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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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Contents

Connections Reform - Policy Consultation on Required Licence

Changes Response Form.....	1
Data and confidentiality.....	3
Consultation questions.....	3
Proposed Electricity System Operator Licence Conditions.....	3
General approach to changes to the Electricity System Operator licence.....	3
Section A: Definitions and Interpretation.....	4
Section E: Industry Codes and charging	6
Proposed Electricity Transmission Standard Licence Conditions... ..	11
General approach to modification of the Electricity Transmission Standard Licence Conditions	11
Section D: Transmission Owner Standard Conditions	12
Section E: Offshore Transmission Owner Standard Conditions... ..	15
Distribution Standard Licence Conditions – Policy Intent	16
Chapter 1: Interpretation and application.....	16
Chapter 2: General obligations and arrangements.....	16
Chapter 4: Arrangements for the provision of services	17
Chapter 5: Industry codes and agreements.....	17
New Conditions	18
Proposed Electricity Transmission Special Licence Conditions	19
Proposed Electricity Distribution Special Licence Conditions	19
Proposed Electricity Interconnector Standard Licence Conditions	19
Proposed Electricity Generation Standard Licence Conditions	19
General feedback.....	20



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Data and confidentiality

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Date of submission: [06 January 2025](#)

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

[No – not confidential.](#)

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](#)

[As the NESO's proposed code modifications rely on Methodologies that would be required by Licence Changes, rather than codified in the CUSC.](#)

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 that it is sensible to make the minimum possible changes in Licence to implement the proposed Code Modifications.

However, we note that Gate 1 Agreements as proposed confer no benefits to connecting Parties (no firm or prioritised connection date, connection location, or queue position). In this context, we believe it is misleading to describe Gate 1 Offers as "connection agreements".

The exception is "Gate 1 Agreements with Reservation", which we understand have all the benefits of Gate 2 Agreements, but far fewer obligations (e.g. no Queue Management Milestones, no Securities).

We believe that the only Gate 1 Agreements should be "Gate 1 Agreements with Reservation", and that other Parties should be told that they cannot have a grid offer at this time.

We believe that this would add clarity for the industry and the general public to understand the meaning and impact of these connection reforms.

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

N/A

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.

No

Paragraph 3.12:

- We do not believe that the Licence should directly refer to the Clean Power 2030 Action Plan, as this document could quickly be superseded by other

documents (e.g. the Strategic Spatial Energy Plan) or the purpose of the document could be amended, e.g. to set plans to 2035, 2040 or some other date (the 2030 plan already has capacity caps for 2035).

- We do not believe that the Clean Power 2030 Action Plan has any special status in law compared to other past or future plans published by the Government in various policy areas.
- Instead of referencing the Clean Power 2030 Action Plan directly, we believe that Licence should clearly define which types of documents published by external parties that NESO is permitted to rely upon to implement its Methodologies.
- For example, is NESO only permitted to rely upon documents published by the Secretary of State at DESNZ (the Energy Security Secretary)? Or could other Secretaries of State publish plans that NESO can reference (e.g. the Transport Secretary for EV charging)?
- In addition, are there any requirements on the external documents that NESO can rely upon? For example, what if those documents conflict with Ofgem's Duties and/or the interests of consumers?
- It is currently unclear how Ofgem views the legal status of the Clean Power 2030 Action Plan in the context of legislation on independent regulation, not least as this is not mentioned in this consultation.
- This risks a negative impact on competition and investor confidence, as industry participants no longer know what parts of energy policy and regulation are subject to independent regulation by Ofgem, and which parts are subject to the discretion of the Secretary of State.
- For example, could the Secretary of State's approach with the Clean Power Plan be used to direct network investments by Transmission Owners, to influence network company price controls, to influence the Energy Price Cap, or to prioritise projects developed by certain types of companies?
- We believe the answer to these questions would be no, without the Government bringing forward legislation to repeal independent regulation in these areas.
- However, we also did not think that Ofgem would consider it appropriate within the current regulatory framework for the Secretary of State to direct the capacity mix, which is what is happening through the Clean Power 2030 Action Plan.
- We believe that Ofgem needs to restate its interpretation of the line between Ofgem's independent regulation and the powers of the Secretary of State.

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.

Yes/ No

N/A

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

Designation is clearly preferential and discriminatory. We therefore agree that the Licence will need to be changed.

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 this change. However, please note our concerns expressed in our response to question 2, that we believe it is misleading to refer to a Gate 1 Agreement without Reservation as a connection agreement as it confers no benefit on the connecting party.

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

We believe that to maintain investor confidence, the Methodologies should be codified as part of the CUSC.

Even if Ofgem does not support full codification of the Methodologies, we believe that some elements of code governance should apply – including the ability for industry to propose Alternatives for consideration by Ofgem.

The Methodologies are extremely complicated, so it is absolutely possible that there will be issues identified by industry that NESO declines to incorporate into its Methodology. In this scenario, we believe that it would be useful to have a mechanism to allow the industry to put forward Alternatives for consideration by Ofgem.

Perhaps the bar could be set at requiring the CUSC Party to gain the support of 25-50 other CUSC Parties for the Alternative to be sent to Ofgem alongside NESO's proposed Methodology.

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

N/A

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

N/A

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

N/A

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

Per our response to Question 13:

- We believe that to maintain investor confidence, the Methodologies should be codified as part of the CUSC.

- Even if Ofgem does not support full codification of the Methodologies, we believe that some elements of code governance should apply – including the ability for industry to propose Alternatives for consideration by Ofgem.

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

We believe that Ofgem should clarify the purpose of designating projects.

The proposed Licence changes set out objective criteria that we support – although we have various concerns about the proposed Designation Methodology (as set out in our response to that consultation).

However, the “Explainer Cover Note” to this consultation states that *“The rationale for this designation process is for the NESO to ensure that projects that are critical to security of supply, provide significant additional consumer benefits, Net Zero, economic and/or societal benefits are considered and adequately included in the reformed connections queue and prioritised for queue position.”*

The criteria for Project Designation in the proposed Licence does not mention economic and/or societal benefits. We believe that Ofgem should provide clarity for industry on whether or not the law and/or NESO’s Licence allows and/or requires NESO to discriminate between projects based on whether or not NESO believes that projects have more or less “economic and/or societal benefits”?

These benefits are likely hard to quantify and subject to differing opinions.

If any organisation is going to decide to promote projects based on assessed economic and/or societal benefits, then we believe that this should be the Government (enabled through appropriate legislation).

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 believe that this is an appropriate protection, commensurate with the strong powers that NESO is taking to promote certain types of projects in the grid queue.

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

Per our response to Question 13:

- We believe that to maintain investor confidence, the Methodologies should be codified as part of the CUSC.
- Even if Ofgem does not support full codification of the Methodologies, we believe that some elements of code governance should apply – including the ability for industry to propose Alternatives for consideration by Ofgem.

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

Per our response to question 2, we believe it is misleading to refer to a Gate 1 Agreement without Reservation as a connection agreement as it confers no benefit on the connecting party.

We believe it is clearer to say that any project not eligible for a Gate 1 Agreement with Reservation or a Gate 2 Agreement will not be offered a grid offer.

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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 believe that this strikes an appropriate balance, especially the need to seek Authority approval for a delay beyond 6 months.

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

N/A

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

N/A

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

N/A

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



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

Yes/ No

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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.

[N/A]

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.

[N/A]

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.

[N/A]

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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/ No Click or tap here to enter text.

[N/A]

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

N/A

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

N/A

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

N/A

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

N/A

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 Click or tap here to enter text.

[N/A]

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.

[N/A]



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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 Click or tap here to enter text.

[N/A]

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 Click or tap here to enter text.

[N/A]

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.

[N/A]

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 Click or tap here to enter text.

[N/A]



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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 Click or tap here to enter text.

[N/A]

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 Click or tap here to enter text.

[N/A]

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 Click or tap here to enter text.

[N/A]

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 Click or tap here to enter text.

[N/A]

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.

N/A

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.

N/A

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.

N/A

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.

N/A



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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?

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

Were its conclusions balanced?

Did it make reasoned recommendations for improvement?

Any further comments?

[N/A]