

## 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](mailto: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: 6<sup>th</sup> January 2025

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

No

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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

We agree that licence changes are necessary to adequately facilitate the policy intent of the reformed Connections Process. We welcome the scope of the consultation that only those licence modifications that are strictly necessary to facilitate (or remove obstacles to) the efficient implementation of CMP434, CMP435 and CM095 are being considered. However, we do consider that the TO licence obligations, in relation to the Connections Network Design Methodology (CNDM), should instead mirror the existing arrangements for the Networks Options Assessment (NOA) methodology, whereby the TO obligations are set out within the STC, with the TO's obligated under the license to adhere to the STC.

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 Ofgem's use of both a prescriptive and non-prescriptive approach, although as we will highlight in our response to some of the following questions, Ofgem's policy intent is not always clear when attempting to cover both the enduring Gated Application and Offer Process and the one-off Gate 2 to the Whole Queue (G2TWQ) exercise.

SPEN feel strongly that the G2TWQ exercise is a one-off exercise and is yet to be fully defined given the withdrawal of CM096, the resulting ongoing development of a new STCP and ongoing discussions within the Implementation Hub. Therefore, we are concerned Ofgem's approach could risk over prescribing and pre-empting discussions under the Implementation Hub (particularly where it concerns licence timescales). For the above-mentioned reasons, we don't think it is acceptable that the proposed licence changes are applicable to the Gate 2 to Whole Queue exercise given ongoing discussions and the current uncertainty which still exists with the scope of this one-off exercise.

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

We agree.

## 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/ No Click or tap here to enter text.

[Write your response here]

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

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

Yes/ No Click or tap here to enter text.

[Write your response here]

### 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/ No Click or tap here to enter text.

[Write your response here]

### 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 strongly support the idea that NESO, and TOs, will only be required to provide 'full' offers, including enabling and wider works, where NESO determine the applicant has met the Connection Criteria. A gated process, aligned to strategic requirements, is of utmost importance to better support co-ordinated system development at this time and reduce the workload associated with processing the current high volume of applications to date, allowing the efficient deployment of NESO and TO resources to focus on other areas of the connections process as required.

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/ No [Click or tap here to enter text.](#)

[Write your response here]

## 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/ No [Click or tap here to enter text.](#)

[Write your response here]

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/ No [Click or tap here to enter text.](#)

[Write your response here]

### 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

SPEN remain supportive of the Methodologies sitting outside of the codes with the requirement that they are consulted upon and approved by the Authority. They add flexibility to the TMO4+ arrangements where it remains uncertain what unintended consequences and behaviours reform could drive. It also brings further clarity to the connections process for all stakeholders. However, this is only possible where there is a clear split between the role of the Codes and the Methodologies.

We consider it important that the Methodologies are given time to support the process, and that future updates and consultations are aligned with the application windows. It will also be important to be clear on which versions of the Methodologies apply to each window.

Therefore, we agree with the proposal for the licensee to create and maintain the Connections Criteria Methodology.

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.

Yes

We support the objectives and scope of the Connections Criteria Methodology as the primary source of compliance processes for readiness and strategic alignment for stakeholders.

With respect to the recent Open Letter on 'grandfathering' of projects into the reformed connections queue, SPEN believe any Connections Criteria related to this should primarily sit within this Methodology. The role of the CNDM should only be to clarify where this proposal impacts the ordering of the queue.

We would suggest NESO rename the 'Gate 2 Criteria Methodology' to the 'Connections Criteria Methodology' in line with the licence.

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.



Yes

We agree the proposed approach in E12 provides the right level of governance and industry engagement to ensure that the Methodology is developed and modified in a robust manner. Transparency around the NESO's annual review, will be of utmost importance to build and maintain trust in this process. The annual review will need to consider views from all impacted parties.

### 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.

Yes

SPEN are particularly supportive of the objectives set out within the CNDM as we work collectively to achieve a system fit for Net Zero. Any weighting of these objectives should acknowledge and reflect existing statutory duties (Section 2.2 of the CNDM refers to the framework objectives being considered on an 'equal footing'.

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

SPEN are supportive of the introduction of the Connections Network Design Methodology to aid alignment and consistency between the NESO and TOs. The scope as set out in the Licence aligns with the TMO4+ connection reform process, whilst allowing flexibility and the opportunity for revision, where it is considered necessary.

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

We are comfortable with the current scope of this paragraph. We do not consider it the purpose of the licence to go into detail on specific requirements such as queue position, studies and network assessments which are already covered within the CNDM.

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

E13.1 states “the purpose of this condition is to set an obligation on the ISOP to coordinate and cooperate with the Transmission Licensees and electricity distribution operators”, however, there is then no detail contained within E13 of the NESO being obligated to develop a process to engage with the TOs and DNOs, in relation to the development, review and maintenance of the CNDM. The NESO must be engaging with the TOs and DNOs as it develops and reviews the CNDM, ahead of any changes being open to industry consultation.

#### **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

SPEN believe that as the system operator for the electricity transmission network, it is appropriate that the NESO has the powers to designate projects, and provide them with a prioritised queue position, where they bring additional benefits to operation of the network or benefits to the wider GB economy and Net Zero ambitions.

SPEN considers that all of the priority areas set out within the Project Designation Methodology are reasonable and merit further NESO consideration as to whether they should achieve a prioritised queue position. Where there are issues with regards to Security of Supply, System Operation and opportunities to materially reduce generation constraints, we would expect the NESO to be engaging and fully consulting with the relevant TOs, well in advance of taking any decisions on connection point and capacity reservation, competitions for the procurement of network services and any intention to utilise this particular Methodology as a result. Effective implementation of the NESO’s Reservation powers under CMP434 and any subsequent use of this methodology and successful mitigation of network issues are best addressed by the relevant TOs

and NESO identifying and engaging on network issues at the earliest possible opportunity, learning lessons from the previous Stability Pathfinder 2 exercise where TOs' weren't involved in agreeing the requirement for, or scope of network solutions, which has unfortunately resulted in many challenging issues that have had to be addressed in the connection and delivery of the Stability Pathfinder 2 projects.

It is also important that the decision-making process is clear, with the criteria used to prioritise projects transparent and consistently applied to mitigate the risk of challenge and disputes.

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

We agree that NESO should only be able to designate projects after a period of consultation.

We note that the NESO's proposals under the Project Designation Methodology for their process to determine included a period of engagement with relevant parties, prior to any decision or consultation. We feel the NESO should be encouraged to engage with the TOs, and where appropriate DNOs, in advance of their decision for projects in affected areas.

It is not clear from Ofgem's statement of intent that the consultation period should apply to all projects which have applied for designation and the NESO's minded to position 'for' or 'against' project designation. Or as written in 14.4 only those projects which the NESO is minded to be 'for' designation. Given project designation is a potential route projects could consider using to potentially bypass the proposed use of the CP2030 technology caps, we feel NESO and Ofgem must be mindful of the administrative workload which could be generated by requiring the NESO to progress and consult on decisions they are minded to be 'for' and 'against' designation.

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.

Yes

We agree the proposed approach in E14 provides the right level of governance and industry engagement to ensure that the Methodology is developed and modified in a robust manner. Transparency around the NESO's annual review, will be of utmost importance to build and maintain trust in this process.

**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.

Yes

SPEN are supportive of the application windows frequency and duration being defined under CUSC and the notice period given to customers of at least 3 months. We also note that NESO have an obligation to consult with TOs on any proposed changes to the duration and frequency of the application and offer process window or stages (such as the 'application window' as part of this process), in advance of notice being given to the market, under the STC proposals for CM095.

We welcome Ofgem's intention for an application window, although note this is now being proposed as up to 4 weeks, whilst this was previously 6 weeks in duration, during previous industry discussions. We feel this window will provide the correct balance to incentivise and drive an informative and improved pre-application phase (which to date has been outside the scope of the updated TMO4+ proposals), improve the quality of customer application submissions and provide much needed time for NESO, TOs and DNOs to support those who apply to the window in ensuring they are competent and effective applications.

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 with the requirement that all applications which don't have to go through the 'Gated' process the NESO will be required to offer terms within the current 3-month period (and this will require the TO to respond within 2 months).

We agree in principle that 6 months to provide an offer following the closure of the 'application window' is sufficient in the case of the new gated application and offer process, with the following important exceptions:

1. Under Gated 2 to the Whole Queue (the first window) where the 6 months timeline should not apply. This is an extensive and complex exercise, therefore, the timeline to undertake this exercise must be reflective of the volume of offers to be reviewed and re-worked.
2. Where high volumes of connection applications are received, for example, where successive strategic plans, or other developments come into effect, which would cause a wave of applications.

The process must be significantly more flexible than the existing process where licence parties currently struggle to meet licence timescales, given the huge volume of connections applications being received. The introduction of the application window and strategically aligned gated approach should allow the number of applications to be assessed at the closure of the application window and any issues or concerns raised with the Authority to allow adjustments to timelines to be made in circumstances where application volumes (or their complexity) are greater than anticipated. The provisions on NESO within the STC to engage with TOs on proposed changes to the application window frequency and duration will also act as a tool to allow these parties to forecast and plan workload accordingly. It is important that timelines are sufficient to allow the NESO, TOs, and where relevant DNOs, to provide detailed and high quality offers to customers.

We also highlighted in our Code Administrator Response to CMP434 and CM095 that the NESO's proposed approach to 'detailed' gate 2 evidence checks, which will run in parallel with the TO gated design process, risks customers not receiving their best possible connection date and the triggering of the capacity reallocation process. SPT's position is that we need to avoid the need for rework as far as possible and we cannot be expected to address all such cases within the gated design process stage.

The broader point is also a key one. NESO must be fully compliant with their obligations under the Licence, STC or Methodologies in meeting the timescales defined. Otherwise, these risk knock-on effects on the TO's ability to deliver to their timescales. The move from a continuous to batched process, with the introduction of the gated application window, risks a number of administrative bottlenecks which must be avoided.

With respect to 5.14(c), we would accept a maximum and a corresponding minimum period for the Gated Application and Offer Process being defined within the Licence. However, the proposed maximum period of 6/7.5 months already looks challenging, until it is demonstrated that application numbers have fallen significantly and consistently through NESO's proposals and CP30 alignment. Therefore, we would support more lenient timescales in the licence to give NESO wider discretion on appropriate timelines for making offers following the closure of an application window.

We support NESO having discretion on the 'Gated Timetable' subject to any changes being in consultation and agreement with the TOs, as proposed under the new clause introduced by CM095. This is of utmost importance to ensure TOs are engaged in the definition of the Gated Application and Offer timetable, the timescales are realistic and TOs have adequate time to prepare in terms of changes to processes, operating procedures, and/or resourcing. Flexibility in this timetable will be key to the evolution of an efficient process.

We do not support the timescales currently outlined by NESO for the Gate 2 to the Whole Queue Exercise (or first window), further work needs to be undertaken to assess what is required as part of the ongoing work of the Implementation Hub.

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 agree with the approach to setting out which types of applications get which types of offers. Our understanding is that:

15.5 refers to 'full' Gate 2 compliant offer and Gate 1 offers for point of connection or capacity reservation.

15.6 refers to applications which apply for a 'full' Gate 2 offer but do not meet the criteria for a full offer, therefore they are issued with a Gate 1 offer.

15.7 refer to applications for a Gate 1 offer.

Therefore, we feel this covers all types of offers within the Gated Application and Offer process for directly connected applications.

The approach needs to recognise the differences between direct connections and small / medium embedded connections where there is no equivalent Gate 1 offer.

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.

Yes

We have assumed the question refers to E15 not E14, as per the consultation document.

We do consider that the proposed legal text meets the policy intent for the offering of Gate 1 and Gate 2 offers, depending on whether or not a developer has met the Connection Criteria, or is not required to meet the Connection Criteria.



## 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

We welcome the scope of the consultation that only those licence modifications that are strictly necessary to facilitate (or remove obstacles to) the efficient implementation of CMP434, CMP435 and CM095 are included.

We agree that the new definitions should be consistent between the ISOP and Transmission Licences, as well as consistent within the NESO's finalised connections reform methodologies, once published.

We agree with the need to make changes to the Licence to reflect the new requirements on offers with respect to whether an application is within or out with the new gated application and offer process, or whether it is a 'full' or 'indicative' offer. However, we feel that the proposed approach does not provide further clarity on the Gate 2 to Whole Queue exercise. SPEN strongly feel, especially given the withdrawal of CM096 and the future development of an STCP, that Ofgem in changing these licences conditions, should acknowledge that the TOs cannot complete this extensive and complex exercise to standard licence timescales or those introduced into the STC under CMP434 (for the enduring reformed connections process).

Whilst we understand why Ofgem is pushing for the TOs to have the same licence requirements as the NESO, we do not consider that in all cases this is necessary. One example is Ofgem's proposal that the TOs should be obligated under our licence to adhere to and input into the new Connections Network Design Methodology (CNDM). The CNDM has read across to the Network Options Assessment (NOA) methodology, another network planning tool, which whilst in the NESO's licence at C13, there is not a reflective obligation in the TOs' licences. Instead, the TOs' obligation to undertake and feed into the NOA process is instead set out within the STC. We question why a different approach is being taken to the CNDM and would suggest that for consistency, the TOs' obligations in relation to the CNDM, should sit explicitly within the STC, rather than the TOs' licence.

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

We consider that all areas of the licence have been identified which require amendment.

## 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.

Yes

We don't consider that any additional changes are required to the definitions, however, the NESO should consider renaming the "Gate 2 criteria methodology" to "connections criteria methodology", as defined in the licence, to avoid any confusion when it publishes its final connections reform methodologies.

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 that it is a sensible approach to use the same definitions as used in the NESO licence, to ensure consistency and avoid any unnecessary confusion.

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

As per our response to question 27, we believe the NESO should consider renaming the "Gate 2 criteria methodology" to "connections criteria methodology", as defined in the licence, to avoid any confusion when it publishes its final connections reform methodologies.

**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

Yes, we agree with the policy intent and rationale.

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.

No

We feel the drafting of the text could be simplified to refer to notification in accordance with condition E15.5 of the ISOP Licence as this condition sets out the Connections Criteria. This avoids any implication that the TO has a role in deciding whether the Connection Criteria has been met. Therefore, we suggest deleting “by a person who is required to meet and meets the Connections Criteria, or a person who is not required to meet the Connections Criteria,”.

Furthermore, the statement “or a person who is not required to meet the Connections Criteria,” would require further explanation as it is not clear where a person would not be required to meet the Connections Criteria. Is this only in reference to applications which fall out of the scope of the Gated Application and Offer Process, and/or those applications for Capacity and/or Point of Connection Reservation? Both of which are outside of the scope of the Connections Criteria Methodology (Gate 2 Criteria Methodology) as currently proposed.

Furthermore, the scope of the Connections Network Design Methodology is set out in CNDM 2.3 and only extends to applications within the Gated Application and Offer Process under Gate 2 to the Whole Queue, Gate 1 Assessment, Gate 2 Assessment, and the Interaction with other Strategic Energy Planning Processes. Therefore, it is not clear that the scope of CNDM should extend to all connections applications which either meet, or do not meet, the Connections Criteria.

**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.

No

The NESO's current proposals under the CNDM only include a role for the TO to review preliminary indicative connection locations and connections dates produced by the NESO (CNDM 6.3.2). There is no proposal for an "agreement" (TOCO) between the TO and the NESO in the case of a Gate 1 Offer. The paragraphs indicate a greater obligation on the TO in providing a Gate 1 offer than is currently proposed under the CNDM.

However, this provision is required with respect to Gate 2 to the Whole Queue, where an existing contracted party who does not meet the Connections Criteria will have their TO Construction Offer changed to a Gate 1 equivalent offer. The policy intent description makes no specific reference to the Gate 2 to the Whole Queue exercise.

With respect to Connection Point and Capacity Reservation (in the case of a Gate 1 gated application to the TO) the NESO's proposal under the CNDM are that these will be the equivalent of full offers, the connection point, capacity, and connection date will therefore only be 'conditional' on meeting the Gate 2 criteria before the reservation expires. Not 'indicative'.

The intent of this paragraph (SLC D4A.2) may however extend to an expectation that the TO could become responsible for the full provision of indicative connection dates and indicative points of connection at some point in the future. But this is not stated as the policy intent or part of NESO's proposals.

SPEN is of the view that the current drafting in SLCD4A is extending the scope of the policy, compared to the provisions which are intended to be included in the CUSC and STC, in relation to the position of Gate 1 offers. We therefore consider that the wording of D4A.2 where it states "offer to enter into an agreement with the ISPO" needs to be replaced with "providing notification of", as the TOs are not entering into an agreement with the NESO for Gate 1 offers, instead they are providing an indicative date and an indicative location for Gate 1 offers.

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

Refer to our response to question 32 above. The NESO proposals do not include TOs entering into an agreement with respect to Gate 1 offers based on (a) indicative date of connection, (b) indicative point of connection. Except in the case of existing agreements which do not meet the Connections Criteria under the Gate 2 to the Whole Queue exercise.

We therefore consider that the wording of D4A.2 where it states "offer to enter into an agreement with the ISPO" needs to be replaced with "providing notification of", as the TOs are not entering into an agreement with the NESO for Gate 1 offers, as per CNDM 6.3.2 and 9.2.1 it is NESO's responsibility to provide Gate 1 offers.

With respect to 2(c) "such further terms as are or may be appropriate for the purpose of the agreement" it is not clear the intent of this clause. If further details are required to be added to a specific notification, then D4A.2 is not restrictive but adding in (c) suggests further terms will be required in all instances. We would therefore suggest that SLC D4A.2(c) is deleted as its unnecessary and could cause confusion.

#### **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.

No

We agree with the proposed changes apart from the following:

3 refers to the provision of offers to licence timescales for both 'indicative' and 'firm' agreements. As per our response to Questions 32 and 33, the NESO's proposals do not include the TO issuing 'indicative' construction offers, in the case of Gate 1 and as outlined in the CNDM. In the case of existing agreements (both 'indicative' and 'firm'), there are no timescales associated with the Gate 2 to the Whole Queue exercise set out in the STC proposals. These are awaiting the development of an STCP.

6 refers to Timely Connections reporting it is not clear whether or how these provisions will work in respect of the Gate 2 to the Whole Queue exercise. This exercise will be an extensive period of intense work and we consider it entirely unfair and unrealistic to expect TOs to provide this report following the rework of the entire queue to existing timescales.

Furthermore, ongoing consideration will be required to the timing of application windows with respect to this reporting provision going forwards.

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 these facilitate Ofgem's policy intent.

## 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.

No

We agree with D16.1.

SPEN do not agree with the edits to the paragraph 16.3 and feel the original intent of the paragraph is sufficient.

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*Original:*

*3. The licensee shall use all reasonable endeavours to complete the enabling works identified as required on the licensee's transmission system in relation to a connect and manage application in a timescale which allows for connect and manage connection consistent with the connect and manage applicant's reasonable expectations as to connection date, as notified to the licensee by the ISOP.*

*Proposed:*

*3. The licensee shall, **when notified by the ISOP under paragraph 1**, use all reasonable endeavours to complete the enabling works identified as required on the licensee's transmission system in relation to a connect and manage application in a timescale which allows for connect and manage connection consistent **with the timelines required by the Connections Process**. **For the purpose of this condition, the enabling works, assessed by the licensee and identified as required, must be consistent with:***

***(a) the Connections Network Design Methodology, as agreed by ISOP and the licensee; and***

***(b) the connect and manage applicant's reasonable expectations as to connection date, as notified to the licensee by the ISOP.***

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The original paragraph states that the TO must use reasonable endeavours to complete the enabling works (the physical enabling works, not just designs on paper) to a timescale consistent with the applicants' reasonable expectation of a connection date.

The policy intent suggests that these timescales should be aligned to the timescales of the new Connections Process. Where the Connections Process is the Gated Application and Offer Process. We interpret this to mean the timescales associated with the application window. However, the timescales under the original clause are associated with the delivery of the enabling works and will be defined in the TO's construction offer (not explicitly by the Connections Process).

The new paragraph also suggests that these must be consistent with the CNDM. CNDM's only reference to connect and manage is to say that any reinforcements identified will be assigned as enabling or wider as defined in Connect and Manage Guidance.



Therefore, we feel both additions are at best not clear and that the original clause is sufficient to enable the policy 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

D16.1 we agree with the proposed text.

D16.3 we disagree with the additions 'consistent with the timelines required by the Connections Process' and '(a) the Connections Network Design Methodology...' as described above in Question 36.

**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.

No

SPEN questions why a licence requirement is needed to adhere to the CNDM when this is not currently the approach determined by the Network Options Assessment (NOA). This obligation is set out in the STC, which the licence requires the TOs to comply with.

We also feel that the intent places too wide an obligation on licensees to provide any information to the NESO, and which could be requested at any time. We request that more detail is added to set out the process that NESO would follow when requesting information for the purpose of the production and ongoing maintenance of the CNDM, including reasonable restrictions on how often NESO can request this, to ensure TOs have sufficient time to respond. As the Methodologies are set to be reviewed annually, we would suggest further information can be requested as part of this review process on an annual basis.

Furthermore, the obligation on the TOs to cooperate with the ISOP to produce and maintain the CNDM we view as an unfair and one-sided obligation. The equivalent condition at E13 in the ISOP Licence does not place any direct

obligations on the NESO to involve the TOs in the production and maintenance of the CNDM, which we believe should be included as an obligation in E13.

Coordination would also need to extend to recognising where changes to the CNDM may have a material impact on a TOs (or DNOs) ability to execute all that is required to application window timescales. The obligation has been placed within the STC for the NESO to consult with the TOs on changes to the application windows and to provide sufficient notice.

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.

No

D18.2 contains too generic and wide an obligation on the licensees to provide any information to NESO, requested at any time. We would request that detail is added to set out the process that NESO would follow when requesting information for the purposes of the production and ongoing maintenance of the CNDM, including reasonableness restrictions on how often they can request this to ensure TOs have sufficient time to respond.

## 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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

### 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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

## 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/ No Yes

SPEN agrees that changes are likely to be required to some of the definitions within licence condition 1 following the final proposals of TMO4+ for both Scenario 1 and 2. New definitions will need to be added and should, where appropriate, be consistent across transmission and distribution.

### 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 Yes

SPEN believes that changes to SLC 4 are necessary under both scenarios to ensure alignment with the new Connections Process. Explicitly specifying that DNOs will undertake either readiness checks (Scenario 1) or readiness checks and strategic alignment (Scenario 2) is required to prevent the arguments that applying such criteria would restrict or distort competition or unduly discriminate between connection applicants. There is a risk that differentiating between

different projects on the basis of technology type (or location/capacity) would be in breach of the requirement not to restrict, prevent or distort competition.

## 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/ No Yes

For 12.1, we agree changes would be required to reflect the fact that DNOs will not be required to enter into a connection agreement with a requesting User [who is required to meet the Connections Criteria and who] does not meet the Connections Criteria. The licence should be clear that it is reasonable in the circumstances for DNOs to not provide a connection offer where the Connections Criteria are not met.

For 12.4, we agree changes would be required to reflect that we may not be able to provide an offer with finalised connection dates, location, works and costs prior to the applicant meeting the Connections Criteria. Without any changes, DNOs would face the risk of being in breach of this requirement which would not be appropriate given the policy intent behind the connections reform. SLC 12 should make clear that offering a connection that is not in accordance with the Connection Criteria would not be reasonable in the circumstances (as per s17 of the Electricity Act 1989 (**EA 1989**)). We would note that S16 of the EA requires DNOs to provide a connection and we welcome Ofgem's views on how the connections reform can be reconciled with our statutory duties.

### 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.

Yes/ No No

We do not agree with the view that no changes to Licence condition 19 are necessary. Licence condition 19 should be modified to explicitly state the obligation to comply with the new connections process to prevent any arguments that applying the Connections Criteria would restrict or distort competition or unduly discriminate between connections applicants.

This is an important point for DNOs to ensure that are comfortable that they can continue to comply with the licence obligations. In the context of the wider reforms and the other licence modifications required it would be unfair if Ofgem did not add this clarity into this part of the Distribution licence. The changes should reflect the same principles as the changes proposed for the TOs and NESO licences.

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.

Licence condition 19 should be amended to clearly state that selection of projects in alignment with the Strategic Alignment criteria does not constitute discrimination. Such an update would add clarity and minimise the risk of legal challenge when DNOs implement the Connections Reform and prioritise projects that align with the strategic energy plans.

## 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.

Yes/ No Yes

We agree that we should comply with the relevant aspects of Clean Power 2030 and SSEP, however we consider there is a risk if these documents are referenced as they may be too general and non-specific. It would not be appropriate for this wide ranging obligation to be added to our licence.

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/ No No

The licence should include clear obligations to comply with specific processes within methodologies and not general CP30 documentation.

## **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/ No Yes

SPEN agree in principle with the proposal to define a new licence condition to ensure alignment with the NESO methodology in relation to applying “Gate 2”. The methodology must be clear and be able to be consistently applied to ensure transparency and compliance.

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/ No No.

We consider there are risks to a principles-based condition as this does not provide clarity as to the DNOs obligations, however, a prescriptive approach would have to recognise the complexity and volumes of connection applications.

## **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/ No Yes

SPEN agree in principle with the proposal to define new licence conditions 12A.3 and 12A.4, introducing a requirement to submit projects for transmission assessment within a timely manner, but this needs to be subject to competent

applications being received within a reasonable timeframe to allow sufficient time to assess.

## **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.

[Write response answer here]

## **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.

[Write your response here]

## **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.

[Write your response here]

## **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.



[Write your response here]

## 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?

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Do you have any comments about its tone and content?

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

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Were its conclusions balanced?

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Did it make reasoned recommendations for improvement?

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Any further comments?

Electricity Act 1989

Alongside the changes to the SLCs we have set out above, section 16 and 17 of the EA 1989 may need to be reviewed to enable the implementation of the Connections Reform, whilst minimising risk for DNOs.

Retrospective Impact

The impact on existing Distribution contracted offers, particularly those who do not meet the Connections criteria, needs to be clearly defined to minimise the risk of legal challenge as we comply with the new Connection Process.

Timing of Licence Updates

Should the licence changes not be implemented prior to the go live date of TMO4+ we would require clarity on the interim arrangements, e.g. derogations being granted by Ofgem.