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Dear Jack

Response to Proposed licence changes to enable TMO4+ Connections Reform consultation.

SSE's Energy Businesses welcome the opportunity to respond to Ofgem's consultation on the proposed licence changes necessary to enable connections reform. Please note SSEN's Transmission and Distribution businesses are providing separate detailed responses to this consultation that address the proposed changes to their respective licences.

We support the high-level proposals to implement the TMO4+ process through changes to the ISOP, TO and DNO Licences.

However, we believe licence and code changes will not be sufficient to implement the TMO4+ process. We believe changes to primary legislation are also required to enable the ISOP to discriminate between projects when making Gate 2 offers and to protect both Transmission and Distribution network companies from challenge.

We are also concerned that the approach to implementing connections reform is split across the licence, codes and new connection methodologies without any clear overarching structure that plainly sets out what sits where and who is accountable. We recognise this is in part a product of the tight timescales for implementation. However, this must not excuse steps to clearly map out the framework and ensure clarity from the outset on what aspects of the connections process are set out where and how they are governed, and the roles and responsibilities of the different parties. This is particularly key given the potential changes proposed under Ofgem's work on code reform. Failure to provide this clear framework now will make it difficult to allocate appropriate funding, hold parties accountable and bring about any subsequent changes in a timely manner.

Separately, we believe it would be clearer if Ofgem adopted the same terminology in the licence as in the codes and methodologies. For example, it is not obvious to us why Ofgem has refrained from referring to Gate 1 and Gate 2 offers in the licence, particularly given this tiered approach to connection offers is a fundamental aspect of the TMO4+ process.

We have concerns around the proposed process for amending Methodologies.

We do not believe current provisions to update or modify the methodologies are sufficient or fit-for-purpose. We believe all stakeholders should be able to propose and inform future amendments to the methodologies, i.e. stakeholders must not be limited to reacting to changes proposed by the ISOP and future changes should not be limited to those that reflect only the views of the ISOP.

We believe this is easily and best facilitated through: (i) an annual call for input prior to the ISOP submitting its statement to the Authority with its view on whether an update is required; and (ii) the publication of stakeholders' responses to this call for input.

In this way, stakeholders have a genuine opportunity to voice their concerns and feed into future iterations or changes to the methodologies and Ofgem has complete transparency / visibility on the extent to which the ISOP's proposed amendments address the suite of challenges identified by all stakeholders. We believe this would result in more robust and rounded evolution of the methodologies.

Further information is required on the changes to Distribution Licences.

As noted, SSEN Distribution is submitting a separate response to this consultation. However, SSE's Energy Businesses share its concern regarding the considerable uncertainty around connections reform roll-out, particularly at Distribution-level. For example, it is not yet clear whether DNOs or the ISOP will ultimately make decisions on which projects will progress based on strategic alignment and the legislative / regulatory framework to enable this. Further, in the absence of any proposed licence drafting for Distribution, this leaves very limited time for stakeholders to input and for DNOs to respond in time for "go-live" on 1 May 2025.

We are keen to engage with Ofgem further as its TMO4+ implementation progresses.

Notwithstanding the points made above, whilst the proposed changes within the ESO licence appear to be sufficient for the initial implementation of TMO4+, we are mindful that we have yet to review NESO's final Methodologies, as sent to Ofgem on 20 December 2024 following any changes made to them since they were consulted on in November 2024. Further, going forward we expect there to be an ongoing need to update the licence obligations for the ISOP and network companies in light of wider industry change, such as the introduction of the Strategic Spatial Energy Plan and Energy Code Reforms. It is key that all stakeholders continue to be engaged in this work and given adequate time to input and make the necessary changes to their processes as a result.

Should you wish to discuss any aspect of this response or connections reform more broadly, please do not hesitate to get in contact.

Yours sincerely,

Craig Molyneux
Regulation Manager