

Email: connections@ofgem.gov.uk

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To interested parties,

Since our open letter on Connections Reform in April 2024¹, ESO, network companies, industry, and Ofgem have continued to progress key initiatives from the November 2023 Connections Action Plan ('CAP'), which set out Ofgem and Government's vision for a reformed connections process that facilitates viable projects and is aligned with future strategic network build and spatial energy planning.² These initiatives have included developing the TMO4+³ code modifications (CMP434⁴, CMP435⁵, CM095⁶ and CM096⁷) through Workgroups; issuing developers with a Request for Information ('RFI') to understand the likely impact of those proposals; and putting in place transitional arrangements for new connection applications for the period from 2nd September 2024 until the date of implementation of the TMO4+ proposals (in the event they are approved).⁸ These all contribute towards meeting the vision and objectives set out in both the CAP and the Strategic Policy Statement for Energy Policy in GB ('SPS').⁹

We are writing to provide an update on this process. This letter explains the framework that Ofgem has been considering, in discussion with Government and ESO, for delivering

¹ [Open letter: update on reform to the electricity connections process following proposals from ESO | Ofgem](#), April 2024; [Ofgem and DESNZ announce joint Connections Action Plan | Ofgem](#), November 2023.

² [Connections Action Plan: Speeding up connections to the electricity network across Great Britain \(publishing.service.gov.uk\)](#), page 19.

³ More information on the TMO4+ proposal can be found on ESO's website: [PowerPoint Presentation \(nationalgrideso.com\)](#).

⁴ [CMP434 Implementing Connections Reform | ESO \(nationalgrideso.com\)](#).

⁵ [CMP435 Application of Gate 2 Criteria to existing contracted background | ESO \(nationalgrideso.com\)](#).

⁶ [CM095 - Implementing Connections Reform | ESO \(nationalgrideso.com\)](#).

⁷ [CM096 Application of Gate 2 Criteria to existing contracted background | ESO \(nationalgrideso.com\)](#).

⁸ [Decision on Joint Direction and Letter of Comfort requests on Transitional Arrangements for new connection applications | Ofgem](#).

⁹ [Ofgem and DESNZ announce joint Connections Action Plan | Ofgem](#), page 19; and the [Strategy and Policy Statement for Energy Policy in Great Britain \(publishing.service.gov.uk\)](#) was designated by the Secretary of State in May 2024.

TMO4+ and achieving an accelerated alignment between the connections process and strategic planning as envisaged in the CAP and the SPS.

The new Government's ambition for Clean Power by 2030 has led it to set up a Mission Control Unit to oversee delivery.¹⁰ The Secretary of State and Chris Stark, Head of 2030 Mission Control, has commissioned the ESO, ahead of its transition to National Energy System Operator ('NESO'¹¹), to provide advice on pathways to deliver a clean power system by 2030. We expect this advice to be provided later this year, and be followed by Government's forthcoming plan for delivering 2030 Clean Power ('CP2030'). In November 2023, the Government also announced in its Transmission Accelerated Action Plan that it will commission the ESO to deliver a Strategic Spatial Energy Plan ('SSEP').¹² The SSEP will provide the longer-term pathway for the future energy system, and will need to be aligned with CP2030. The connections process will have a key role to play in delivering the generation, storage, interconnectors, and demand identified as needed under CP2030 and then the SSEP.

For these objectives to be met within the tight timeline envisaged, further regulatory changes are needed in addition to the ongoing TMO4+ code modification proposals, to enable the connections process to be reformed expeditiously.

This letter sets out our intended next steps for developing and consulting on policy proposals in this area.

Accelerating alignment with strategic planning

Connections Reform was initially planned in two phases. The initial phase was intended to focus on applying a readiness threshold to the connections queue, to deliver a smaller queue made up of projects ready to progress, and broadly aligned with needs of a net zero energy system. This was to be followed by a second phase which would more closely align the connections process with strategic planning and the first SSEP.

However, as explained above, there is now a need to accelerate that process of alignment – and an opportunity to do so. Our reasoning on this is based on the combination of three key factors.

First, to transition the country to Clean Power by 2030, and then to net zero, a single clear vision of the future power system and energy system is required, so as to drive energy system transformation at great pace. To deliver the network infrastructure and necessary

¹⁰ [Chris Stark to lead Mission Control to deliver clean power by 2030 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/chris-stark-to-lead-mission-control-to-deliver-clean-power-by-2030).

¹¹ Under the Energy Act 2023, the ESO will transition to being the National Energy System Operator ('NESO'). NESO will be a new, independent, public corporation with new roles and responsibilities that will be responsible for planning Britain's electricity and gas networks and operating the electricity system. NESO is expected to transition to NESO in the coming months.

¹² SSEP announced in the [Transmission Acceleration Action Plan: Government response to the Electricity Networks Commissioner's report on accelerating electricity transmission network build \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118444/transmission-acceleration-action-plan-government-response-to-the-electricity-networks-commissioner-report-on-accelerating-electricity-transmission-network-build).

enabling works required to connect the electricity projects needed to transition GB to Clean Power by 2030, the country requires a connections process that enables a more streamlined pipeline of projects that are ready to connect and that align with what is needed, as identified in CP2030 and later the SSEP.

Second, it is increasingly clear that the TMO4+ reforms – as currently proposed – will not be effective in securing this. The ESO’s RFI was issued to developers on 28 May 2024 and closed on 28 June 2024.¹³ The results show that while the current proposals would likely reduce the size of the queue significantly, there is a risk that the reduction would not be sufficient, and would be unlikely to deliver a technology mix that aligns with what GB is forecast to need to deliver a secure, clean energy system in 2030 or even 2050. Greater certainty in the projects that will be connected will provide increased certainty for network owners to invest in and build the requisite network needed, and so to connect customers in a timely fashion.

Third, the forthcoming CP2030 and the subsequent SSEP, combined with the ongoing work on TMO4+, provide the opportunity to develop and deliver an interrelated package of connections reforms that will enable connections to the network to be aligned with GB strategic energy planning – and to remain aligned as the system transforms at pace – which will accelerate the achievement of our CAP objectives. This will create an enduring solution where the bottom-up connections process delivers the technology mix for net zero (as will be specified in top-down strategic energy and network plans) and therefore will provide long-term clarity to industry.

Accordingly, we consider it appropriate – and indeed vitally important – that this opportunity is taken now to ensure that alignment between connections and the strategic planning demands of the GB energy system are incorporated in the current connections reform. This requires that any necessary licence modifications are considered now, in tandem with the TMO4+ code modification proposals.

Exploration of implementation mechanisms

The steps taken to date

On 1 August 2024, the Connection Delivery Board (‘CDB’) discussed ways in which TMO4+ could be strengthened to deliver greater impact and alignment of connections reform with strategic planning. The ESO presented a range of options, including the potential introduction of (a) technical requirements specifying which projects should be connected to transmission or distribution networks at specific voltages; and/or (b) quantified limits on annual connections at certain locations of each technology type, to align with the strategic energy needs identified in CP2030 and (in due course) the SSEP. Views were mixed, but the

¹³ ESO [Summary of land rights request for information analysis](#), August 2024.

CDB accepted these proposals and directed the ESO to proceed with developing more detailed '*going further*' proposals, to be considered at the next CDB meeting in September 2024.¹⁴

In developing its '*going further*' proposals the ESO, working with Government, Ofgem, and network companies, has been giving careful consideration to the points in the connections process at which strategic planning considerations could most appropriately be taken into account and how best to ensure that this is carried out in a fair, consistent and transparent way.

What follows is a summary of the framework the ESO, Government and Ofgem have been exploring; the steps the ESO is taking to develop this framework in light of urgency of the proposals; the reasons we support this work, and our intended next steps.

The framework being explored and our vision for a reformed regulatory structure

In order to implement TMO4+ aligned with strategic planning, we consider that changes to existing licence conditions governing how network companies offer connections to the networks will be needed. We consider that a move to a more strategic approach to the development of the energy system, led by the government's ambition for delivering Clean Power 2030 (and followed by the SSEP), will require further changes to licences and likely new licence conditions to put in place suitable obligations to underpin this reformed regulatory framework for connections. For the objectives of strategic plans to be achieved, the ESO will need to consider additional factors that it does not currently take into account in considering connection applications and making connection offers.

Moreover, the ESO, in becoming NESO, will take on new and enhanced responsibilities, including driving the coordinated development of the whole energy system. We therefore consider it to be appropriate for NESO, through its licence, to be charged with having greater control over the connections process for those relevant applicants connecting to, using or impacting on the transmission system, in a way that facilitates the delivery of the strategic plans in an open, transparent way that safeguards the interests of industry as well as meeting statutory objectives. We consider that the approach adopted should enable the NESO to act flexibly and decisively (within the parameters of the new governance framework to be set out by Ofgem in the new licence conditions following consultation), including being able to swiftly amend its processes to implement future reforms if needed and to mitigate the risk of the connection queue growing to unsustainable levels again in the future.

¹⁴ More details are given in Ofgem's July CDB Blog: [Connections reform – going further | Ofgem](#).

To support the ESO in taking account of these new additional factors as part of the connections process, the ESO has proposed the creation of methodologies ('Methodologies').

We announce here our intention to consult on such new and modified licence conditions to enable the implementation of a TMO4+ connections process, which can properly achieve strategic planning aims, including those of CP2030 and the SSEP. We are currently of the view that new licence conditions, which provide for Methodologies to support the application of this reformed connections process, are likely to be suitable. The ESO and Ofgem have therefore been exploring the development of such documents at a preliminary stage, prior to Ofgem deciding the approach to consult on.

The ESO have proposed three potential Methodologies which may be used, subject to Ofgem approval in due course:

1. *Gate 2 Criteria*: This Methodology would specify criteria that relevant applicants connecting to, using or impacting on the transmission system (including relevant distribution connections) need to meet to receive and maintain a connection offer with a confirmed connection location and date, and a place in the connections queue. Depending on the outcome of the development of the *going further* work following the 1 August 2024 CDB (discussed further above), this Methodology document may include some of those proposals. These criteria would be applied for entry into Gate 2.

2. *The 'Connections Network Design Methodology' ('CNDM')*: This Methodology would set out the process and criteria for:
 - (a) Formulating indicative and full connection offers at Gates 1 and 2 respectively (as per current CMP434 Proposal), including:
 - i. Queue formation for enduring Gate 2 application windows,
 - ii. Reallocation of capacity following termination,
 - iii. Prioritisation and ordering of connections offers when two or more projects meet the Gate 2 criteria at the same time.
 - (b) How the existing queue would be revised after application of Gate 2 Criteria (as per CMP435 proposal), and assessing how existing projects will be advanced;
 - (c) Assessing the network infrastructure needed to enable connection offers;
 - (d) The interaction between the assessment of the enabling infrastructure required for connections and strategic network plans for the wider transmission network.

3. *The NESO designation methodology*: This Methodology would set out the criteria for 'designation' of individual projects that have met Gate 2 to be prioritised. It is expected these criteria could apply to projects: which are critical to security of supply or system operability, which would materially reduce system/network constraints (and therefore balancing costs on consumers), are innovative / emerging technologies, or that have particularly long lead times. The exact criteria identifying when this Methodology may be engaged will be set out and consulted upon by ESO in due course. This Methodology is expected to set out the way NESO would decide whether a project met these criteria, the process by which a project could seek designation, and the way(s) in which designated projects would be handled in the connections process.

Given the proposed scope above, we expect that the Methodologies would ensure that timely connection to the electricity system is facilitated for projects that meet Gate 2 criteria. They should also ensure that connection offers and contracts consider wider strategic energy and network planning of the GB energy system when reviewing connections applications and contracts. The Methodologies would need to facilitate economic and efficient anticipatory network investment and better support the network companies to coordinate wider and enabling works, having regard to the contracted background. Finally, we expect that customers will receive a consistent service across all TOs.

Ofgem envisages that any new licence condition(s) would include a framework for the NESO to formulate and maintain the Methodologies, and in the case of Connections Network Design Methodology, a framework for the TOs to also contribute to maintenance of this Methodology. Key principles Ofgem would be likely to include in any new licence condition would be:

- each of the Methodologies would have objectives set by Ofgem, which would define their purpose and scope;
- NESO and Ofgem would both have the ability to trigger a review and/or amendment of the Methodologies;
- NESO would also be required to review the suitability of the Methodologies at least once per year to consider whether changes were needed;
- the first version and any future updates to the Methodologies would be consulted on by NESO for a minimum of 28 calendar days;
- the first version and any future updates to the Methodologies would require approval from Ofgem; and
- NESO would be required to provide Ofgem with justification as to how any proposed changes to the Methodologies met the objectives set by Ofgem in the licence,

including an assessment of their impacts and a summary of consultation responses and how the issues raised in those responses had been addressed.

The ESO has shared the concept of the Methodologies with the TMO4+ code modification proposal Workgroups and they are taking account of this approach in the development of code modification proposals. We expect that, if this framework is ultimately pursued, the TMO4+ code modification proposals would refer to the Methodologies and how they interact with processes determined by the codes, albeit the operation of the Methodologies (i.e. how they interact with the process of connection offers) would be determined by the licence conditions. The CUSC, however, would remain the contractual framework for connecting to and using the National Electricity Transmission System (NETS); it will still govern the relationship between the ESO and connection customers and how connection customers connect and use the NETS. Similarly, the STC will continue to govern the relationship between the ESO and the TOs.

The ESO is preparing early draft Methodologies, based on the ongoing development of TMO4+ proposals and on the reasonably anticipated content of CP2030. We would expect the ESO to consult on these draft Methodologies later this year. This will help Ofgem and interested parties to form their views on the approach outlined above and ensure that there is no delay in achieving an urgent reformed connection process to enable statutory and policy objectives to be met as outlined. The draft Methodologies would:

- be subject to further amendment based on future developments, including feedback from interested parties (via the consultation process) and the final CP2030; and
- be finalised and applied only after the adoption of any new licence condition or modification that followed after consultation.

Our reasons for supporting the ESO's ongoing work in this area

Our current view is that new licence conditions are likely to be needed which require the ESO to adopt Methodologies to implement TMO4+ and ensure the connections process aligns with strategic energy and network planning (CP2030, then subsequently the SSEP). Therefore we fully support the ESO's ongoing work at this stage, in relation to the development of potential Methodologies, as set out above.

With respect to potential NESO designation of projects, our initial inclination is to view this as a useful and appropriate power for NESO to have, given its role as system operator. We also recognise that there are sound reasons for this power to be exercised through the application of Methodologies, which would ensure transparency and fairness. We are also considering when such a power might be used, and the safeguards needed to ensure a correct balance is struck between statutory and public objectives, and the needs of industry.

These views are subject to further development in light of the content of the ESO's draft Methodologies and will be subject to full consultation.

In light of this, we expect the ESO:

- in drafting the Methodologies, to have regard to its relevant statutory duties and objectives, and to the more specific goals of Connections Reform – including achieving a transition to a net zero energy system and supporting economic growth, facilitating timely connection to the electricity system, ensuring that ready projects are prioritised in a manner aligned with strategic planning, ensuring security of supply, and being fair, open, and transparent;
- to ensure appropriate industry engagement during the drafting of the Methodologies (even prior to consultation); and
- to consult on the draft Methodologies with interested parties for a minimum of 28 calendar days.

Next steps

Connections reform is advancing at pace, and we want to maintain the speed and progress being made by the ESO and industry. We expect the ESO to continue developing the TMO4+ code modifications (CMP434, CMP435, CM095, and CM096) and submit Final Modification Reports ('FMRs') to Ofgem in accordance with the urgent timetables.¹⁵ At time of writing, the CUSC and STC Panels have written to Ofgem seeking an extension to the code modification timetables, which would require submission of FMRs to Ofgem by 20 December 2024 – pending Ofgem approval of these revised urgent timetables.¹⁶

In parallel, we will continue to work with ESO and network operators to develop any new licence conditions or modifications that may be necessary, as outlined above, including to govern Methodologies.

Prior to Ofgem taking any decision on new licence conditions, Methodologies and proposed code modifications, the requisite consultations will be carried out. Our current thinking is that it would make sense for the proposals to be considered simultaneously, so industry can assess the proposed reforms in their entirety and meet the urgent timelines – and so that our final decisions can take account of these views in full.

Our intention is to reach a final decision on the necessary changes to the codes and licences, including approval of any Methodologies, by the end of Q1 2025. If we decide to implement the relevant modifications to codes and licences (and approve the

¹⁵ [Decision on urgency treatment of 'CMP434: Implementing Connections Reform' and 'CMP435: Application of Gate 2 Criteria to existing contracted background' | Ofgem](#); and [Decision on urgency treatment of 'CM095: Implementing Connections Reform' and 'CM096: Application of Gate 2 Criteria to existing contracted background' | Ofgem](#).

¹⁶ [Urgency Timeline \(nationalgrideso.com\)](#).

Methodologies) these are likely to take effect from Q2 2025. Our expectation is that, if the changes are approved, the network companies will work at pace to ensure that they are in a position to begin issuing improved offers in 2025.

We also recognise the need to deliver a reformed connection process that is effective and cohesive at both transmission and distribution. Whilst we acknowledge there are dependencies on the outcome of the transmission-level solution, we have in the meantime requested the Energy Networks Association and DNOs to assess what would be needed at distribution level (in codes and/or licences) to facilitate this. We are in ongoing discussions on this and consider it critical that we are presented with these views as soon as is practicable, to enable solutions at transmission and distribution to be delivered in tandem. We stand ready to support and take action on any recommendations upon receipt of these.

Finally, we will shortly consult on recommendations for wider improvements to the regulatory framework around connections as part of our "*Connections end to end review*" to complement the ongoing connection reforms. This will include (but not be limited to) proposals around the availability of data to connecting customers, the quality of connection offers, improved standards of service and the timeframes within which regulated parties must perform certain functions along the customer journey. It is critical that the regulatory framework keeps pace with the ambition of the reforms to the connections process and drives the behaviours and outcomes we need to see.

Yours sincerely,

Jack Presley Abbott

Deputy Director, Energy Systems Design and Development Directorate

Signed on behalf of the Authority and duly authorised for that purpose