

13th November 2023

OFGEM APPROVES NEW RULES FOR THE ESO TO PROACTIVELY MANAGE THE CONNECTIONS QUEUE

Dear Industry,

As Director of the Electricity System Operator, I am writing to industry today to set out our changing approach to the way generation and demand businesses connect into the electricity transmission grid. Great Britain's energy grids are the backbone of our economy and it's imperative that we drive through urgent reforms to ensure grid access improves.

We are delighted to confirm today that new rules have been approved by Ofgem for the ESO to proactively manage the connections process (through a code change to the CUSC known as CMP376) with the ability to terminate projects that are not progressing against their project milestones – a key component of our five-point plan to speed up grid connections.

I want to be clear; we will be uncompromising in our approach to driving out and pushing back projects that cannot meet their connection date, paving the way for more viable projects that have a real chance of plugging into the grid, energising the UK economy.

These changes mean that queue management milestones will be inserted into all transmission grid connection contracts with a connection date post November 2025 and any new connection applications we receive. Projects will have six months to apply for a more realistic connection date or face being terminated by the ESO.

Currently, there are 232 projects accounting for c.45GW of capacity that are due to connect by the end of 2025. We have classified 144 of these projects potentially at high risk of not meeting their contractual connection date, accounting for c.29GW of capacity.

These new rules mean that today we are instructing DNV, an independent engineering consultancy, to inspect these projects and provide an independent view of their ability to meet their contracted connection date. If these projects cannot demonstrate that they are progressing and that they will be ready to connect in time, we will seek to push them back or, where necessary, terminate them, so that more viable businesses can connect in.

This approach, alongside the package of additional reforms expected to be announced this winter to the connections process and building of the electricity networks, shows that Government, the Regulator and the ESO are resolute in our determination to ensure GB's electricity networks support the needs of the industry and the wider economy.

Our ESO Customer Contract Managers will be on hand to support businesses with connection contracts and help set out what these changes mean for you.

Yours sincerely

Fintan Slye

Director of the Electricity System Operator