

## 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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6.1.25

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

Yes / No **NO**

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

N/A

## 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/ No **YES**

[Write your response here]

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

Please provide the reasons for your answer.

Yes/ No **YES**

[Write your response here]

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/ No **YES**

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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.

Yes/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

## 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/ No **YES**

[Write your response here]

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/ No **YES**

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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.

Yes/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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.

Yes/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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.

Yes/ No Click or tap here to enter text.

[Write your response here]

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

[Write your response here]

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/ No Click or tap here to enter text.

[Write your response here]

## 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.

*Not considered relevant to our business*

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.

*Not considered relevant to our business*

### 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.

*Not considered relevant to our business*

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.

*Not considered relevant to our business*

## 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**

*Definition changes are likely to be required given the proposals and our responses below*

### 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**

*Irrespective of whether Scenario 1 or Scenario 2 is followed DNOs and IDNOs will be acting to prioritise certain customers over others and any customer disadvantaged by the process may seek redress and/or claim that the network companies are abusing their special position. Therefore, appropriate drafting will be needed to clarify that acting to implement TMO4+ is not a breach of SLC4. We would also suggest that Section 9(2) of the Electricity Act 1989 may need to be amended for similar reasons ie*

*"General duties of licence holders.*

*It shall be the duty of an electricity distributor—*

*(a) to develop and maintain an efficient, co-ordinated and economical system of electricity distribution;*

*(b) to facilitate competition in the supply and generation of electricity."*

*Prioritising certain customers over others might be regarded as failing to develop and maintain an efficient, co-ordinated and economical system of electricity distribution and/or facilitating competition in the supply and generation of electricity.*

*There is more risk of Scenario 2 being in breach of both SCL4 and Section 9(2)(b) of the Act, but even in the event of implementing Scenario 1 DNOs and IDNOs will still need to prioritise certain customers over others in order to achieve the policy intent.*

## 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**

*We agree that if DNOs and IDNOs are only making offers in accordance with the Connection Conditions and/or changing them to reflect the outcome of processes managed by NESO under the CNDM, then appropriate wording changes will be needed to these licence conditions. We would also suggest that Section 16 of the Electricity Act 1989 may need to be amended for similar reasons ie the "Duty to connect on request".*

### 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 think that there is a clear risk that parties who are disadvantaged under the processes to be employed under TMO4+ will regard the actions of the DNO or IDNO as discriminatory. This is not only in the case of new applications for connections, but for existing parties who for many years have been offered connections under "first come-first served" principles and may be subject to retrospective changes to their queue position and/or loss of access entirely. Similarly for projects that have actually connected Last-in First-out (LIFO) principle is well understand and widely used for prioritisation of access on a non-discriminatory basis.*

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.

*As a minimum the obligation should be changed to a prohibition of "undue" discrimination, or else a more explicit carve-out given in respect of compliance with the Methodologies and other relevant documents such as SSEP and the CP30 plan. Changes to the Electricity Act 1989 might also be considered necessary as mentioned elsewhere.*

## 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 assume that in this question reference to "DCUSA licensees" should be to "Distribution licensees", and that the proposal is to have an express obligation to comply with relevant sections of the CP30 Plan and SSEP. Clearly there are risks to investor confidence the more that Licensees are impacted by documents which they are not party to and/or over which they have no control, and/or only limited input. Nevertheless, it seems an inevitable consequence of the way that these changes are being introduced. In the event that there is such an obligation then we question if it should be in condition 20.3 since the other documents there are ones which the licensee must be a party to. Compliance with CP30 Plan and SSEP is more akin to compliance with the Fuel Security Code (Condition 20.8) and therefore the CP30 Plan and SSEP obligation would be better placed separately from the documents in 20.3, and with a clear statement which excludes those sections that might not be relevant, as proposed in the consultation in paragraph 5.32.*

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 **YES**

*Subject to the reservations noted above.*

## 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**

*We agree in principle but are concerned that IDNOs and/or their representative body, the INA, has had only limited involvement in the development of the Methodologies, and that the detailed processes for embedded generation have yet to be fully detailed (even for some really significant points as evidenced by the earlier references to Scenarios 1 and 2 and which does not appear consistent with the Methodologies submitted by NESO to the Authority on 20 December 2024). Much of the earlier work for embedded generation was developed in groups convened by the ENA, a body dominated by DNOs and into which neither IDNOs nor INA have had much access or input. If IDNOs are to be bound by Licence conditions into the Methodologies, then they should be afforded a formal role in the review and development of the Methodologies in the future. This is especially important because the Methodologies can be modified by NESO at relatively short notice and with limited consultation. It is also apparent that substantial changes were made in various areas of the proposed Connection Methodologies between NESO’s consultation on 5 November 2024 and those submitted to the Authority in December. Whilst these may have been made in response to issues raised in the consultation, IDNOs have not had an opportunity to comment upon the changes or the final form of the Methodologies (and to which both DNOs and IDNOs would be bound to comply by Licence).*

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 **YES**

*We agree in principle but see comment on question 51 above.*

## 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 **NO**

*The requirement to do this is clearly set out in NESO's proposed legal text for CMP434 and CMP435 and we do not see the need to provide additional text in the Licence. The Licence would be very long if it repeated every obligation set out in the CUSC. We understand that some smaller generators are dissatisfied with the conduct of the DNOs in the current environment, but the CUSC does not have any clear obligations as to timing of submission of Project Progressions, this was a defect that could have been fixed sooner but was not. However, as it will be clear in the CUSC we do not understand why it would need to be repeated in the Licence.*

## **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?

[Note we assume you mean Electricity Distribution Special Licence Conditions]

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

*We are not aware of any changes needed to the "Special Licence Conditions" where they apply. As for the "Amended Standard Conditions" that apply only to DNOs we do not see any need for change here either.*

## **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.

*Not considered relevant to INA member businesses.*

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## 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.

*Not considered relevant to INA member businesses.*

## 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?

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