakeholder responses

A few respondents requested that we consider the impacts of the TMO4+ reform package on incentives placed upon TOs and advised they would be providing more detailed views in response to Ofgem's parallel End-to-End Review.

Ofgem response

- 5.2 We are undertaking a review of all connections incentives that exist in RIIO (Revenues = Incentives + Innovation + Outputs) Electricity Transmission as part of setting the price control for the next period which runs from 1 April 2026 to 31 March 2031 (RIIO-3). We will therefore consider stakeholder views and action licence updates relevant to TMO4+ reform package as part of that process.

6. Distribution Special Licence Conditions

Special Condition 4.5 Major connections output delivery incentive (MC_t)

Policy intent as consulted on

- 6.1 We did not believe that any changes to the Electricity Distribution Special Licences were required for the TMO4+ reform package. Our intent was therefore to seek views on whether stakeholders agreed, and to feed back if they felt there were gaps in our analysis.

Summary of stakeholder responses

The majority of respondents did not believe any changes were required. A few respondents provided a view that existing large generation Users may express dissatisfaction with the outcome of the Connections Reform, specifically their new connections queue position and reflect this in the scores they provide under the reputational incentive.

Ofgem response

- 6.2 We note the concern raised and will consider further. In the meantime, we are not proposing any licence changes to Special Condition 4.5.

7. Stakeholder Comments on Wider Reform Package

Section summary:

In this section, we provide summary information on points raised by respondents which are more general in approach towards the TMO4+ reform proposals, as opposed to the specific proposals to change electricity licence conditions.

Summary of stakeholder responses

- 7.1 Stakeholders raised a range of concerns in relation to the overall TMO4+ Connections Reform design process. We have taken on board stakeholder comments regarding both licence related elements of the Connections Reform (which have been addressed in this Statutory Consultation on Modifications to Licence Changes) and wider elements of the Connections Reform, which we have used to inform our overall current view of the TMO4+ package of reforms and address the context of the particular process design element to which they apply. These stakeholder views provide a valuable insight into the types of issues vital to industry participants, impacting other parts of Connections Reform. These views can be grouped into four categories:
- **Pace and volume:** While respondents appreciated the quality and thoroughness of the policy analysis presented, they also expressed a general sense of fatigue and found it challenging to keep up with the pace of the multiple industry consultations undertaken in parallel. Stakeholders have stated that the number of policy changes and the pace at which these have been proceeding have been overwhelming at times, adding to the general sense of uncertainty with regard to the design of the new connections process.
 - **Transparency and industry engagement:** Licence conditions proposals were not available when TMO4+ code modifications and Methodologies were being consulted on. Network companies see a risk in agreeing to comply with the documents that are not yet published, for example the forthcoming Spatial System Energy Plan (SSEP). Although the readiness criteria were designed in collaboration with the industry, the strategic criteria within the Clean Power 2030 Action Plan had not been consulted on. We note that the SSEP is undergoing a rigorous consultation process in advance of its publication. Stakeholders, however, appreciated the opportunity to provide views on the design of the code modifications and the Methodologies, which

set out the details and specific obligations in relation to the new connections process.

- **Methodologies and clarity of processes embedded within them:** Multiple comments were made with regard to TMO4+ Methodologies not being codified within the CUSC framework. Concerns were also raised in relation to the Methodologies governance processes, which have been addressed in the Electricity System Operator licence section of this Statutory Consultation. Statements were made about Methodologies lacking sufficient clarity at times. Contrasting views were also provided, claiming the format and contents of Methodologies are appropriate for NESO to deliver TMO4+ proposals. This is also discussed in greater detail in the Electricity System Operator licence section. a.
- **Distribution Connections:** Distribution network participants were not satisfied with the progress made designing the TMO4+ Distribution connection process. Concerns were raised relating to the risk of Distribution connecting customers being placed in a disadvantaged position as a result of insufficient attention and time, as well as industry engagement throughout the process.

Ofgem response

7.2 We acknowledge industry views stating that the pace and sequencing of the process changes may have been perceived as sub-optimal. These are driven by the ambitious implementation plans for the Connections Reform, and the pace at which Ofgem and the industry have been proceeding with the changes, which reflects the importance of this reform to delivering connections aligned with Clean Power by 2030. We have worked extensively with Industry over the preceding months, including undertaking a policy consultation to present rationale for the proposals and receive formal feedback on them. This statutory consultation is another chance for all stakeholders to understand the changes and provide any further feedback they may have to us.

7.3 We think it is important that NESO and networks work to address issues as they arise and to remain open to further process modifications post TMO4+ implementation date via licence, code or Methodology amendments, ensuring that these are adequately consulted on as per the governance process set out in the NESO licence proposals. While the regulatory changes currently in train serve to ensure the right provisions are in place for the go-live of the TMO4+ Connections Reform, we will continue to monitor the emerging information and

impacts closely and will seek to course-correct if and as required in order to maximise the impact of the reforms in achieving their objectives and minimise any adverse or unexpected consequences.

- 7.4 Ofgem has been engaging with all industry groups to ensure that any proposals and views are considered and will contribute to the final licence decisions made. Since TMO4+ scope mainly includes projects connecting at Transmission, it is important to clarify the policy intent in that area before the connections at Distribution impacting the Transmission network are considered. The Authority has been working with the ENA and DNOs to ensure that the due diligence is done and the requirements of the Distribution projects which come under the scope of TMO4+ are also considered and acted upon. As explained in the open letter in September, strategic alignment was decided upon after the Call for Input by NESO, highlighting the need to accelerate strategic alignment.

8. Your response, data and confidentiality

Consultation stages

Stage 1

Consultation opens 14 February 2025.

Stage 2

Consultation closes (deadline for responses) 5pm 14 March 2025.

Stage 3

Responses reviewed in March 2025.

Stage 4

Consultation decision/policy statement in early Spring 2025.

How to respond

- 8.1 We want to hear from anyone interested in this consultation. Please send your response to connections@ofgem.gov.uk.
- 8.2 We've asked for your feedback in each of the change areas throughout. Please respond to each one as fully as you can.
- 8.3 We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, your data and confidentiality

- 8.4 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.
- 8.5 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.
- 8.6 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.

- 8.7 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

- 8.8 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:

1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. 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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Appendix 1 – 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. ie 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 eg '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:

- know how we use your personal data

- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- 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](#)”.