

Connections Team
Ofgem
10 South Colonnade
LONDON
E14 4PU

By email only to: connections@ofgem.gov.uk

06 January 2025

Dear Connections Team,

UK Power Networks' Response to Ofgem's Proposed licence changes to enable TMO4+ Connections Reform consultation

Thank you for the opportunity to comment on the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc (EPN), London Power Networks plc (LPN), and South Eastern Power Networks plc (SPN).

We remain supportive of connections reform and are taking an active role in the work required to finalise the policy and arrangements ahead of implementation in Q2 of this year. It is in this context that we provide our response to this consultation and our support for changes to the Distribution Licence.

Licence changes are essential to effectively implementing connections reform

We have sought legal advice both individually as UK Power Networks and through the ENA, which concluded that the TMO4+ proposals present a risk against DNOs' obligations under Section 16 of the Electricity Act 1989. If more time were available ahead of implementation of connections reform, we believe changes to this legislation would provide a more sound legal basis for the proposed approach. We understand this legislative change is being considered within the Planning and Infrastructure Bill however this is unlikely to deliver the necessary changes in time for the Gate 2 to Whole Queue (G2TWQ) process planned for 2025.

In the absence of changes to this legislation in time for G2TWQ our view, backed up by our legal advice, is that we must only act on very clear instruction from the Authority to follow the reformed connections process as described in CUSC and the new Connections Methodologies. We believe this instruction should be made clear through both:

- Comprehensive licence modifications to reflect our new obligations under the reformed connections process and to provide clarity that by doing so, we are not in breach of any of our current licence conditions; and
- A clear statement from the Authority in its decision letter on the two CUSC modifications, CMP434 and CMP435, for DNOs to comply with the new arrangements set out within them.

The above approach will provide customers with clarity on the Authority's and UK Government's intent for all parties to implement and deliver connections reform. This will also have the benefit of minimising the risk of legal challenge to the actions taken by network companies. For reform to be successful, our focus will need to be on carrying out our obligations under the reformed process and supporting our customers that are ready and needed to support the Clean Power 2030 Action Plan without the distraction of defending against any legal action. Such action could also cause delays to implementation which could put achieving the 2030 targets at risk.

Licence modifications are needed as soon as possible

Although distribution customer agreements will not be varied under the proposed reform process until September 2025 at the earliest, network companies and NESO will be implementing actions from April 2025 that will ultimately lead to these variations. We believe, as far as is possible, these actions should be carried out under the modified conditions of the licence to give them as much authority as possible if challenged at a later stage. Therefore, we are keen to see the proposed licence modifications taken forward as a matter of urgency.

To assist in this regard, we have started the process of drafting suggested modifications to the Distribution Licence and are working with the ENA to refine these suggestions. We hope that this will expedite the process and would welcome engagement with Ofgem as soon as possible to agree the wording of the modifications ready for statutory consultation. Although the suggested modifications are not ready to provide alongside this consultation response, we will share the outcome of this work once finalised.

Our attached response to this consultation should be read alongside the ENA response which we have contributed to and fully support. Please treat this letter as confidential but our response and the ENA response are non-confidential.

If you have any questions or wish to discuss any part of our response, please do not hesitate to get in touch.

Yours sincerely



Mark Adolphus

Director Connections and Sustainability

UK Power Networks

Copy: Ross Thompson, Head of Commercial Services, UK Power Networks
James Hope, Head of Regulation & Regulatory Finance, UK Power Networks
Paul Measday, Regulatory Reporting and Compliance Manager, UK Power Networks