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Connections Reform - Policy Consultation on Required Licence Changes Response Form

We are consulting on conditions in the Electricity System Operator, Transmission and Distribution licences in relation to the ongoing connections reform process, which aims to enable quicker connection for ready-to-connect projects that align with strategic energy system plans and provide a more coordinated and efficient network design for connections.

We would like views from stakeholders with an interest in the electricity connections process and the ongoing reforms. We particularly welcome responses from connection customers, developers and network companies. We also welcome responses from other stakeholders including members of the public.

Your feedback is important to this process. Please take this opportunity to provide any feedback that you may have. To aid your response, each question is linked back to the relevant document for ease of reference.

We encourage you to read the Connections Reform - Policy Consultation on Required Licence Changes and the subsidiary documents:

- **Annex A:** Proposed NESO Licence Modifications; and
- **Annex B:** Proposed Transmission Standard Licence Modifications before responding to the consultation questions.

This document outlines the questions for this consultation and once the consultation is closed, we will consider all responses.

Please provide your feedback using this response form and sending a copy to connections@ofgem.gov.uk by 5pm on 6th January 2025.

We encourage early submission ahead of the deadline where possible to aid the processing of responses.



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Data and confidentiality

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Date of submission: 23 December 2024

Do you want your response treated as confidential? Please choose the option that is relevant to you.

No

Please tell us if parts of your responses or your whole response contains confidential information and explain why below.

[Write your response here]

Consultation questions

Proposed Electricity System Operator Licence Conditions

General approach to changes to the Electricity System Operator licence

1. Do you agree that licence changes are necessary to adequately facilitate the policy intent of the reformed Connection Process, if it is approved?

Please provide the reasons for your answer.

Yes

Yes, we agree that licence changes are necessary to accommodate the new transmission connection process.

NESO is required to offer connection terms to applicants who apply at any point in the year under its licence condition, E12. As a bare minimum, this will need to be modified to meet the requirements of the proposed new transmission connection process where applicants can apply every 6 months. The proposed changes to this licence condition are dependent on the approval by Ofgem of the relevant CUSC modifications ([CMP434 'Implementing Connections Reform'](#), [CMP435 'Application of Gate 2 Criteria to existing contracted background'](#) and [STC CM095 'Implementing Connection Reform'](#)).

Whilst we agree that some changes may need to sit under licence conditions in the short term to enable this new process to be swiftly implemented, we consider from a regulatory framework perspective, and for the transparency of customers, that the priority should be to minimise the requirements under licence, and rather bring into the relevant industry code (eg. CUSC, STC, DCUSA etc.) following code reform.

2. Do you agree with the approach summarised in paragraphs 3.2 to 3.8?

Please provide the reasons for your answer.

Yes

We agree with defining licence conditions but note that changes to the connection process at code level should not usually necessitate licence changes. A change is required to E12 (proposed E15) to ensure it is consistent with the new Gated process.

It is right to seek respondents' views, and to limit scope to those aspects required to facilitate efficient implementation of CMP434, CMP435 & CM095.

We agree that at least an annual review is required, and this review should be held against strong objective statements. RWE does not believe the existing draft objective statements are suitably robust to facilitate this process.

Furthermore, the annual review should also include the requirement to seek industry feedback, the ISOP should not have sole agency to determine whether or not the methodologies are fit for purpose.

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

Please provide the reasons for your answer.

Yes

RWE understands the proposals made and agree that the relevant areas of the licence that need modification have been considered based on our review, undertaken to the best of our ability and in the limited time available.

Section A: Definitions and Interpretation

Condition A1:

4. Do you agree that the new definitions as set out in paragraphs 3.12 to 3.19 and draft legal text in condition A1, as set out in Annex A, are necessary to and adequately facilitate the policy intent of the reformed Connection Process?

Please provide the reasons for your answer and any alternative suggestions if you disagree.

Yes

We agree that the majority of proposed definitions are required.

However, we consider that it is both unnecessary and inappropriate to define "**Clean Power 2030 Action Plan**". This transient document will soon be superseded and obsolete. Licence drafting should be done using language and references which are understood to be enduring and not already anticipated to require revision within 12-18 months.

We suggest that it would be more appropriate, to maximise enduring relevance of the licence text by being consistent with the Energy Act 165. To prepare the licence drafting with reference to "*strategic priorities set out in the current strategy and policy statement*" which could be defined simply by referring to the Energy Act 165.(4) (which for reference states "*the current strategy and policy statement*" means the statement for the time being designated under section 131(1) of the Energy Act 2013; and "*policy outcome*" and "*strategic priorities*" have the same meaning as in Part 5 of the Energy Act 2013 (see section 131(5) of that Act). Or alternatively create a definition for "strategic energy plans" which is based on these Energy Act terms.

Additionally, to avoid any doubt or confusion as to what are or are not "*objectives*", we would propose 3 additional definitions are required as follows.

Definition references have been proposed with reference to current proposed drafting:

Connection Criteria Methodology objectives

means the objectives set out in condition E12 (Connections Criteria Methodology) paragraph E12.2(b)

Connections Network Design Methodology Objectives

means the objectives set out in condition E13 (Connections Network Design Methodology) paragraph E13.3

Project Designation Methodology Objectives

means the objectives set out in condition E14 (Project Designation Methodology) paragraph E14.8

Additionally we highlight the use of terms "**readiness**", "**advancement**" and "**strategic energy plans**" which are currently undefined in the licence, which if they are to continue to be used must be defined in the licence.

5. Do you agree that no changes are required to the existing definitions in condition A1, asset out in Annex A, and that the proposed new changes are enough?

Please provide the reasons for your answer and identify any changes you consider to be needed.

No

For the avoidance of doubt, we acknowledge that changes to several other definitions have been proposed in Annex A to update cross references. For example in Associated TO Offer, Authorised Electricity Operator, Developer-Associated Offshore Wider Works etc.

We also note that not all of these changes have been tracked in the appropriate manner – for example reference updated from E12 to E15 in Associated TO Offer, contents page etc.. We would ask that a markup which comprehensively identifies all proposed changes is provided.

However, to the best of our knowledge and in the limited time available to review, agree that no *material* changes to the intent of any existing definitions is required.

Condition B3: Conduct of ISOP Business

6. Do you agree this clarification in paragraph 3.21 and proposed text in condition B3, as set out in Annex A, is required?

Please provide the reasons for your answer.

Yes

Project designation is necessary to facilitate pathfinder projects or a similar procurement process for relieving network constraints and ensuring security of supply. We also consider that this approach may have the effect of providing commercial advantage to specific projects.

However, if it is to be excluded from B3.2 as proposed, it is exceptionally important to ensure that the Project Designation Criteria and Methodology have sufficiently robust governance and controls to ensure that designated projects are identified objectively.

Condition C11: Requirements of a Connect and Manage Connection

7. Do you agree with the policy intent behind the changes we are proposing that these types of “full” offers will only be made to the “non-gated” applications or “Gate 2” applications?

Please provide the reasons for your answer.

Yes

We agree with the policy intent behind the changes as the intention of TMO4+ is not to include details of enabling works in Gate 1 offers.

8. Do you agree that proposed text in condition C11, as set out in Annex A, gives appropriate effect to the policy intent?

Please provide the reasons for your answer.

Yes [Click or tap here to enter text.](#)

In condition C11.3 we prefer the wording ‘*congruent* with E15.5’ as opposed to ‘in accordance with 15.5’.

It is understood that the intent is to remove the current requirement to prepare a full connect and manage offer for connection offers which would be “Gate 1”.

We are relatively confident that the proposed text should give the intended effect, however would suggest further review of the wording “in accordance with” as to whether more direct language might be necessary.

Section E: Industry Codes and charging

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

9. Do you agree with the policy intent behind the changes we are proposing in paragraphs 3.28 and 3.29?

Please provide the reasons for your answer.

Yes



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It is understood that "Gate 1" offers are not intended to receive offers which contain the full details in E2.8 including site specific details.

10. Do you agree that proposed text in condition E2, as set out in Annex A, gives appropriate effect to the policy intent? Do you think any further changes would be appropriate?

Please provide the reasons for your answer.

Yes

We don't believe any further changes to E2.8 would be required to achieve the policy intent in 3.28.

Condition E12 (New): Connection Criteria Methodology

11. Do you agree with the proposal for the licensee to create and maintain the Connections Criteria Methodology as in paragraphs 3.30 and 3.34?

Please provide the reasons for your answer.

Yes [Click or tap here to enter text.](#)

Whilst we agree that the Connections Criteria Methodology could sit under the licence in the short term to enable this new process to be swiftly implemented, we consider from a regulatory framework perspective, and for the transparency for customers, that this should be swiftly moved to sit within the relevant industry code (eg. CUSC, STC, DCUSA etc.).

12. Do you agree with the objectives and scope of the Connection Criteria Methodology as in paragraphs 3.32 and 3.33, respectively?

Please provide the reasons for your answer.

No

General comments applicable to all of E12.2b, E13.3 and E14.8 objectives

The current drafting of proposed objectives is unclear from a definitions perspective. There is much room for interpretation, and a distinct lack of reference to principles which exist across other related codes, licences and acts which will be interactive with the new methodologies.

RWE would request that consistent language is used between both of any cross referenced objectives and also across all 3 methodology objective statements (one currently refers to "enable a net zero.." another "facilitate a net zero.." and neither of these are consistent with the ISOP definition of the net zero objective, which is to "enable the Secretary of State to meet duties imposed...").

This can in part be resolved either:

1) in each methodology objective definition section by simply referring to: "the efficient discharge by the licensee of the obligations imposed upon it under the Electricity Act 1989 and by this licence" as per existing CUSC objectives. And where the following could also be added "and for the avoidance of doubt, in accordance with sections 163-165 of the energy act: Duty to promote particular objectives, Duty to have regard to particular matters, and Duty to have regard to strategy and policy statement respectively".

Notably, these methodologies are all within the ISOP licence, and therefore ISOP must operate within the scope of the Energy Act objectives in delivering these methodologies, whether or not they are explicitly restated in each methodology.

Alternatively,

2) if it is decided to restate objectives, they must be consistent with 163-165 of the Energy Act and there must be explicit cross referencing to avoid incorrect interpretation. For example by referring to:

ISOP duty to promote particular objectives, as described in 163 of the Energy Act:

- "(a) the net zero objective;*
- (b) the security of supply objective;*
- (c) the efficiency and economy objective."*

ISOP duty to have regard to particular matters, as described in 164 of the Energy Act:

- (a) the need to facilitate competition between persons who carry out a relevant activity (except to the extent that such persons are, in accordance with or by virtue of an enactment, not subject to competition in relation to the activity);*
- (b) the consumer impact of a relevant activity;*
- (c) the whole-system impact of a relevant activity;*
- (d) the desirability of facilitating innovation in relation to the carrying out of relevant activities.*

and

ISOP duty to have regard to strategy and policy statement respectively, as described in 165 of the Energy Act:

- (1) The ISOP must, when carrying out its functions, have regard to the strategic priorities set out in the current strategy and policy statement.*
- (2) The ISOP must give notice to the Secretary of State if at any time the ISOP concludes that a policy outcome contained in the current strategy and policy statement is not realistically achievable.*

It is critical that language used in objectives is defined at licence level. For example, it is inappropriate to refer to "readiness" in the licence objective without defining "readiness" in the licence. Ideally, licence objectives should not be subject to change due to definitions within the methodology being updated instead the methodology should reflect the licence.

Additionally, RWE would strongly promote that the objectives for the new methodologies should also be consistent with existing CUSC objectives due to the interactivity between the existing codes and proposed methodologies. To avoid different objective sets resulting in any conflicts.

In particular we would strongly request that CUSC objectives b(i), b(ii), b(iii), b(iv) [substituting "CUSC" for respective Methodology] and Applicable Connection Charging Objectives (e) [cost reflectivity] are directly carried over. Where, for the avoidance of doubt, CUSC objectives are as set out in condition E2 (Connection and Use of System Code (CUSC)) paragraph E2.4. are as follows, with key items emboldened:

- "(a) in relation to a proposed modification of the Charging Methodologies only:*
 - (i) the Use of System Charging Objectives; and*
 - (ii) the Applicable Connection Charging Objectives, and*
- (b) in relation to any other proposed modification:*

(i) the efficient discharge by the licensee of the obligations imposed upon it under the Electricity Act 1989 and by this licence;

(ii) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;

(iii) compliance with the Electricity Regulation and any Relevant Legally Binding Decisions of the European Commission and/or the Agency; and

(iv) promoting efficiency in the implementation and administration of the CUSC [read as: XX Methodology] arrangements.

and where (extracted from Independent System Operator and Planner Electricity System Operator Direction and Licence Terms and Conditions Condition A1 Definitions):

Applicable Connection Charging Objectives

means the Use of System Charging Objectives, as if references therein to the Use of System Charging Methodology were to the Connection Charging Methodology and in addition, the objective (where consistent with the other objectives) of facilitating competition in the carrying out of works for connection to the National Electricity Transmission System.

and Use of System Charging Objectives means the following objectives:

(d) that compliance with the Use of System Charging Methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;

(e) that compliance with the Use of System Charging Methodology [read as: XX Methodology] results in charges that reflect, as far as is reasonably practicable, the costs (excluding any payments between the licensee and Transmission Licensees that are made under and in accordance with the System Operator – Transmission Owner Code Complete Electricity System Operator Licence (STC)) incurred by Transmission Licensees in their Transmission Businesses, and that are compatible with condition C11 (Requirements of a Connect and Manage Connection);

(f) that, so far as is consistent with (a) and (b), and is reasonably practicable, the Use of System Charging Methodology properly takes account of the developments in Transmission Licensees' Transmission Businesses and the ISOP Business;

(g) compliance with the Electricity Regulation and any Relevant Legally Binding Decisions of the European Commission and/or the Agency; and

(h) promoting efficiency in the implementation and administration of the Use of System Charging Methodology."

Specifically respect proposed E12.2

For avoidance of doubt RWE supports:

- inclusion of the objective of being clear, transparent and objective.

RWE does not support:

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- the current drafting of (ii) facilitates a net zero energy system; or (v) facilitates a net zero energy system for the reasons described above
- direct references to Clean Power 2030 Action Plan which are not legally binding, licence defined or enduring recommendations and will become obsolete as a reference in a relatively short period of time.
- use of the word "readiness" where it is undefined at licence level and then subsequently defined in the subordinate Connections Criteria Methodology.

Additionally, it should be made explicitly clear in the text that these are indeed objectives, for example via insertion of the word "objective(s)" in E12.2(b) intro text or via the proposed definitions for Section A1.

13. Do you agree that the new condition E12, as set out in Annex A, provides the right level of governance and industry engagement to ensure that the Connections Criteria Methodology is developed and modified in a robust manner?

Please provide the reasons for your answer.

No

The governance process is underpinned by changes being reviewed against objectives, which the effectiveness of the change is ultimately measured against. Current drafting of proposed objectives will not enable this.

The annual review period, with scope for interim updates, and associated consultation durations are generally agreeable.

However, we are disappointed that using a licence condition to govern this methodology, rather than inclusion in codes, removes the industries agency to also propose and raise appropriate modifications, and potentially introduces scope for complex interaction with CUSC and STC requirements as each evolves.

As such, the requirements related to annual review in E12.5 should also require that the ISOP seeks industry feedback during each review.

Further, the statement to the authority required by E12.6 on whether or not update is required, should also require transparent presentation of industry feedback alongside the ISOP's recommendation.

Proposed details of the submissions required under E12.12 are satisfactory in terms of ensuring consultee views will be transparently represented following consultation on a change.

Condition E13 (New): Connection Network Design Methodology

14. Do you agree with the objectives of the Connections Network Design Methodology as in paragraph 3.38?

Please provide the reasons for your answer.

No

Please see response to Question 12, "**General comments applicable to all of E12.2b, E13.3 and E14.8 objectives**"

Additionally, specifically respect proposed E13.3

For avoidance of doubt, RWE supports:

- inclusion of the objective of being clear, transparent and objective.

RWE does not support:

- the current drafting of (ii) enable a net zero energy system; (iii) facilitate an economic, consistent, efficient, sustainable and coordinated network; or (vi) ensure safety and security of supply; for the reasons described in Q12.
- in particular, reference to ensuring “*safety*” – this cannot reasonably be within the scope of such a high level methodology – rather sits within the operational and asset owner remits.
- use of the word “*readiness*” in(v) where it is undefined at licence level and then subsequently defined in the subordinate Connections Criteria Methodology.
- “(iv) facilitate appropriate anticipatory investment;” particularly as “*anticipatory investment*” means different things in different contexts, for example has specific definition in the context of Offshore Holistic Network design. Rather believes the objective should refer to “*cost efficient investment in the context of long term network planning*” or simply refer to Energy Act 163(1)(c) and expansion in 163(4)(a)

Additionally, it should be made explicitly clear in the text that these are indeed objectives, for example via insertion of the word “objective(s)” in E13.3 intro text or via the proposed definitions for Section A1.

(note that the statement “Align with the obligations of the ISOP” nullifies the requirement to include proposed objectives (ii),(iii) and (vi) – where these are indeed intended to mirror ISOP objectives in 163. of the Energy Act.)

15. Do you agree with the scope of the Connections Network Design Methodology as set out in paragraph 3.35 and 3.37 is aligned with the TMO4+ connection reform process?

Please provide the reasons for your answer.

Yes

We consider that the Connections Network Design Methodology (CNDM) sits best as a licensed activity to prepare a methodology that sits outside of the codes.

Whilst we acknowledge that the initial version of the Connections Network Design Methodology was developed under significant time pressure in order to get the process up and running in 2025, we would advocate for an appropriately legally drafted document to be prepared at the earliest opportunity, to better reflect and respond to the requirements set on it through the licence.

We note that licence drafting should always be done in the context of long term enduring requirements.

16. We have kept the licence change broad for ‘preparing offers’ as in paragraph 3.37. Should we be more specific with the scope to include further description in the licence that it will determine the queue order, study applications and assess

the infrastructure required to enable/prepare offers to enter into a "Gate 2" agreement?

Please provide the reasons for your answer.

Yes

Yes, we believe the licence should be more specific.

RWE would request that the licence condition should go further to explicitly require definition of how the queue will be created and managed, and a requirement to transparently publish the overall queue, and individual specific and relative queue position of projects.

Notably, RWE does not support

- reference to "*strategic energy plans*" as in proposed E13.2(b) which is an undefined term, and should rather (consistent with Energy Act 165) reference alignment with "*strategic priorities set out in the current strategy and policy statement*" where "*the current strategy and policy statement*" means the statement for the time being designated under section 131(1) of the Energy Act 2013; and "*policy outcome*" and "*strategic priorities*" have the same meaning as in Part 5 of the Energy Act 2013 (see section 131(5) of that Act).
- reference in proposed licence E13.2(b) to "*anticipatory investment*", for the same reasons as described in response to Q14.
- in proposed E13.2(c) use of the term "*advancement requests*", unless it is appropriately defined within the licence.

17. Do you agree that the proposed addition of conditions E13 , as per Annex A, and in this section provides the right level of governance and industry engagement to ensure that the Connections Network Design Methodology is developed and modified in a robust manner?

Please provide the reasons for your answer.

No

Consistent with answer to Q13, the governance process is underpinned by changes being reviewed against objectives, which the effectiveness of the change is ultimately measured against. The current drafting of the proposed objectives will not enable this.

The annual review period, with scope for interim updates, and associated consultation durations are generally agreeable.

However, we note that using a licence condition to govern this methodology, rather than inclusion in codes, removes the industries agency to also propose and raise appropriate modifications, and potentially introduces scope for complex interaction with CUSC and STC requirements as each evolves.

And therefore specifically:

- the requirements related to annual review in E13.5 should also require that the ISOP seeks industry feedback during each review.

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- Further, the statement to the authority required by E13.6 on whether or not update is required, should also require transparent presentation of industry feedback alongside the ISOP's recommendation.

Details of the submissions required under E13.12 are satisfactory in terms of ensuring consultee views will be transparently represented.

Condition E14 (New): Project Designation Methodology

18. Do you believe the NESO should be able to designate projects for prioritisation in the circumstances as specified in paragraph 3.42?

Please provide the reasons for your answer.

Yes

We agree that it is appropriate for the procurement of pathfinder projects or similar procurement processes related to system need and security of supply, that Project Designation may be necessary. However, we have some concern respect the drafting of criteria under which projects could be designated.

We find the drafting of E14.3(a)-(c) agreeable

However, drafting of criteria E14.3(d) & (e) would appear to be quite loose and potentially provide opportunity for many projects to apply, and therefore potential for unintended and inappropriate designations to occur. That being said, the 28 day consultation should provide a backup way to avoid this. Nonetheless, we would request definition of tighter criteria should be considered.

We also again emphasise that it is not appropriate for licence condition text to reference Clean Power 2030 Action Plan, as demonstrated in response to Q4.

19. Do you agree that the NESO should only be able to designate projects after a period of consultation as in paragraph 3.43, for existing agreements also in the first application window?

If not, please explain your reasoning, along with alternative suggestions if appropriate.

Yes

Yes, we agree with the proposed requirement for a period of consultation.

The transparency on Project Designation required by 14.4 is welcomed. While NESO advised that it is their intention to use in rare conditions, there is as advised in response to Q18 increasing concern on lack of robust definition, resulting in the potential for the ISOP to use this route more than would be strictly necessary or fair.

20. Do you agree that the proposed additions of conditions E14, as set out in Annex A, provide the right level of governance and industry engagement to ensure that

the Project Designation Methodology is developed and modified in a robust manner?

Please provide the reasons for your answer.

No

The governance process is underpinned by changes being reviewed against objectives, which the effectiveness of the change is ultimately measured against. The current drafting of the proposed objectives will not enable this.

As no consultation question on objectives was raised, please find the following feedback on Project Designation Methodology Objectives,

Firstly, please again see response to Question 12, "**General comments applicable to all of E12.2b, E13.3 and E14.8 objectives**"

Additionally, specifically respect proposed E14.8

For avoidance of doubt RWE supports:

- inclusion of the objective of being clear, transparent and objective.

RWE does not support

- drafting of "(b) *effectively assesses applicants and CUSC Users against the Designation Criteria;*" – the methodology should not assess. A user/body must be able to effectively assess on the basis of criteria in the Methodology. If objective (a) is met, proposed objective (b) is unnecessary.
- the current drafting of (c) maintains security of supply, (d) considers the impact on the interest of consumers; and (e) enables innovation and facilitates competition in electricity markets; for reasons as described in response to Q12
- reference to "*strategic energy plans*", as described in response to Q16.
- references to Clean Power 2030 Action Plan which are not legally binding, licence defined or enduring recommendations and will become obsolete as a reference in a relatively short period of time, as described in response to Q4.

Additionally, it should be made explicitly clear in the text that these are indeed objectives, for example via insertion of the word "objective(s)" in E14.8. or via the proposed definitions for Section A1

We would also request that the same structure is followed for proposed E14 as was used in E12 and E13 – i.e. including objective statements in Part A rather than Part B.

Further, consistent with answers to Q13 & Q17:

The annual review period, with scope for interim updates, and associated consultation durations are generally agreeable.

However, we are disappointed that using a licence condition to govern this methodology, rather than inclusion in codes, removes the industries agency to also propose and raise appropriate modifications, and potentially introduces scope for complex interaction with CUSC and STC requirements as each evolves.

As such, the requirements related to annual review in E14.9 should also require that the ISOP seeks industry feedback during each review.

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Further, the statement to the authority required by E14.10 on whether or not update is required, should also require transparent presentation of industry feedback alongside the ISOP's recommendation.

Details of the submissions required under E14.16 are satisfactory in terms of ensuring consultee views will be transparently represented.

Condition E15: Requirement to offer terms

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

Please provide the reasons for your answer.

No Click or tap here to enter text.

We do not agree with the proposed requirements.

We believe the minimum number of application windows per year specified in E15.9 for the enduring model should be at least 2.

We believe the proposed minimum application window of 2 weeks is too short, and to be consistent with proposed CMP434 TMO4+, this should rather be a minimum of 1 month and maximum of 2 months.

3 months' notice respect the opening of a window is agreeable.

However, we would strongly advocate that there is an additional licence requirement with respect to governance around confirming competency of applications, and defined period to address any shortfalls. For example, there should be a clearly defined period to reopen the application window to (re)submit additional evidence, or clarify questions respect evidence that has been submitted, where simple errors/omissions or misunderstandings in NESOs interpretation may have occurred (which has been observed in other similar NESO administered processes).

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

Yes

We agree that a maximum of 6 months to prepare and provide an offer should be more than adequate. For the avoidance of doubt, it is understood that the 6

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month period represents the sum of 5 months to undertake the assessment process, and 1 month to process issuing all offers to applicants.

There must be clarity regarding whether the 6 months begins on the closure of the application window, or following confirmation of competency checks.

There perhaps needs to be licence definition of where competency checks on applications, and an appropriate window for clarifications/appeals (similar to Capacity Market process), fits within the overall process.

Regarding other 3.60 proposals:

- we strongly object to ISOP having full discretion
- we would be open to having specific clauses for the first process which will reorder the existing queue
- we strongly object to more lenient timescales. The industry is already processing the implications of having only 2 windows to apply per year, and moving from a 3 month period to receive an offer to >6 months. Ofgem should be careful not to set a framework which further discourages investment in UK energy infrastructure.

23. Do you agree with our proposed approach of specifying which type of applications get which type of offers as in paragraphs 3.52 to 3.55? Does this cover all type of applications?

Please provide the reason for your answer and mention if any type of applications is not captured in here.

Yes

We believe this covers the types of applications that have been considered through this design and consultation process.

24. Do you agree that the proposed legal text in condition E14, as set out in Annex A, meets the policy intent above?

Please provide the reason for your answer.

No

(Answered understanding question 24 should refer to E15).

The use of the defined term Connections Process in E15.3 appears a little inconsistent with the proposed Section A definition of Connections Process.

In 15.3, RWE would propose the words "*defined in the CUSC and the Connections Methodologies*" are deleted to avoid potential confusion arising – as the text in 15.3 notably makes no reference to STC and uses the words "*defined in*" rather than "*in accordance with*" as is used in the Section A definition. RWE prefers the proposed definition in Section A1.

Proposed Electricity Transmission Standard Licence Conditions

General approach to modification of the Electricity Transmission Standard Licence Conditions

25. Do you agree with our approach mentioned in paragraphs 4.1 to 4.3?

Please provide the reasons for your answer.

Yes

Yes, we agree with the proposed approach.

26. Do you agree that we have considered all the areas of the licence which might need modifications?

Please provide the reasons for your answer and specify if you think we have missed some areas.

Yes

RWE understands the proposals made and would agree that relevant areas of the licence have been considered based on review undertaken to the best of our ability and in the limited time available.

Section D: Transmission Owner Standard Conditions

Condition D1: Interpretation of Section D

27. Do you think any other modifications to definitions are required for the transmission licence in addition to the ones proposed for the System Operator Licence in paragraphs 3.12 to 3.19, in the consultation document?

Please provide a reason for your answer.

No

Based on review undertaken to the best of our ability and in the limited time available, we don't believe other modifications would be necessary.



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28. Do you agree that the proposed text in SLC D1, as set out in Annex B, meets the policy intent?

Please provide a reason for your answer.

Yes

We agree with the proposed definitions.

29. Would you suggest any changes to the new and existing definitions in SLC D1 that are pertinent to Connections Reform?

Please provide a reason for your answer.

No

Based on review undertaken to the best of our ability and in the limited time available, we don't believe further changes are required.

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

30. Do you agree with the policy intent and the rationale described in the paragraphs 4.6 to 4.10, in respect of the changes to SLC D4A.1, in the consultation document?

Please provide a reason for your answer.

Yes

The intent and rationale appears consistent with the intentions of TMO4+ connections reform.

31. Do you agree with the proposed changes to the text of SLC D4A.1, as set out in Annex B?

If you disagree or partially agree, please provide a reason for your answer.

Yes

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

32. Do you agree with the policy intent and the rationale for the proposed changes described in the paragraphs 4.11 to 4.13, in respect of the changes to SLC D4A.2, in the consultation document?

Please provide a reason for your answer.

Yes

It is understood and agreed that a mechanism for preparation of "Gate 1" indicative offer terms is necessary.

33. Do you agree that the proposed changes to the text of the new paragraph 2 of SLC D4A, as set out in Annex B, effectively facilitate the policy intent?

Please provide a reason for your answer.

No

We see no need to make reference in new drafting to legacy arrangements around BETTA go-live, and would consider the drafting to be most efficient, and with no difference to legal effect, if these were excluded.

Otherwise, we consider drafting to be agreeable and consistent with TMO4+.

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

34. Do you agree with the policy intent described in paragraph 4.17, in respect of the changes suggested in paragraphs 2, 3, 4 and 5, now amended to become paragraph 3, 4, 5 and 6, of SLC D4A, in the consultation document?

Please provide a reason for your answer.

Yes

Updating cross references and numbering is clearly required.

35. Do you agree that the proposed changes to the text of the amended paragraph 3, 4, 5 and 6 of SLC D4A, as set out in Annex B, effectively facilitate the policy intent?

Please provide a reason for your answer.

Yes

We agree with the proposed updated cross references and numbering.

Condition D16: Requirements of a connect and manage connection

36. Do you agree with the policy intent and the rationale in respect of the proposed changes to SLC D16 as described in paragraphs 4.19 to 4.23, in the consultation document?

Please provide a reason for your answer.

Yes Click or tap here to enter text.

The policy intent appears to facilitate the desired intent.

37. Do you agree that the proposed changes to the text of SLC D16, as set out in Annex B, effectively facilitate the policy intent?

Please provide a reason for your answer.

No

We are unsure why consistent drafting has not been used in D16.1, as compared to other sections where D16.1 proposes *"who meets the Connection Criteria"* as opposed to proposed to Electricity System Operator Licence E15.5, and Electricity Transmission Licence E17 2. and *"who is required to meet and meets the Connection Criteria, or a person who makes such a request and is not required to meet the Connections Criteria"*

Under D16.3, we are unsure why "as agreed by ISOP and the licensee" is necessary.

Otherwise drafting appears to achieve the desired policy intent.

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

38. Do you agree with the policy intent behind the proposed new licence condition as explained in paragraphs 4.24 to 4.26, in respect to the proposed SLC D18, in the consultation document?

Please provide a reason for your answer.

Yes

The proposed policy intent appears to be consistent with the objective to enable TMO4+ .

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39. Do you agree that the proposed text gives appropriate effect to the specific policy intent, as detailed in Annex B?

Please provide a reason for your answer.

Yes [Click or tap here to enter text.](#)

The proposed drafting appears to satisfy the desired intent.

Section E: Offshore Transmission Owner Standard Conditions

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

40. Do you agree with the policy intent and rationale in respect of the changes proposed to SLC E17, in paragraphs 4.28 to 4.34, in the consultation document?

Please provide a reason for your answer.

Yes

The intent appears agreeable.

41. Do you agree that the proposed changes to the text in SLC E17, as set out in Annex B, effectively facilitate the policy intent?

Please provide a reason for your answer.

Yes

The proposed drafting appears to satisfy the desired intent.

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

42. Do you agree with the policy intent behind the proposed new licence condition as explained in paragraph 4.35, in respect of the SLC E25, in the consultation document?

Please provide a reason for your answer.

Yes

The intent to mirror the D18 appears agreeable.

43. Do you agree that the proposed text of the new condition, as detailed in Annex B, gives effect to the policy intent?

Please provide a reason for your answer.

Yes

The proposed drafting appears to satisfy the desired intent.

Distribution Standard Licence Conditions – Policy Intent

Chapter 1: Interpretation and application

Condition 1: Definitions for the standard conditions

44. Do you agree that changes are likely be required to some of the definitions within licence condition 1?

Please provide the reasons for your answer

Yes.

Although we consider that updates to the licence conditions including licence condition 1 (with definitions such as “*Connections Criteria*”, “*Connections Criteria Methodology*” and “*Gated Window*”) are required to facilitate connection reform in a timely manner, they need to be part of a suite of changes in the regulatory framework as opposed to standalone changes for connection criteria and strategic alignment to CP30 to hinge upon.

Under code reform, DCUSA and CUSC will become one code under a common regulatory framework. This provides a unique opportunity for the management of the whole system connection process to be held under one code and one port of call for customers. Changes to the governance arrangements to introduce TM04+ and central planning should in its drafting keep in mind the future of these combined codes.

Notably, distribution does not have a similar methodology to NESO’s Connections Network Design Methodology (CNDM) which was largely developed to apply with the transmission system in mind and any transmission impacting projects at the distribution level rather than holistically to the distribution system under CP30. Whilst, we note this consultation is addressing the facilitation of TM04+, it seems a glaring omission to not address the application of CP30 as whole to distribution in this consultation.

We further suggest that an overarching definition for “*strategic priorities set out in the current strategy and policy statement*” contained in the Energy Act may be more appropriate than individually named approaches such as CP30 and SSEP should be applied in licence condition 1.

Chapter 2: General obligations and arrangements

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

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

Please provide the reasons for your answer.

Yes/ No Click or tap here to enter text.

Under the preferred Scenario 1 where the DNO is responsible for carrying out Gate 2 checks but is not responsible for the strategic alignment with CP30 which is carried out by NESO, we consider that there is a minor risk of distributors not meeting distribution licence condition 4 if the Gate 2 checks are inconsistently applied across licence areas.

Under Scenario 2, where DNOs are required to carry out strategic alignment with CP30, there will need to be very clear guidance on the production of the connection offer and in particular its alignment with strategic planning to prevent the licensee from restricting, distorting, or preventing competition. Six distributors carrying out the same connection offer process are likely in varying scenarios to not choose the exact same actions which could create inconsistent results.

Chapter 4: Arrangements for the provision of services

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

46. Do you agree with the policy intent to modify licence conditions 12.1 and 12.4 under both scenarios?

Please provide the reasons for your answer.

Yes

RWE agrees that the proposed modifications to the licence conditions are appropriate to facilitate TMO4+.

Condition 19. Prohibition of discrimination under Chapters 4 and 5

47. Do you agree with our view that no changes to licence condition 19 are necessary under any of the two scenarios?

If no or you partially agree, please provide the reasons for your answer.

No

Although projects can be discriminated against under either scenario, we consider there is a greater potential for undue discrimination under Scenario 2 than Scenario 1 due to the number of network operators that need to co-ordinate and reach the same conclusion for each connection offer when strategically aligning projects with Labour's Clean Power Plan 2030 (CP30).

Whilst connection queue milestones are evidence based and within the control of the project, strategic alignment with CP30 is not. CP30 will discriminate between two similar projects in the eight zones on the distribution system or 11 zones on the transmission system to determine which ones to take forward under the capacity cap for a given zone. We therefore consider that some further wording may be required.

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

Please provide the reasons for your answer.

We will leave the drafting to the discretion of either Ofgem or the distributor who are directly impacted by this change through their licence conditions.

Chapter 5: Industry codes and agreements

Condition 20. Compliance with Core Industry Documents

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

Please provide the reasons for your answer.

No

Whilst not all generators are party to DCUSA, strategic alignment could be captured under the National Terms of Connection (NTC) which are statutorily applied, to compliment the requirement in the distribution licence and to aid consistency of application. Distributors would need to determine how they may wish to define its application, should it be applied based on a subset of the four types of metering sections in the NTC that are commonly commercial level or based on generation projects that are 1MW and above. If code reform brings both the DCUSA and the CUSC into one document, it would be beneficial if there were parallel arrangements in place.

Most generators are not Central Volume Allocation (CVA) registrants so the obligation to strategically align with CP30 or our preferred definition of '*strategic priorities*' as set out in the Energy Act will be through the terms and conditions of the distribution connection agreement rather than DCUSA.

50. Do you agree with the changes suggested to licence condition 20?

If no or you partially agree, please provide the reasons for your answer.

Yes

RWE agrees that it is appropriate for a licence condition to be introduced to obligate Distributor's to comply with the governments '*strategic priorities*' (CP30/SSEP) as defined in in the Energy Act to accommodate TM04+.

With regards to DNOs/IDNOs being required to comply with the methodologies set out by the system operator, we would note that these methodologies were developed with the transmission system in mind and only pertain to distribution projects that have a transmission impact. If strategic alignment is to be applied on a wider scale then this would be inappropriate without either changes to these methodologies or the development of a new parallel set at distribution level. Once the DCUSA and the CUSC codes are in one document, consideration should be given to placing a whole system connection management process within one single code increasing transparency for all parties involved and simplifying this new rather complex process by creating a platform for the development of a one touch point connection process.

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

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

Please provide the reasons for your answer.

Yes

Yes, RWE agrees that a new licence condition is required to effectively define how gate 2 checks will be applied to small/ medium embedded projects and large embedded projects to facilitate TMO4+ and in particular the Gate 2 Criteria Methodology.

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

Please provide any information / evidence you can to support your response.

Yes

The process should be carried out in line with transmission timescales to ensure an equitable experience for all. However, requiring DNOs to undertake the "Gate 2" checks in a timely manner is insufficient. We agree with the subsequent proposal 5.43 (2) for a more prescriptive condition where the distribution networks are required to carry out the Gate 2 checks and notify the customer of the outcome within xxx number of days. A specified period provides a baseline for performance reporting which allows comparison across DNO areas and for

greater ability to deep dive into the data to determine where DNOs have outperformed or underperformed to determine the cause and create an effective feedback loop to ensure improvements and a good customer experience.

New Conditions

New Conditions 12A.3 and 12A.4 - Submission of projects for transmission assessment

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

Please provide any information / evidence you can to support your response.

Yes, we strongly agree with the need for a licence condition at 12A.3 to require the DNO to submit a project for Transmission Evaluation Assessment (TEA) within the nearest available Gated Window and 12A.4 for the modification application to be submitted at the next available Gated Window. We are keen to see these new distribution licence obligations introduced ahead of the expected Q2 2025 reordering of the connection queue.

We are concerned that heavily invested projects may fall foul of administrative competency checks due to a misunderstanding. This would cause the project to have to enter the next gated window 6 months later for which there may now be no capacity available to connect until post 2035, leaving the project without recourse. As a result, there needs to be very clear guidance from the Energy Network Association (ENA) and all distributors on how this process will work. A comprehensive presentation of criteria to be used in detailed evidence assessment is essential to ensure that projects are not incorrectly perceived to fail to qualify. For example, an explanation of the detailed review items should explain whether any title deeds names have to match descriptions on redline drawings.

CMP427 'Update to the Transmission Connection Application Process for Onshore Applicants' introduced a 'Letter of Authority' from the landowner for the development site at connection application in March 2024. The effectiveness of the implementation of this modification at transmission level could be used as a case study to review the number of applications that fell afoul of detail not explained in the guidance document. This would give an indication of the percentage of projects that may not pass Gate 2 on first attempt and it is likely to demonstrate why 'all reasonable steps' is not strong enough wording.

Proposed Electricity Transmission Special Licence Conditions

54. Do you think any Electricity Transmission Special Licence Conditions changes are required?

If you think that changes are required, please provide the reasons for your answer.

RWE are not aware of any changes required to the Electricity Transmission Special Licence Conditions to accommodate TMO4+.

Proposed Electricity Distribution Special Licence Conditions

55. Do you think any Electricity Interconnector Standard Licence Conditions changes are required?
If you think that changes are required, please provide the reasons for your answer.

RWE are not aware of any changes required to the Electricity Distribution Special Licence Conditions to accommodate TMO4+.

Proposed Electricity Interconnector Standard Licence Conditions

56. Do you think any Electricity Interconnector Standard Licence Conditions changes are required?
If you think that changes are required, please provide the reasons for your answer.

RWE are not aware of any changes required to the Electricity Interconnector Standard Licence Conditions to accommodate TMO4+.

Proposed Electricity Generation Standard Licence Conditions

57. Do you think any Electricity Generation Standard Licence Conditions changes are required?
If you think that changes are required, please provide the reasons for your answer.

To the best of our knowledge, and in the time available to review, we have not identified changes required in the Electricity Generation Standard Licence.

General feedback

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

Do you have any comments about the overall process of this consultation?

Do you have any comments about its tone and content?

We note some concern at the quality of legal text drafting, in particular related to robust objectives, and multiple uses of terms which are at present undefined within the licence.

We reiterate that no terms used within the licence should rely on definitions which exist within the subordinate Methodologies that they mandate creation of. Rather all terms used within the licence, should be defined within the licence.

Was it easy to read and understand? Or could it have been better written?

The consultation was relatively ok to follow, however having different question sets for E14 compared to E12 and E13 was suboptimal in our view.

We note that multiple references in this consultation document should rather be to the "Independent System Operator and Planner" rather than "NESO" – just as reference is made to Transmission Owners, and not specific companies.

Were its conclusions balanced?

Did it make reasoned recommendations for improvement?

Any further comments?

For the avoidance of doubt, RWE has responded with the baseline assumption that CMP434, CMP435 and CM095 progress. Clearly if these do not proceed, or proceed in a substantially different form to TMO4+, the proposed licence changes are unlikely to be appropriate and further drafting and consultation would be required.