Connections Reform- Report on Connections Methodologies Consultation Responses

NESO
National Energy System Operator

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Executive Summary

At the National Energy System Operator (NESO), we recognise the challenges facing our connections customers and the need to fundamentally reform the electricity transmission connections process in order to deliver Clean Power by 2030 and maintain an efficient transition to net zero.

Throughout 2024, we have been working with industry, through Code Modifications (otherwise known as TMO4+) to develop a robust new connections process. We have submitted these Code Modifications (CMP434, CMP435 and CM095) to Ofgem today (20th December 2024), with a decision currently expected by end March 2025.

We have also today submitted our three proposed Connections Reform Methodologies to Ofgem for their consideration. These methodologies support and extend the TMO4+ code modifications and, together with associated licence changes, will enable implementation of a reformed connections process from May 2025 (assuming approval by Ofgem by end March 2025).

The final Connections Reform Methodologies submitted to Ofgem can be found here:

- **Gate 2 Criteria Methodology**
- **Connections Network Design Methodology (CNDM)**
- **Project Designation Methodology**

We consulted on the three Connections Reform Methodologies in November 2024. In total, we received 155 consultation responses from a broad range of industry stakeholders.

Consultation Area	Positive Feedback %	Neutral Feedback %	Negative Feedback %
Policy	51.5%	25.5%	23%
Implementation	35%	47.5%	17.5%
Gate 2	45%	38%	17%
CNDM	48%	37%	15%
Project Designation	44%	45%	11%

Figure 1. Sentiment broken down by consultation section, rounded to nearest half percentile.

As can be seen from Figure 1 above, Initial sentiment analysis demonstrates that there was broad support for our proposed methodologies. In particular, there was majority support on aligning the connections process with the Government's Clean Power 2030 Action Plan (CP30 Action Plan), particularly the 2035 time horizon, which was seen as critical to supporting long-term strategic goals and providing investor confidence.

There was also majority support for our proposed overall design 2, where the new queue would be formed of i) 'ready' projects aligned to the capacity ranges in the CP30 Action Plan; ii) 'ready' projects in technologies that were not known at the time of the CP30 Action Plan or that are otherwise outside the scope of the CP30 Action Plan.

In addition, the criteria for Gate 2 readiness were generally supported; managing the queue based on project readiness and strategic alignment was also supported; and there was general support for the concept of project designation.

The consultation responses also evidenced various suggestions regarding how we could look to amend the proposed methodologies. These included, but are not limited to:

1. **Granular CP30 Action Plan Alignment:** there were concerns from a number of respondents about some aspects of the proposed approach to alignment with the CP30 Action Plan. This particularly focused on: a) perceived lack of robustness of some of the granular permitted capacities for some technologies in our CP30 advice to Government (particularly the zonal and / or transmission- and distribution-connected split for solar); and b) the perceived delivery and investment risk due to only providing limited up-front comfort on the categories of projects that would definitely be included within the reformed connections queue following implementation of the 'Gate 2 to Whole Queue' exercise.
2. **Liquidity in the market and project attrition:** there were some calls for additional capacity (typically c10-30%) to be included up front in the CP30 Action Plan capacity ranges (hereafter referred to as 'CP30 permitted capacities') to account for project attrition (i.e. projects leaving the connections queue before connecting). Some respondents also expressed concerns with regards future market liquidity, for example in terms of numbers of projects being able to compete in future Contract for Difference (CfD) and/or Capacity Market (CM) auctions.
3. **Project designation:** there were calls from a number of respondents for greater transparency and/or more detail on the designation criteria and appeals process in particular.
4. **Queue management and advancement:** there were mixed views around to what extent the new queue should be prioritised on the basis of project planning consent status

Changes we have made as a result of this feedback

We have taken consultation feedback into account and considered this fully when producing the updated methodologies. As a result of consultation feedback we have made the following key changes to the connections methodologies, which we consider appropriately balance the need for strategic alignment to the CP30 Action Plan, with the need to provide ongoing investor confidence and help deliver the mix of projects we need to enable Clean Power by 2030 and beyond.

Strategic alignment with the CP30 Action Plan

We provided updated advice to Government to inform its CP30 Action Plan[1]. Government's CP30 Action Plan was informed by our final advice and the permitted capacities for each technology in scope of the CP30 Action Plan, to 2030 and to 2035, can be found in "Clean Power 2030 Action Plan: A new era of clean electricity – Connections reform annex" [2]. That annex contains tabulated data for each technology within scope of the CP30 Action Plan, where relevant per zone (at transmission- and distribution-connection level) to 2030 and to 2035.

We have made some minor adjustments to our connections methodologies to reflect the final form of the CP30 Action Plan, with the most material changes being that we have reflected:

1. the slightly expanded range of technologies not covered by the CP30 Action Plan (wave, tidal and non-GB generation, as well as all transmission-connected demand);
2. slight increases in the permitted capacities in some technologies compared to our original CP30 advice to Government; and
3. zonal (and transmission- and distribution-connected) permitted capacities only being applied to three technologies: batteries (short-duration), solar and onshore wind.

We have introduced various additional connections policy flexibilities and measures into the connection methodologies to provide up-front comfort to 'well progressed' projects. At a high level, we intend to 'protect' certain types of 'well-developed' projects (including those that have secured planning consent and/or that have been awarded a CfD or CM contract) by deeming them to have met the 'strategic alignment' element of the Gate 2 criteria. As such, those projects will be in the reformed connections

[1] https://www.gov.uk/government/publications/clean-power-2030-action-plan

[2] https://assets.publishing.service.gov.uk/media/675c0b261857548bccbcf99d/clean-power-2030-connections-reform-annexi.pdf

queue, provided they demonstrate that they meet the 'readiness' element of the Gate 2 criteria.

Beyond the introduction of these 'protections' for well developed projects, we are not intending to increase the permitted capacities for projects in the reformed queue beyond the permitted capacities set out in the CP30 Action Plan. Our view is that the reformed connection queue will include sufficient projects and capacity so that competition for CfDs or CM contracts will not be negatively impacted and is even likely to increase in future.

Connections Network Design Methodology (including queue formation)

To ensure those projects that have met the Gate 2 Strategic Alignment criteria as a result of the new 'protections' are not unduly disadvantaged though the queue formation process, we have also amended the approach to aligning the queue to the CP30 Action Plan. This now involves allocating 'protected' projects to the 2030 and 2035 permitted capacities first, before then including any projects with planning submitted or land rights only if the permitted capacities have not been reached.

We have clarified the wording around queue formation to make it clear that projects assigned to 'Phase 2' (2031 to 2035) can connect earlier than 2031 if, after all the Phase 1 (now to 2030) projects have been assessed, there is still capacity available on the network. Given the large reduction in the capacity and volume of projects within the reformed connections queue, compared to the situation today[3], we are confident that significant

[3] We estimate that the future electricity transmission connections queue (which comprises all transmission-connected and significant numbers of distribution-connected projects) will contain up to 225GW of 'ready' generation, storage or interconnection projects, plus potentially 20-30GW (or more) of other projects outside the scope of the CP30 Action Plan (e.g. directly-connected demand, wave, tidal and non-GB generation). This compares to the current electricity transmission queue of c750GW.

additional capacity will be made available to allow projects to seek material acceleration of their connection dates.

We have also provided more flexibility around substitution to permit this between adjacent or overlapping transmission and distribution zones (for projects of the same technology), so long as there is no material negative impact on system constraints. This is likely to allow more 'ready' projects into the reformed connections queue, even if they do not align with the zonal permitted capacities in the CP30 Action Plan.

Gate 2 criteria

We have made several clarifications to the Gate 2 readiness criteria (Land) route, including introducing further exceptions. We have also clarified the Gate 2 readiness criteria (Planning) route and provided some additional flexibility on evidence we would accept.

We have enhanced the wording of the current evidence assessment process through several clarifications.

Project designation

We have made changes to ensure the Project Designation Methodology is fully robust and transparent and that the designation process can proceed efficiently. These include:

- we have refined the assessment criteria to ensure that assessments and decisions are transparent and specific;
- we have amended the process for designation categories A to C[4] to reflect that we will issue a Notice and invite Users to apply in response to that Notice, rather than an open application process (the developer-led application process for categories D and E[5] remains unchanged); and

[4] 'critical to security of supply', 'critical to system operation', or 'materially reduces system and/or network constraints'

[5] 'projects that are new technologies and/or highly innovative, that are not included within the scope of the CP30 Action Plan or do not correspond with a technology that has been deemed by NESO to have met the strategic alignment criteria', 'projects with very long

- we have clarified the dispute process that we will use and provided more clarity on the fees that we are intending to charge.

Next steps

This document, alongside the three updated connections methodologies, an accompanying updated Impact Assessment, and the Final Modification Report for relevant changes to the CUSC and STC, represent our formal submission to Ofgem as the basis for the reformed connections process.

We currently anticipate a decision from Ofgem on the above, and on associated licence changes, by the end of March 2025.

Following Ofgem's decision (assuming a positive decision) by the end of March 2025, project developers in the current queue would be provided with a period of time (no less than 2 weeks, occurring no less than 4 weeks after the implementation date into the codes) to submit a Gate 2 declaration/application and to provide evidence that they consider they have met the Gate 2 criteria.

We would review evidence submitted by Users and work with network companies to start to establish the new connections queue via the 'Gate 2 to Whole Queue' exercise.

We intend to start to issue Gate 1 offers from Q2 2025 and we are committed to issuing Gate 2 offers as soon as possible in 2025.

lead times that may be needed beyond the 2035 permitted capacities in the CP30 Action Plan'

1. Purpose of this document

The document serves the following purposes:

i) To summarise the feedback received from industry to our 5th November 2024 consultation on connections methodologies to enable connections reform.

ii) To set out our views on this feedback, including highlighting the changes we have made to the methodologies as a result.

This report is being submitted to Ofgem alongside our final proposed connections methodologies. Today we have also submitted to Ofgem our Final Modification Report (FMR) for the CMP434, CMP435 and CM095 code modifications also necessary to enable connections reform.

We have also submitted our updated Impact Assessment (IA)on the application of connections reform to the current connections queue. This has been updated from the version published on 5th November 2024 to reflect the permitted capacities to 2030 and to 2035 included within Government's recently published Clean Power by 2030 Action Plan (CP30 Action Plan). The updated Impact Assessment also considers the impact of the amended connections positions summarised within this document and set out in full within the accompanying connections methodologies.

2. Context

2.1 As Great Britain continues its journey towards decarbonisation, it is crucial that the connections process undergoes a transformation as well. This change is necessary to deliver our clean power goals, seize economic opportunities, and provide an enhanced service for our customers.

2.2 Projects are not connecting to the network in an efficient and timely manner, which is hindering our progress to deliver net zero, and therefore our ability to deliver clean power to reduce reliance on fossil fuels. Currently, the directly transmission-connected queue alone contains ~550GW of generation, storage and interconnection projects. In total there is a queue of more than 750GW of projects across transmission and distribution networks seeking connections.

2.3 On 5th November 2024 we published a consultation on the three methodologies we propose to enable connections reform. We also published "Great Britain's Connections Reform: Overview Document" to explain the overall proposals and frame them within a wider strategic and policy context.

2.4 We set out in that consultation that our objective is to ensure that the mix and order of projects in the reformed connections queue best reflects Great Britain's Clean Power needs in 2030, whilst providing an efficient transition and clear investment signal to 2035. As such, the overview document and the methodologies set out how we proposed to align the connections process and connections queue with strategic energy plans developed by Government. We set out that in the nearer-term we intended to align the reformed connections process with Government's CP30 Action Plan, whilst aligning to the first Strategic Spatial Energy Plan (SSEP) in the medium-term (from end 2026). As well as setting out our recommended approach, we also set out the main alternatives that we considered, and the reasoning behind our recommendations.

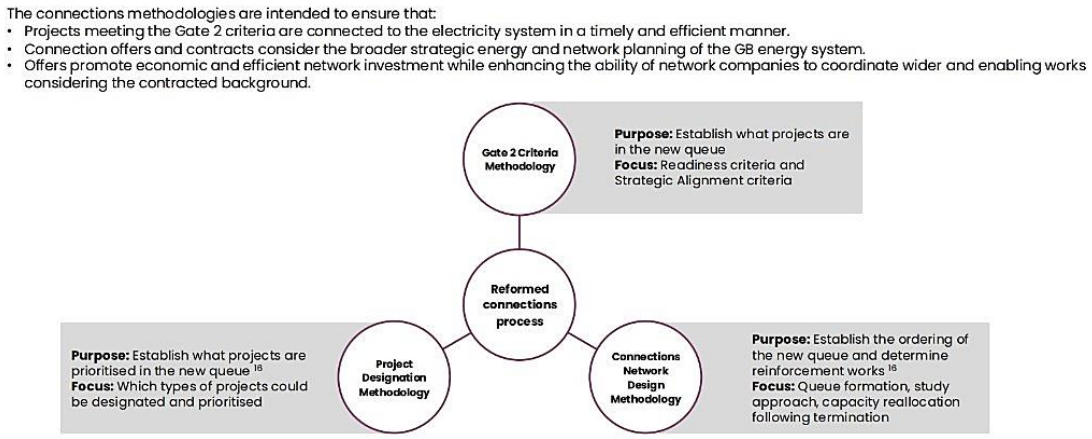


Figure 2. Overview of the three connections methodologies consulted on

2.5 Our Consultation

2.5.1 Our consultation covered proposals to deal with different variables like planning time horizons, management of under and oversupply, alignment across transmission and distribution networks and managing project attrition.

2.5.2 At a high level, we proposed that the reformed connections process and entry to the reformed connections queue should be based on a combination of project 'readiness' and 'strategic alignment':

- We set out that 'readiness' relates to projects demonstrating that they have secured relevant land rights or planning (Development Consent Order planning route only); and
- We set out that: 'strategic alignment' relates primarily to 'ready' projects aligning with the permitted capacities to 2030 and to 2035 set out within Government's CP30 Action Plan (by technology, capacity and location, at transmission and distribution). We also proposed that 'strategic alignment' includes a route into the new queue for 'ready' projects in a technology that was not known at the time of the CP30 Action Plan, or that are otherwise outside the scope of the CP30 Action Plan, or that are designated by NESO.

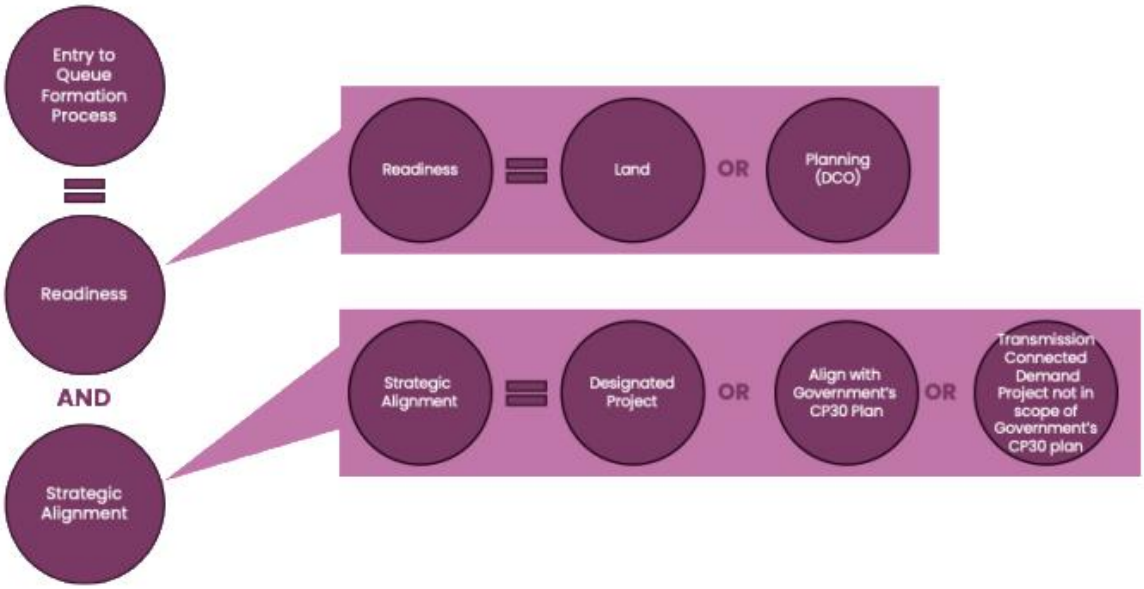


Figure 3. Our high-level November recommendations for entry to the reformed connections queue

2.5.3 We also published a draft impact assessment on 5th November 2025 that set out the potential impact of aligning the connections process and connections queue to Government's CP30 Action Plan. As Government's CP30 Action Plan had not been published at that time, our draft impact assessment was based on the mix of generation, interconnection and storage set out within our 5th November 2024 recommendations to Government on permitted capacities to deliver Clean Power by 2030[6].

2.5.4 This document summarises the responses and other feedback received from industry to our 5th November consultation. It sets out our views on this feedback, including highlighting the changes we have made to the methodologies as a result.

2.5.5 We would like to take this opportunity to thank the industry for their responses, which proved valuable and insightful in helping shape our final proposals within the methodologies.

[6] https://www.neso.energy/publications/clean-power-2030

2.6 Other relevant documents

2.6.1 On 13th December 2024 Government published its Clean Power 2030 Action Plan[7]. This plan sets out the vision for Great Britain to move towards a sustainable energy future, to harness and realise the potential of the GB Energy system. Our vision for GB connections reform is intrinsically linked to the CP30 Action Plan aims, and we consulted with industry on this through this consultation.

2.6.2 Government's CP30 Action Plan included "Connections Reform Annex"[8]. Please see Tables 1 to 5 of that document which sets out the mix of technologies and associated capacities, to 2030 and to 2035, that were included within Government's CP30 Action Plan and that we intend to use as the basis for connections reform. That document also sets out the zones that apply to transmission- and distribution-connected onshore wind, solar and battery projects (we have also included these in Annex 1).

2.6.3 Within this document we refer to the capacity ranges for each in-scope technology (to 2030 and 2035, and where relevant by zone and transmission- and distribution-connected) as 'permitted capacities'. More specifically, where the CP30 Action Plan includes a range of capacities for a technology, we use the top end of the range to determine the permitted capacity for that technology.

2.6.4 Throughout 2024, the process for the Code Modifications necessary to enable Connections Reform (otherwise known as the TMO4+ package) has been ongoing. These modifications are a key element of the changes necessary to implement GB connections reform. We have today submitted the Final Modification Reports[9] for these code modifications, namely

[7] Clean Power 2030 Action Plan: A new era of clean electricity

[8] https://assets.publishing.service.gov.uk/media/675c0b261857548bccbcf99d/clean-power-2030-connections-reform-annexi.pdf

[9] These reports are available on the respective modification pages on the NESO Website

CMP434, CMP435 (CUSC) and CM095 (STC) to Ofgem for its consideration, with a final decision currently expected by end March 2025.

2.6.5 This document should also be read in the context of the final modification reports for CMP434, CMP435 and CM095.

2.6.6 In addition, it is worth noting that there are links between the Connections Methodologies (and the above code changes) and the current Ofgem TMO4+ licence change consultation outcome. The Ofgem licence consultation can be found here.

3. Overview of all Responses

3.1 The consultation ran from 5th November 2024 to 2nd December 2024 (a total of 28 days). The importance of the matter at hand was evidenced by the high number of responses that were received for our consideration.

3.2 In total, we received 155 consultation responses from a broad range of industry stakeholders.

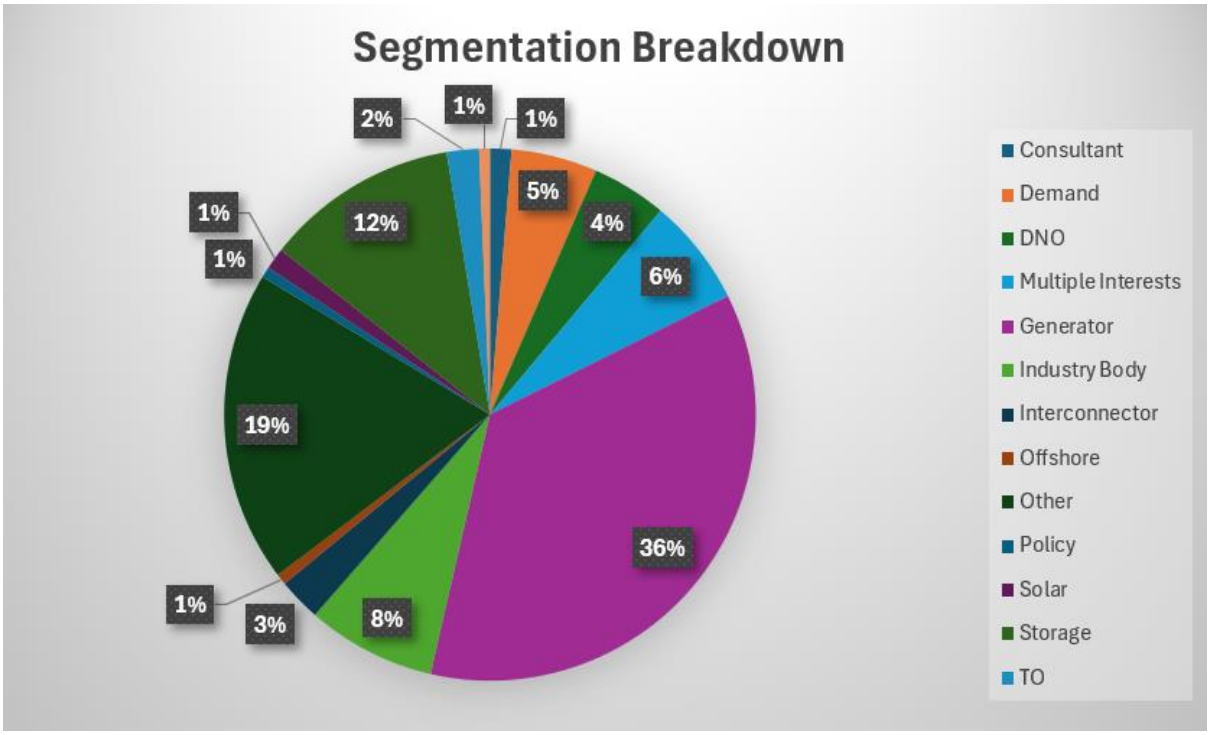


Figure 4. Breakdown of responses by Industry Sector

3.3 We consulted on five key areas:

- **Policy –** this refers to the key building blocks we proposed to align connections reform with strategic energy planning, including our overall preferred connections reform design.
- **Implementation –** this refers to our preferred options against each of the variables presented in the Overview Document. It also covers the extent to which our preferred policy positions (as articulated through our connections methodologies) would best deliver efficient

alignment to Government's CP30 Action Plan and deliver our overall preferred design.

- **Gate 2 Criteria –** this refers to the 'readiness' and 'strategic alignment' requirements for projects to be in the new connections queue.
- **Connections Network Design Methodology (CNDM) –** this refers to how we will form the queue for each Gate 1 and 2 application window, including determining which projects align to the CP30 Action Plan, and assessing projects to determine queue position and attribute reinforcement works.
- **Project Designation –** this refers to what categories of projects could be designated by NESO in order to enter the new queue (so long as they also meet the 'readiness' criteria) and/or be prioritised within the formation of the new queue.

3.4 Sentiment Analysis

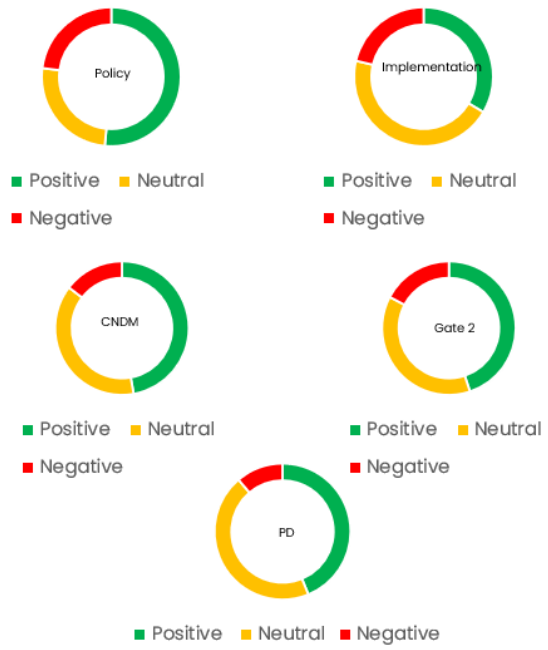


Figure 5. Responses sentiment against each area consulted on

Consultation Area	Positive Feedback %	Neutral Feedback %	Negative Feedback %
Policy	51.5%	25.5%	23%
Implementation	35%	47.5%	17.5%
Gate 2 Criteria	45%	38%	17%
CNDM	48%	37%	15%
Project Designation	44%	45%	11%

Figure 6. Sentiment broken down by consultation section, rounded to nearest half percentile.

3.4.1 Initial sentiment analysis[10] demonstrates that there was broad support for our proposed methodologies. The areas of strongest support were Policy, Gate 2 Criteria and CNDM.

Most notably, in terms of support:

3.4.2 There was majority support on aligning the connections process with the CP30 Action Plan, particularly the 2035 time horizon, which was seen as critical to supporting long-term strategic goals and providing investor confidence.

3.4.3 There was majority support for our proposed overall design 2, where the new queue would be formed of i) 'ready' projects aligned to the permitted capacities in the CP30 Action Plan; ii) 'ready' projects in technologies that were not known at the time of the CP30 Action Plan or that are otherwise outside the scope of the CP30 Action Plan.

3.4.4 The criteria for Gate 2 readiness were generally supported.

3.4.5 There was general support for the concept of project designation.

[10] Note: The Sentiment Analysis was conducted internally by NESO. Responses were categorized as positive if they fully supported the concept or rationale. Mixed feedback, including both positive and negative comments, as well as neutral responses or those where the respondent declined to comment, were marked as neutral. Responses that entirely disagreed were marked as negative.

3.4.6 Managing the queue based on 'project readiness' and 'strategic alignment' was generally supported.

3.4.7 The consultation responses also evidenced various suggestions regarding how we could look to amend the proposed methodologies. These included, but are not limited to:

3.4.7.1 **Granular CP30 Action Plan Alignment:** there were concerns from a number of respondents about some aspects of the proposed approach to alignment with the CP30 Action Plan:

- The perceived delivery and investment risk due to only providing limited up-front 'protection' on the categories of projects that would definitely be included within the reformed connections queue following implementation of the 'Gate 2 to Whole Queue' exercise. Particular concerns were expressed with regards the risk of delaying or removing existing well-developed projects, particularly those with planning consent, Contracts for Difference (CfDs), Capacity Market contracts (CMs), Power Purchase Agreements (PPAs), or with current 2027 or 2028 connection dates. Several respondents suggested providing some form of protection or 'grandfathering' to these types of projects;
- The robustness of the granular breakdown (by transmission/distribution and/or by zone) of technologies within the draft permitted capacities set out in our Clean Power 2030 advice to Government. The permitted capacities for solar (and to a lesser extent onshore wind and BESS) were particularly viewed by some respondents as not robust.
- Perceived lack of transparency of data on permitted capacities. Some respondents set out that more data

was needed in order to help them make more informed decisions about the likelihood of their project meeting the Gate 2 strategic alignment criteria.

3.4.7.2 **Liquidity in the market and project attrition:** there were some calls for additional capacity (typically c10-30%) to be included up front in the CP30 Action Plan permitted capacities, to account for project attrition (i.e. projects leaving the connections queue before connecting). Some respondents cited concerns that projects dropping out of the queue would prevent GB from meeting its Clean Power ambitions for 2030, or from meeting 6th Carbon Budget targets. Some respondents also set out concerns that attrition would lead to insufficient liquidity in CfD and/or CM auctions, which they claimed would lead to additional costs for consumers.

3.4.7.3 **Gate 2 readiness criteria:** there were mixed views on limiting the alternative (to land rights) planning route to the Development Consent Order planning process to ensure 'readiness' for large and complex projects.

3.4.7.4 **Project designation:** there were calls from a number of respondents for greater transparency and/or more detail on the designation criteria and appeals process in particular.

3.4.7.5 **Queue management and advancement**: there were mixed views around to what extent the new queue should be prioritised on the basis of project planning consent status. Stronger and immediate queue management enforcement was also a recommendation from some responses.

3.4.7.6 **Demand projects:** responses from demand project developers generally expressed support for the overall

proposals but some respondents requested greater prioritisation and integration of demand projects, such as data centres, into overall energy strategy and/or prioritisation of demand projects in queue ordering.

3.4.7.7 **Embedded generation:** network respondents were supportive overall of the reforms; however, some respondents thought there was a lack of clarity about how connections reform would work for embedded generation.

3.4.7.8 **Community energy projects**: there were some responses (6) calling for community energy projects to be exempted from connections reform and/or prioritised by Government and/or NESO in queue ordering.

3.4.8 The remainder of this document summarises consultation responses in more detail, sets out our views on those responses, and also sets out what changes we have made (or not made) to the connections methodologies following consideration of responses.

4. Clean Power 2030 Action Plan: Related Responses

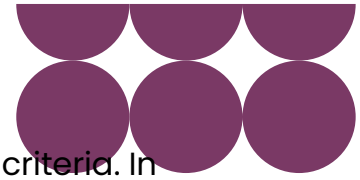
4.1 Summary of Responses

4.1.1 Although our consultation focused on the connections methodologies we propose to introduce under the reformed connections process, we received a number of responses in relation to our advice to Government to inform its Clean Power 2030 Action Plan (CP30 Action Plan).

4.1.2 We have summarised these responses below, along with how we took them into consideration in our engagement with Government on its CP30 Action Plan. The CP30 Action Plan has now been published (on 13th December 2024) and further detailed information is included within that document.

4.1.3 A number of stakeholders set out their concerns about the robustness of the granular breakdown (by transmission / distribution and/or by zone) of technologies within the draft permitted capacities set out in our Clean Power 2030 advice to Government. The permitted capacities for solar (and to a lesser extent onshore wind and BESS) were particularly viewed by some respondents as not robust. Some respondents provided helpful detailed information on the planning and development status of various projects across various zones (at transmission- and distribution-connection level) and compared these to the draft permitted capacities set out in our Clean Power 2030 advice, noting oversupply or undersupply of well progressed projects in some zones.

4.1.4 Some stakeholders also set out their concerns about the perceived lack of transparency of the data used in the permitted capacities. Those stakeholders requested more data in order to help them make more informed decisions about the likelihood of



their project meeting the Gate 2 strategic alignment criteria. In particular, stakeholders requested:

4.1.4.1 tabulated data for the permitted capacity of each technology per zone (at transmission- and distribution-connection level) to 2030 and to 2035; and

4.1.4.2 greater clarity on geographical boundaries of zones, and/or clarity on which Grid Supply Points (GSPs) are included within each zone.

4.2 Our View on Responses

4.2.1 We agree that it is very important that the data underpinning the permitted capacities within the CP30 Action Plan is robust and transparent. This will ensure the best outcomes for consumers and ensure a fair and proportionate approach for project developers. We therefore welcome all the feedback provided by stakeholders on those permitted capacities.

4.2.2 We shared the responses provided by stakeholders with our CP30 analysts and with Government. We also included that information in the quality assurance and refinement of the granular CP30 permitted capacities that took place in November. As a result, we made various adjustments to the granular permitted capacities before sharing our final advice with Government.

4.2.3 Government's CP30 Action Plan has been informed by our final advice and the granular permitted capacities for each technology in scope of the CP30 Action Plan, to 2030 and to 2035, can be found in "Clean Power 2030 Action Plan: A new era of clean electricity – Connections reform annex"[11].

4.2.4 That connections reform annex to the CP30 Action Plan contains tabulated data for each technology within scope of the CP30

[11] https://assets.publishing.service.gov.uk/media/675c0b261857548bccbcf99d/clean-power-2030-connections-reform-annexi.pdf

Action Plan, per zone where relevant (at transmission and distribution connection level) to 2030 and to 2035.

4.2.5 In response to stakeholder requests for greater clarity on geographical boundaries of zones, and/or clarity on which GSPs are included within each zone – we intend to publish details on which Grid Supply Points are included within each zone in early 2025.

5. Connections Reform: Policy Related Responses

This section of our consultation focused on the key building blocks to align connections reform with strategic energy planning, including our overall preferred connections reform design. In this section we asked the following questions:

1) Do you agree with our intention to align the connections process to Government's Clean Power 2030 Action Plan?

2) Do you agree with our proposal for overall design 2 (that the reformed connections queue should be limited to and prioritised to only include ready projects that align with Government's Clean Power 2030 Action Plan, NESO Designated Projects, and directly connected demand projects outside the scope of Government Clean Power 2030 Action Plan)?

3) Do you think all 'ready' projects should be included in the reformed connections queue (overall design 3)? If so, how would you propose that we mitigate risks to consumers or developers of material misalignment to the Strategic Spatial Energy Plan?

4) Do you agree that the reformed connections queue should initially focus on the 2035 time horizon?

Question	Positive Sentiment	Neutral Sentiment	Negative Sentiment
Q1 – CP30	64%	25%	11%
Q2 – Option 2	48.5%	32%	19.5%
Q3 – Option 3[12]	30%	30%	40%
Q4 – 2035	62.5%	16%	21.5%

Figure 7. Sentiment analysis against Q1-4 (Policy)

5.1 Aligning the Connections Process to Government's Clean Power 2030 Action Plan

5.1.1 What we said in our consultation

In our consultation we said that the reformed connections process should align with Government's CP30 Action Plan (and in due course to the first SSEP).

5.1.2 Summary of Responses

5.1.2.1 The majority of respondents to the consultation supported aligning the connections process with Government's CP30 Action Plan. A smaller group of respondents responded neutrally to our proposal. A minority of respondents disagreed.

5.1.2.2 Respondents who disagreed made the following points:

- When implemented, Government's Review of Electricity Market Arrangements (REMA) would have a bigger impact.
- Government has not published its CP30 Action Plan therefore it was not possible to consider how NESO's proposals aligned with Government's CP30 Action Plan.

[12] Our preference was for overall design option 2, so we welcome that overall design option 3 did not receive significant support

- Some respondents suggested that rather than aligning with Government's CP30 Action Plan, connections reform should wait for the first SSEP.
- Several stakeholders, including those that agreed with our proposals, noted their concerns with the granular breakdown of capacities - per technology, per zone and across transmission and distribution - included within our Clean Power 2030 Advice. Our views on this are covered in section 4 above and are therefore not covered further here

5.1.3 Our view on responses

5.1.3.1 Government and Ofgem's Connections Action Plan[13] Action 3.6 sets out that the reformed connections process should align with strategic planning and REMA. Further, in its request that we provide advice on how to achieve Clean Power by 2030, Government explicitly asked us to include criteria for which projects should be connected. We are therefore pleased that most respondents were positive in terms of our intention to align with Government's CP30 Action Plan.

5.1.3.2 We believe that in order to deliver Clean Power by 2030 it is necessary to reform the connections queue so that it is aligned with Government's CP30 Action Plan. This means it is not possible to wait for the first SSEP or the implementation of REMA as suggested by some respondents.

5.1.3.3 We recognise the concerns raised by respondents' feedback regarding visibility of Government's CP30 Action Plan and/or concerns with the permitted capacities we included within our Clean Power 2030 advice to Government that was published on 5th November 2024. We have explained earlier in this document the feedback we received and how we engaged

[13] https://www.gov.uk/government/publications/electricity-networks-connections-action-plan

with Government so that this feedback could inform Government's CP30 Action Plan.

5.1.4 Our Updated Positions Considering Responses

5.1.4.1 We continue to propose aligning the connections process with Government's CP30 Action Plan. We consider that this approach will deliver material benefits to consumers and we note that the approach was well supported overall in responses to the consultation.

5.1.4.2 Now that Government's CP30 Action Plan has been published, we need to make some minor adjustments to our connections methodologies to reflect the final form of the CP30 Action Plan. These are set out below.

5.1.4.3 Government's CP30 Action Plan does not cover all technologies that might connect. The following technologies are not in scope of the CP30 Action Plan:

- Wave generation
- Tidal generation
- Non-GB generation (i.e. generation located outside of Great Britain's territorial waters)
- Demand.

5.1.4.4 Government set out in its CP30 Action Plan that "For technologies not included within the pathways, or generation connecting from outside GB, NESO should separately consider the correct route through the connections process to facilitate timely connections for these projects, as appropriate". **We propose that projects in the above technologies (i.e. wave, tidal, non-GB generation and transmission-connected demand)[14] are deemed to have met the strategic alignment element of the Gate 2 criteria.** We considered whether projects

[14] Distribution-connected demand is out of scope of connections reform and is therefore not subject to the new gated / windowed connections process

in those technologies should be required to seek entry to the reformed connections queue via the Project Designation route instead (category D in our Project Designation Methodology). However, we are of the view that the project designation process is not appropriate to be used for whole types of more prevalent technologies as it would be unwieldy and create unnecessary investor risk. For the avoidance of doubt, projects in the above technologies would however be required to demonstrate that they have met the 'readiness' element of the Gate 2 criteria in order to be eligible for a Gate 2 contract[15].

5.1.4.5 Government's CP30 Action Plan includes a "DESNZ 2030 'Clean Power Capacity Range'" and a "2035 Future Energy Scenario Capacity Range" for each in scope technology. For the purposes of connections reform and issuing connection offers we will use the maximum value in each range as the basis for determining the permitted capacity for each technology. Government's CP30 Action Plan sets out GB-level permitted capacity figures for most technologies in scope of the CP30 Action Plan, to 2030 and 2035, with the exception of solar, onshore wind and batteries. **For all technologies (other than solar, onshore wind and batteries) within scope of the CP30 Action Plan we will therefore use those GB-level capacity figures as the basis for determining the permitted capacity for each technology**. For the avoidance of doubt, this means that the connections process will apply no zonal or transmission / distribution permitted capacities for those technologies.

5.1.4.6 Government's CP30 Action Plan sets out zonal and transmission and distribution permitted capacities for solar,

[15] We intend to work with Ofgem and Government to consider the most appropriate medium-term strategy for connecting technologies out of scope of the CP30 Action Plan. This will take the SSEP into consideration.

onshore wind and batteries, to 2030 and 2035. For transmission network connected, and distribution network connected technologies, these breakdowns have been presented in 11 and 8 zones respectively. **For the purposes of connections reform and issuing connection offers we will use those zonal capacity breakdowns as the basis for determining the permitted capacities for solar, onshore wind and batteries in each zone, at both transmission and distribution-connection level.**

5.1.4.7 In its CP30 Action Plan Government has increased the permitted capacity for onshore wind by 2035 to 35-37 GW, which is 6GW above the figure in our FES24 Holistic Transition scenario (which we used as the basis for the 2035 permitted capacities for connections in our advice to Government). Due to the locational uncertainty in the onshore wind pipeline relative to network development following lifting the de facto ban**, Government has decided to proceed with a two-zone split for the period 2031-2035 between: i) Scotland and ii) England & Wales for onshore wind, with no split between transmission and distribution.** The two-zone split is shown in Government's CP30 Action Plan Connections Reform Annex.

5.1.4.8 **Finally, distribution-connected projects that are outside the scope of connections reform will not contribute towards permitted capacities that we will use as the basis for assessing Gate 2 strategic alignment**. As set out within Government's CP30 Action Plan "Projects connecting to the distribution network that are below regional thresholds for Transmission Impact Assessment (TIA) will not be constrained by the capacity ranges set out in this plan." So for example, a 30kW solar project that is not in scope of connections reform would not contribute any capacity towards the relevant zonal solar permitted capacity.

5.2 Preferred Overall Design

5.2.1 What we said in our Consultation

5.2.1.1 In our consultation, we proposed limiting access to the reformed connections queue to: i) 'ready' projects that align with the Government's Clean Power 2030 Action Plan; ii) NESO Designated Projects; and iii) directly connected demand projects outside the scope of the CP30 Action Plan. We referred to this as Overall Design Option 2.

5.2.1.2 Alternatively, in Overall Design Option 3, the queue would include: i) 'ready' projects aligned with the CP30 Action Plan; ii) 'ready' projects not known at the time of the CP30 Action Plan or outside its scope; iii) then followed by any other 'ready' projects.

5.2.2 Summary of Responses

5.2.2.1 The majority of respondents agreed with our proposal to use Overall Design Option 2, while some preferred Overall Design Option 3.

5.2.2.2 Among those respondents who preferred Option 3, but also amongst many of the respondents who preferred Option 2, concerns were raised about the perceived risk of delay or removal from the queue of existing, well developed projects. It was suggested that this risk would delay or prevent investment in projects and therefore delay or otherwise risk delivery of Clean Power by 2030, or meeting 6th Carbon Budget targets.

5.2.2.3 Several respondents suggested providing some form of up-front protection or 'grandfathering' to various types of projects in order to mitigate this risk. Categories of projects suggested were those with: planning consents; that have secured a CfD or have obtained a CM contract; interconnectors or offshore hybrid assets with cap and floor or merchant route regulatory

approval from Ofgem; projects with PPAs; and projects with current 2027 or 2028 connection dates.

5.2.2.4 Additionally, some of the respondents who preferred Overall Design Option 3 also disagreed with our proposals to align with the CP30 Action Plan.

5.2.2.5 Some stakeholders also raised concerns about the impact of our connections reform proposals on the effectiveness of future CfD and CM auctions, arguing that including all 'ready' projects in the new connections queue would increase the level of competition possible in those auctions and therefore deliver better outcomes for consumers.

5.2.3 Our view on responses

5.2.3.1 We are pleased that most respondents agreed with our proposals to implement Overall Design Option 2.

5.2.3.2 However, we also accept the concerns raised regarding the perceived risk of our proposals for the timely delivery of well-developed projects. We consider that it is important to support investor confidence and ensure efficient progress of well-developed projects. As such we consider that it is important to provide up-front comfort to well progressed projects to support the timely connection of the projects that would help deliver Clean Power by 2030.

5.2.3.3 We have therefore introduced various additional connections policy flexibilities and measures into the connection methodologies to provide this comfort to well progressed projects, recognising the responses to the consultation.

5.2.3.4 Further details are set out in 'Our updated positions considering responses' section below. However, at a high level, our proposals are to deem that certain types of 'well-developed' projects (including those that have secured planning consent and/or that have been awarded a CfD or CM

contract) have met the strategic alignment element of the Gate 2 criteria. As such those projects are provided with up-front comfort that they will be in the reformed connections queue, provided they demonstrate that they meet the 'readiness' element of the Gate 2 criteria. We have not included projects with PPAs or with current 2027 or 2028 connection dates in the list of 'protected' projects as these are less relevant measures than planning consent that a project is well progressed, and PPAs are bilaterally negotiated commercial agreements rather than awarded through a competitive process.

5.2.3.5 We do not think connections reform is likely to impact negatively upon the liquidity of CfD or CM auctions. Aligning the connections queue to the permitted capacities within Government's CP30 Action Plan would result in a substantial pipeline of projects in the new reformed connections queue:

- approximately 120GW of generation, storage or interconnection projects, in line with 2030 permitted capacities; and
- a further c105GW of generation, storage or interconnection projects, in line with 2035 permitted capacities; and
- aligning with the CP30 Action Plan therefore provides a 10-year investment horizon, leading to up to 225GW of 'ready' generation, storage or interconnection projects within the reformed connections queue. Those projects would have demonstrated 'readiness' and many of them would have already secured planning consent and/or have an existing CfD or CM contract.

5.2.3.6 **Competition for CfDs or CM contracts is therefore likely to increase under our proposals**. This is because:

- There is currently c210GW of projects in the current connections queue with connection dates before end 2030. Of that 210GW, c135GW is 'ready' (see our accompanying Impact Assessment).
- This means that there appears to be a further c75GW of projects within the current queue with current connection dates before end 2030 that are not 'ready'. This 75GW would be removed from the queue.
- The removal of this 75GW will free up substantial network capacity (e.g. at substations and GSPs) that should enable, as part of the 'Gate 2 to Whole Queue exercise' next summer, the acceleration of significant capacities of 'ready' projects with current connection dates beyond 2031 to new connection dates before the end of 2030.
- Given that there is c210GW of projects in the current connections queue with connection dates before end 2030 and that 75GW of that will be removed, it is reasonable to assume (at a low-end, conservative estimate) that following the 'Gate 2 to Whole Queue exercise' next summer there could be anywhere between 150-170GW[16] of 'ready' projects with connection dates before end 2030 in the reformed connections queue.

[16] The 150-170GW figure is estimated on the basis of a combination of: a) the CP30 Action Plan 2030 permitted capacities (120GW); plus b) how many projects from the CP30 Action Plan 2035 permitted capacities would be capable of receiving a connection date before end 2030 (30–50GW). This would be because: i) those 'ready' projects from the 2035 permitted capacities either already have a connection date before end 2030 (15GW) or ii) are capable of accelerating their current 2031+ connection date (15-35GW); and iii) network capacity is available to connect them before end 2030. As we set out later in this document, we will allow connections before end 2030 for projects within the 2035 permitted capacities. This would be the case where there is spare capacity after projects within the 2030 permitted capacities ranges have been assessed. We consider that this is a reasonable assumption given that 75GW of network capacity currently allocated to the period before end 2030 will be freed up by 'not ready' projects being removed from the queue.

5.2.3.7 Therefore, at least 150-170GW of 'ready' projects (at least 60-70GW of which would already have planning consent, according to our accompanying Impact Assessment) would be able to compete in CfD or CM auctions for the delivery years until end 2030. This compares favourably to the maximum of 135GW of 'ready' projects within the current connections queue that would currently be able to compete in CfD or CM auctions for the delivery years until end 2030. The mix of technologies and capacities of 'ready' projects in that 150-170GW will also align with Government's CP30 Action Plan, providing competition across a broader range of technologies than the current 'ready' connections queue to 2030 (c33% of which is batteries).

5.2.3.8 We have also engaged with Government on managing interactions between connections reform and upcoming CfD and CM auctions in 2025. As we are proposing to include all projects that have secured planning consents in the new queue (as per our recent open letter and arrangements set out below), and as having secured planning consent is typically a requirement for securing a CfD or a CM contract, this should provide sufficient up front clarity for those auctions to proceed efficiently.

5.2.3.9 Some respondents suggested that adding more project capacity to the 2030 permitted capacities within the CP30 Action Plan would provide additional liquidity and further increase competition in future CfD or CM auctions. We do not agree with this because adding more project capacity to the 2030 permitted capacities would trigger additional network reinforcement to connect those projects, resulting in later connection dates for that additional project capacity. This is because connection dates are determined by the necessary network enabling works, both local and wider works. Projects

with later connection dates would not be able to participate for the same delivery years in CfD or CM auctions as projects with earlier connection dates.

5.2.3.10 Finally, in 2026, we will know more about the final impact of Gate 2 to Whole Queue on the distribution of projects within the new connections queue (i.e. the mix of projects of each technology in each location, and their relative queue positions and connection dates). We will also know more then about the form of the first SSEP. At that point we can consider the most appropriate arrangements for ensuring efficient levels of liquidity in CfD and CM auctions for the delivery years to 2035. It may for example be necessary to make adjustment to the 2035 permitted capacities and/or create new 2040 permitted capacities to address any inefficiencies in the spatial or temporal variability in technologies.

5.2.4 Our Updated Positions Considering Responses

5.2.4.1 Due to the support for our proposals and the benefits we consider it will bring to GB consumers (as outlined in our 5th November consultation), we continue to propose implementation of Overall Design Option 2.

5.2.4.2 We have set out in the Gate 2 criteria methodology that the below categories of projects will be deemed to have met the strategic alignment element of the Gate 2 criteria, so long as they can provide evidence of the following by the close of the Gate 2 to whole queue evidence submission window (currently estimated as end May 2025):

- have submitted an application for planning consent on or before 20th December 2024 (the date of publication of this document) and have secured planning consent by the close of the Gate 2 to whole queue evidence submission window; or

- have secured a Contract for Difference (CfD) issued in accordance with the Energy Act 2013; or
- have secured a Capacity Market contract issued in accordance with the Energy Act 2013 and relevant secondary legislation; or
- are an Interconnector or Offshore Hybrid Asset project that has 'live' regulatory approval from the Authority, in the form of either a Cap and Floor agreement or Merchant Interconnector approval (via the relevant exemptions process with the Authority).

5.2.4.3 For the avoidance of doubt, we propose that projects in the above categories would continue to be required to demonstrate that they have met the 'readiness' element of the Gate 2 criteria. These projects would also still be eligible to request advancement under the 'Gate 2 to whole queue' exercise and be subject to reassessment as outlined in the Connections Network Design Methodology (CNDM). How these projects would be deemed to have met the strategic alignment criterion is set out in more detail in the Gate 2 Criteria Methodology.

5.2.4.4 In addition, we have considered arrangements for projects that have: i) submitted an application for planning before the close of the Gate 2 to Whole Queue evidence window, but do not secure planning consent before the close of that submission window and ii) this results in them not meeting the Gate 2 strategic alignment criteria under the Gate 2 to Whole Queue exercise. We have set out in the Gate 2 Criteria Methodology that those projects would be able to apply in the next CMP434 Gate 2 window and would be deemed to have met the Gate 2 strategic alignment criteria and included in the reformed connections queue, so long as they do not exceed the GB total

permitted capacity for their technology to 2035 (i.e., they may exceed their zonal permitted capacity (if applicable)).

5.2.4.5 We have also set out arrangements in the Gate 2 Criteria Methodology for cases where planning consent decisions or appeals are made after the closure of the Gate 2 to Whole Queue evidence submission window. We also set out what would happen if a project only secured planning consent for part of its contracted capacity.

5.2.4.6 Finally, some consultation responses requested up-front comfort for projects awarded funding via a Government Hydrogen Allocation Round. Having discussed this with Government we can confirm that those projects are classified as 'demand projects'. Where those demand projects are connected at transmission level (and are therefore in scope of connections reform) they therefore only need to meet the 'readiness' element of the Gate 2 criteria (as directly-connected demand projects are deemed to have met the 'strategic alignment' element of the Gate 2 criteria).

5.3 Time Horizon for Reform

5.3.1 What we said in our Consultation

5.3.1.1 In our advice to Government for achieving Clean Power by 2030 and in our consultation we indicated that we would like to issue connections offers on the basis of a 10 year horizon, to 2035, on the basis of this 2035 time horizon for connections offers being included within the CP30 Action Plan. We proposed this for two reasons:

- 2030 is not the end point of achieving net zero and we need to provide a clear pipeline for connections in all technologies beyond 2030 that provides investor confidence, while also allowing SSEP to deliver material benefits to GB consumers, and

- because some technologies such as new nuclear and offshore wind have longer development cycles and it would always be necessary to provide certainty beyond 2030 to these projects.

5.3.1.2 We also set out that the connections process would align to SSEP once that was published, but that under overall design 2 we would not retrospectively remove or deprioritise projects that are not aligned with the SSEP.

5.3.2 Summary of Responses

5.3.2.1 Most respondents agreed with our proposal. A small number of respondents suggested focusing on the immediate 2030 time horizon. A smaller number of respondents suggested that there should be no limit to the time horizon of aligning the connections process with strategic energy plans.

5.3.3 Our View on the Responses

5.3.3.1 We continue to consider that 2035 is the most appropriate time horizon for issuing connections offers, particularly in the context that Government's CP30 Action Plan includes permitted capacities to 2035 and that the first SSEP is likely to be in place by the end of 2026.

5.3.4 Our Updated Positions Considering Responses

5.3.4.1 Given the above, and noting support in consultation responses, we consider that it remains appropriate to maintain our consultation positions and align connections reform with the 2035 permitted capacities within the CP30 Action Plan.

6. Implementation Related Responses

This section of the consultation focused on our preferred policy positions against each of the variables presented in the Overview Document.

In this section, we asked the below questions:

5) Do NESO's preferred options against each of the variables discussed in the Overview Document best deliver efficient alignment to Government CP30 Action Plan?

6) Do the methodologies deliver our preferred options against each of the variables?

7) Are there key policy areas that are not covered by our preferred options against each of the variables or that would not be delivered by the methodologies?

8) Do you agree with our approach to managing project attrition between 2025-2030, and 2031-2035, whilst ensuring that the SSEP can deliver maximum benefits to GB consumers?

Question	Positive Sentiment	Neutral Sentiment	Negative Sentiment
Q5 – CP30	41%	40%	19%
Q6 – Pref Options	37%	47%	16%
Q7 – Pref Options – Policy	19%	60%	21%
Q8 – Attrition	39%	30%	31%

Figure 8. Sentiment analysis against Q5-8 (Implementation)

6.1 Preferred Policy Options and any Missing Policy Areas

6.1.1 We have grouped together responses to questions 5 to 7 below given that they are significantly inter-related.

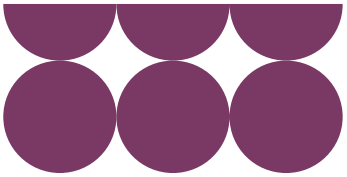
6.1.2 What we said in our Consultation

6.1.2.1 Within our consultation we set out a number of policy variables that would inform how Overall Design 2 could be implemented. These are in addition to questions on the scope of reform and the time horizon for reform covered under the 'Policy' section. All the variables and our proposed policy positions for each of them at the time of consultation are illustrated in Figure 9 below. To see the additional policy options we considered for each variable please refer to the consultation document.

	Variable	Recommendation		
1	**Time horizon for determining "aligned" project**	2035		
2	**Approach for managing scope of the new queue**	Only 'ready' CP30 Plan aligned projects or 'ready' projects not known or out of scope of CP30		
3	**Approach for demand projects**	With no demand indicated in the CP30, compliance with the readiness requirements is all that is necessary		
4	**Approach to oversupply**	Limits based on project technologies / locations in scope of agreed plan (e.g., CP30 / SSEP)c		
5	**Approach to undersupply**	Allow substitution from adjacent regions, and reserve if still undersupplied.		
6	**Approach to project attrition**	No replacement of 2035 pathway projects until SSEP1	No upfront attrition built in, but replacement of 2030 pathway(s) projects	
7	**Optimal use of the network ***	Any project of any size can connect at any substation / bay (status quo)	Allocate projects to either Transmission / Distribution based on project capacity	Allocate projects to a voltage level based on MW capacity
8	**Transition to SSEP1**	No reduction or reordering of the new queue because of SSEP1		
9	**Does CP30 alignment apply to Transmission and Distribution?**	Applies to T and some D (i.e., to D that is in scope of TMO4+)		
10	**Is there a spatial element to CP30 alignment?**	Yes – CP30 zones		
11	**How do we order projects in the new queue to determine CP30 alignment**	Combination of existing queue position and planning status		
12	**Are the categories for technologies within pathways the same as in Government's CP30 Plan?**	Yes		
13	**Does a project that has a Connection Point and Capacity reserved at Gate 1 count towards CP30 Plan alignment?**	Yes		
14	**Should capacity limits by technology/location be set for each year of a pathway?**	5 yearly blocks: 2025 - 2030 and 2031 - 2035		
15	**Are capacity limits based on installed capacity?**	Contracted export capacity		
16	**How do we replace projects that exit the queue?**	No replacement of 2035 pathway projects until SSEP1	No upfront attrition built in, but replacement of 2030 pathway(s) projects	
17	**What happens where part of a project's capacity exceeds a pathway limit?**	Allow the full capacity to connect	Allow capacity up to the limit to connect 29 **	
18	**What is the approach for hybrid projects?**	Treat in line with system behaviour		

* NESO has not made a recommendation on variable 7 at this stage as further work is required to determine the most efficient approach. NESO's view is that any option that differs from the status quo under variable 7 would only be taken forward for new project applications, i.e., any eventually preferred option should not be applied retrospectively
Recommendedoption to apply for 2031- 2035 period, to ensure alignment with SSEP

Figure 9. Connections Reform Variables Diagram



6.1.3 Summary of Responses

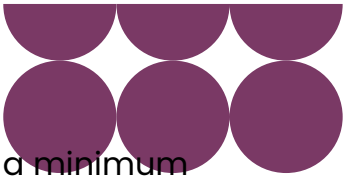
6.1.3.1 Most responses were either neutral or positive to our proposals on the variables. Whether responses were positive, neutral or negative was largely dependent on whether respondents agreed with our proposal to align with Government's CP30 Action Plan or our proposed overall design. Where respondents agreed with our proposals on CP30 Action Plan alignment and overall design, they were more likely to agree with our proposals on policy positions for individual variables. As a result we did not receive much specific feedback on the policy positions for many of the individual variables – this was most evident in our proposals for variables 4, 8, 10, 12, 14, 15 and 17.

6.1.3.2 In addition to project attrition (covered separately later in this section) the areas where we received most specific feedback were:

- Our approach to demand projects
- Does CP30 alignment apply to transmission and distribution
- Our approach to hybrid projects.

6.1.3.3 A large number of respondents provided views on our queue ordering proposals – we cover these under the section on 'Connections Network Design Methodology' later in this document. In that section we also summarise responses (and our views) on variables 5 (Approach to undersupply) and 13 (Connection point and capacity reservation).

6.1.3.4 Finally, in terms of additional policy areas not covered, a limited number of respondents referred to how they considered we should introduce additional measures to ensure optimal use of the network. This was included as variable 7, but in our consultation we did not express a preferred policy position, other than not intending to apply any retrospective action, as we noted that further work was needed with network companies to investigate potential options for new applications



further. One respondent set out their view that there should be a minimum capacity threshold for projects to connect to the transmission system.

6.1.4 Our approach to demand projects

6.1.4.1 In general, demand developer respondents expressed support for our overall proposals, including how demand projects would be treated under connections reform.

6.1.4.2 However, some of those respondents requested greater prioritisation of demand projects within the connections process, particularly those demand projects suggested as providing significant benefits to industrial strategy in GB, such as data centres. Some of those respondents also requested that we take all types of demand projects into consideration as part of strategic energy plans.

6.1.4.3 Some respondents were also not clear of the general extent to which demand projects could be designated by NESO or the extent to which demand projects were subject to the same queue formation arrangements as other projects.

6.1.5 Does CP30 alignment apply to transmission and distribution

6.1.5.1 Distribution network respondents were in general supportive of the reforms overall. However, some respondents thought that there was a lack of clarity over how the methodologies, advancement and reallocation would work for embedded generation. This view was also mentioned by some developers.

6.1.5.2 We also received a limited number of responses calling for community energy projects to be exempt from connections reform and/or for those projects to be prioritised by Government and/or NESO.

6.1.6 Our approach to hybrid projects

6.1.6.1 Some respondents argued for flexibility in the allocation process for hybrid projects, highlighting their view of the unique benefits brought by hybrids and the need for a diverse mix of technologies. Those respondents considered that we should allow for the integration of hybrid projects without imposing unnecessary restrictions that could hinder their development.

6.1.6.2 Those respondents set out their view that hybrid projects, such as those combining solar and battery storage, are crucial for optimising the use of existing network capacity and enhancing grid stability. Those respondents considered that the benefits of hybrid projects, including their ability to provide flexible and reliable energy, should be recognised and prioritised in the allocation process.

6.1.6.3 Respondents flagged concerns that our proposed approach to hybrid projects may be inefficient and counterproductive, particularly if it imposes unnecessary restrictions on technology combinations. In their view the connections process should avoid imposing caps or limitations that do not add value and could lead to underutilisation of network capacity.

6.1.6.4 Finally, some respondents argued that multi-technology hybrid projects, e.g. that combine technologies such as solar, wind, and battery storage, should be given special consideration in the capacity allocation process.

6.1.7 Our Views on the Responses

6.1.7.1 Our Approach to Demand Projects

6.1.7.1.1 We set out in our consultation that demand projects could be eligible for project designation, so long as they meet the criteria set out in the project designation methodology. As such we consider that where demand projects can

demonstrate significant system benefits to GB consumers, they would be eligible for project designation and potentially prioritised within the queue formation process during a Gate 2 window.

6.1.7.1.2 We are also considering how demand in general, and some types of demand projects in particular (e.g. data centres) should be considered under future strategic energy plans. We are currently consulting on this as part of development of the methodology for the SSEP[17].

6.1.7.1.3 In terms of treatment of transmission-connected demand projects under queue formation arrangements, we have clarified how the queue will be reordered for demand projects, taking into account planning status and advancement requests. This largely follows the same process as that for projects in scope of the CP30 Action Plan, but does not set permitted capacities for transmission-connected demand projects.

6.1.7.1.4 Finally, as set out earlier in this document, all demand projects are out of scope of the CP30 Action Plan. As transmission-connected demand is in scope of connections reform, we will therefore deem that all transmission-connected demand has met the 'strategic alignment' element of the Gate 2 criteria. All transmission-connected demand will still however need to meet the 'readiness' element of the Gate 2 criteria.

6.1.7.1.5 We also clarified earlier in this document (and in our consultation) that all distribution-connected demand projects are out of scope of the CP30 Action Plan and do not need to go through the reformed connections process.

[17] https://www.neso.energy/what-we-do/strategic-planning/strategic-spatial-energy-planning-ssep

6.1.7.2 Does CP30 Alignment Apply to Transmission and Distribution

6.1.7.2.1 Mindful of the concern from some respondents about the need to fully understand how connections reform would work for embedded generation, we have engaged DNOs and TOs through the Electricity Networks Association (ENA) to explain how connections reform impacts embedded generation. There is a weekly ENA workgroup purely focused on resolving process issues from a transmission/distribution interface perspective. In addition, we have set up an implementation hub (with supporting subgroups) with network companies from across the sector to discuss connections reform and the detail that underpins it, to ensure network companies fully understand and are clear on the proposal. This has included numerous workshops and deep dives on various aspects of connections reform. As a result we have tested and iterated the detailed arrangements set out within the methodologies to ensure that these are robust and clear for embedded customers and to ensure that roles and responsibilities across NESO, (I)DNOs and TOs are clear and agreed.

6.1.7.2.2 We have added further detail into the methodologies to help embedded developers understand the impact of the reforms. This has been supported by the ENA and DNOs through their own webinars with their customers when they explain to developers the impacts of the reforms.

6.1.7.2.3 With regards Community Energy projects more specifically, we have engaged with Government and there is currently no established definition of Community Energy projects within Government for the purposes of connections, or within industry codes or processes from a connections perspective. Projects owned or delivered by local communities tend to be small (i.e. low capacity)

distribution-connected onshore wind, solar or storage projects but they are not classified or identifiable in any way from a connections perspective.

6.1.7.2.4 Many Community Energy projects may be too small to be in scope of connections reform as they do not go through a Transmission Impact Assessment. However, where Community Energy Projects are in scope of connections reform, we intend to treat them in the same way as any other in scope projects, i.e. they would need to meet both the 'readiness' and 'strategic alignment' elements of the Gate 2 criteria. We consider that this is the most appropriate approach given that there is not any established definition of Community Energy projects for the purposes of connections.

6.1.7.2.5 We will continue to work with Government to explore whether any definition of Community Energy projects for the purposes of connections might be established in future, and if so, whether there would be a case for differential treatment within the connections process for those projects.

6.1.7.3 Our Approach to Hybrid Projects

6.1.7.3.1 We continue to consider that it is important that hybrid projects should be treated under the reformed connections process in line with their behaviour and impact on the electricity system. This is because there is no material difference from a system behaviour and impact, and wider network impact perspective, between for example a battery that is co-located with solar and wants to behave as a battery on the system (i.e. import and export), and a battery that is stand-alone.

6.1.7.3.2 We note the comments provided by respondents about potential more efficient use of existing network capacity by hybrids, for example substation bay use. However, as set out

earlier, we are not proposing retrospective application of arrangements to ensure optimal use of the network. Most hybrid battery projects for example are: a) significantly less 'ready' than stand-alone batteries in the queue[18]; and b) much further back in the current queue than stand-alone batteries.

6.1.7.3.3 To prioritise hybrid battery projects for example on the basis of potentially more efficient use of existing network capacity, would therefore be to deviate materially away from the queue ordering and management arrangements set out in the CNDM. This would disadvantage well-progressed stand-alone batteries (by either pushing them back in the queue, or resulting in them not meeting the strategic alignment criteria) and would likely ultimately delay the connection of the capacity of batteries we need as part of the overall project mix to deliver Clean Power by 2030.

6.1.7.3.4 Our proposals for the treatment of hybrid projects do not prevent those projects from utilising, for example, a battery 'behind the meter' if the 2035 battery permitted capacity has been reached. This would allow a generation project to change the profile of its export capacity, if that provided commercial benefits for that project.

6.1.7.3.5 In summary, we therefore continue to propose that the full system impact of a project should be considered under the reformed connections process, regardless of whether it is a hybrid or non-hybrid project. To do any differently would risk significant system operation issues and/or additional balancing costs and risk material misalignment with the CP30 Action Plan (e.g. by exempting all 'ready' battery

[18] only a small percentage of hybrid battery projects have full planning consent for example, compared to a much higher percentage of stand-alone batteries

hybrids from the 'strategic alignment' element of the Gate 2 criteria this would at least triple the effective capacity of batteries on the system compared to CP30 Action Plan permitted capacity for batteries to 2035).

6.1.7.3.6 As such we continue to propose that the desired system behaviour of a hybrid project will determine the contribution of that hybrid project towards the relevant permitted capacity by technology (by zone and transmission- or distribution-connection where relevant).[19]

6.1.7.3.7 We will consider the most appropriate future treatment of hybrid projects under the SSEP.

6.1.7.4 Our Updated Position Considering Responses

6.1.7.4.1 As a result of reviewing consultation responses, and in light of our views set out above, we intend to maintain our preferred positions on each of the reform variables as set out in our consultation. We have however made clarifications in various areas of the methodologies:

- within the Gate 2 Criteria Methodology, we have clarified that all transmission-connected demand projects will be deemed to have met the 'strategic alignment' element of the Gate 2 criteria;
- within the CNDM, we have clarified how demand projects are treated terms of queue formation; and
- our engagement with DNOs and IDNOs through the ENA and the implementation hub has resulted in several changes to

[19] for example, where a hybrid project wishes to behave as more than one technology on the transmission system (e.g. both import and export capacity) and where the capacity of one or more technologies within a hybrid project exceeds the 2035 permitted capacity (by zone and transmission- and distribution-connected where appropriate), then that technology element of the hybrid project would receive a Gate 1 contract. This represents the same treatment as any other project that exceeds the 2035 permitted capacities. Alternatively, if for example a hybrid project with a battery does not wish to import from the network, then the project would not contribute towards the battery permitted capacity.

the proposed methodology texts. These changes are explained elsewhere in this document. For example, Appendix 1 of the Connection Network Design Methodology contains considerably more detail about how relevant embedded generation will be treated when aligning the queue to the CP30 Action Plan.

6.2 Project Attrition (and how we Replace Projects that Exit the Queue)

6.2.1 What we said in our Consultation

6.2.1.1 We proposed that if projects aligned to the 2030 permitted capacities in the CP30 Action Plan exit the connections queue (e.g., through self-termination or not meeting queue management milestones, due to market or planning issues, resulting in connection contract termination), we would replace those projects as soon as possible to meet the ambitions of Clean Power by 2030.

6.2.1.2 We set out that the most efficient first step would be to determine if any appropriate projects (i.e., as close to like-for-like replacement as possible) in the connections queue within the CP30 2035 permitted capacities could accelerate their delivery timetable to replace the project that has exited the queue. If this were not possible, then we would look for other ways to replace the project that has exited; for example by allocating that capacity to a project newly meeting the Gate 2 criteria in the next Gate 2 window. If no such project came forward we could reserve capacity that could be allocated to a replacement project when it meets the Gate 2 criteria.

6.2.1.3 We also proposed that if projects in the connections queue that are aligned to the 2035 permitted capacities in the CP30 Action Plan exit the connections queue, we would assess the

reason for the project exiting the queue and the optimal replacement for this capacity would be informed by the SSEP. The exception to this would be where a project aligned to the 2035 permitted capacities in the CP30 Action Plan has been advanced to replace a project from the 2030 permitted capacities that has exited the queue. In that case, the project in the 2035 permitted capacities would be replaced in accordance with the guidelines contained in the CNDM.

6.2.2 Summary of Responses

6.2.2.1 Most of the feedback that disagreed with our preferred policy positions on the variables was in relation to project attrition. There was agreement with our position from a slight majority of respondents; however, feedback was mixed and a significant minority of respondents did not agree. Respondents who did not agree with our position generally said the permitted capacities of the CP30 Action Plan should be increased by, on average 10%-30% (based on responses received), in order to cater for project attrition and so that projects that exit the queue can be replaced as quickly as possible. Those respondents felt that not accounting for a level of project attrition would put at risk achievement of Clean Power by 2030.

6.2.3 Our Views on the Responses

6.2.3.1 Our view on responses on project attrition is very similar to our view on responses about the liquidity of CfD or CM auctions, as set out in paragraph 6.2.3.5.

6.2.3.2 In summary, aligning with the 2035 permitted capacities within the CP30 Action Plan provides a 10-year investment horizon, leading to up to c225GW of 'ready' generation, storage or interconnection projects within the connections queue. This equates to a further c105GW of generation, storage or

interconnection projects in the new queue beyond the 2030 permitted capacities in Government's CP30 Action Plan.

6.2.3.3 Many of those additional c105GW of projects should be able to have connection dates before end 2030 due to 'non-ready' projects with current connection dates before end 2030 being removed from the connections queue and freeing up capacity (e.g. at substations / GSPs). As set out earlier, at a conservative (i.e. low-end) we estimate between 150-170GW of 'ready' projects would be in the new connections queue with connections dates before the end of 2030.

6.2.3.4 This is because we will allow pre-2030 connections for 'ready' projects within the 2035 permitted capacities, where there is spare capacity after projects within the 2030 permitted capacities have been assessed. The 2030 and 2035 permitted capacities are just constructs to allow us to set the optimum mix of technologies for queue ordering purposes, they do not set or constrain connections dates for those projects. Instead, available network capacity and future network reinforcement will set connections dates. As such, we are not setting a hard limit on the capacity of connections that could connect before end 2030 and no project will be denied a pre-2030 connection solely because it is within the 2035 permitted capacities.

6.2.3.5 Having potentially 150-170GW of projects with a connection date before the end of 2030 would provide at least a c25-40% 'oversupply' of projects against the 120GW of additional projects needed to deliver Clean Power by 2030. This should be sufficient to fully mitigate project attrition rates during the period to 2030. Whilst we have historically seen attrition rates of 60-70% for projects within the connections queue, this reflects the entirety of the current connections queue, which we know includes significant numbers of speculative or 'not ready' projects. Our accompanying Impact Assessment, based

on two rounds of Requests for Information from industry, estimates that at least 40-50% of projects within the current queue are not ready and will exit the queue. This suggests that future attrition rates for post Gate 2 projects may be in the region of 10-20%, particularly when we consider that Government is also making changes to the planning regime which may enable more projects, such as onshore wind, to obtain planning consent.

6.2.3.6 In addition, as set out in our consultation and in the CNDM, if projects within the 2030 permitted capacities in the CP30 Action Plan drop out of the queue, they will be replaced first by 'like for like' projects that can be accelerated or replaced by new projects added to the queue.

6.2.3.7 Of course, project attrition is also likely to occur within projects in the 2035 permitted capacities. We will therefore need to replace those projects in order to deliver 6th Carbon Budget targets for 2035 and maintain our trajectory towards net zero by 2050. Our expectation is that the first SSEP, due to be in place at the end of 2026, will be used, as appropriate, to adjust the 2035 permitted capacities within the connections queue, to ensure overall capacity on the system across all technologies going forwards. We also expect the first SSEP to set 2040 permitted capacities for the connections queue.

6.2.4 Our Updated Positions Considering Responses

6.2.4.1 Based on the responses received, and our views on those responses as set out above, we do not intend to introduce any additional measures beyond those already included in the design of connections reform to address the risk of project attrition.

7. Connections Reform: Connections Network Design Methodology (CNDM)

In this section, we asked the below questions:

9) Do you agree with the approach to applying the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria to the existing queue and future Gate 2 Tranches?

10) Do you agree with the approach to managing advancement requests?

11) Do you agree with the approach to reserving Connection Points and Capacity at Gate 1?

12) Do you agree with the approaches to reallocating capacity when 2030 pathway projects and 2035 pathway projects exit the queue?

Question	Positive Sentiment	Neutral Sentiment	Negative Sentiment
Q9 – Application of Criteria	49%	35%	16%
Q10 – Pref Options	46%	39%	15%
Q11 – CP Reservation	41%	43%	16%
Q12 – Capacity Reallocation	53%	35%	12%

Figure 1010. Sentiment analysis against Q9-12 (CNDM)

7.1 Summary of Responses

7.1.1 Responses were generally positive or neutral regarding the questions asked, and concerns tended to be specific to details in the approach or perceived lack of clarity around the approach. A

high number of responses reflected the sentiments provided against the policy and implementation questions and expanded on queries and suggestions given in responses to those questions.

7.1.2 The approach to applying the Gate 2 Readiness Criteria was generally agreed with and supported, except for a few concerns around the Gate 2 Criteria itself. See the 'Gate 2 Criteria Methodology response' section for more information.

7.1.3 Linked to the concern around providing certainty to well progressed projects (as set out earlier under 'Preferred Overall Design'), there were calls to clarify the "under construction and due to commission in 2026 or earlier" wording in CNDM section 5.5.5. and extend this protection further.

7.1.4 For the Gate 2 Strategic Alignment Criteria we presented a preferred option and two alternative options for aligning to these criteria for existing projects. Respondents were split in support of both the preferred option and Alternative 1, which involved applying a planning sort and then not reordering the queue back to original queue position after this sort. Alternative 2, which did not apply a planning sort, was generally not supported. There were also suggestions that more weighting be applied to the readiness of the network and speed of network delivery in determining the queue position and final 'Phase' allocation for projects.

7.1.5 A few responses also highlighted that some of the wording in the CNDM regarding allocation to the 'Phases' or time horizons was misleading. In these cases it had been interpreted that a project assigned to 'Phase 2' (2031-2035) could not connect prior to 2031 even if there was capacity available on the network, which is not our policy intent.

7.1.6 Concerns were also raised around the definition of 'existing relative queue position' and NESO countersignature date being used as the basis for establishing this metric. Responses

highlighted situations where developers, particularly those with embedded generation projects, had faced significant delays in their projects being submitted to NESO, and agreements signed, or countersigned.

7.1.7 Further clarity was also requested on the metric for determining queue position in the enduring process. There were suggestions to apply some form of planning status sort in the enduring process, to prioritise projects within the queue that have applied to Gate 2 in that window.

7.1.8 Respondents supported the concept of advancement requests and how these are proposed to be managed through aligning the queue to the CP30 Action Plan. Some respondents suggested that advancement requests, particularly those to 2030 or earlier, be limited to those projects which have demonstrated project progress and viability through e.g. obtaining planning consent.

7.1.9 For Capacity Reallocation, there were several suggestions for an open discussion with the relevant project developer who is 'next' in the queue to determine if they could amend their project to be eligible. For example, if they would need to reduce TEC to make their project eligible for capacity reallocation, there were suggestions that this option should be presented to them.

7.1.10 Some respondents raised concerns about their existing connection point and connection date not being guaranteed, and there not being an ability to revert to their existing connection date and connection point in all circumstances where advancement was requested. This was in part as a result of CNDM Section 5.25.8 (now Section 5.28.7).

7.1.11 Responses to Capacity Reallocation largely highlighted the need for transparency in the approach taken and final NESO decision.

7.1.12 The need for transparency on decisions regarding connection point and capacity reservation, and substitutions, was also

highlighted by some respondents. We set out further detail on these areas below.

7.1.13 Connection point and capacity reservation

7.1.13.1 Many respondents emphasised the need for transparency and clarity in the criteria and process for NESO reserving connection points and capacity, to maintain investor confidence and ensure fair treatment of all projects. Those respondents set out that clear guidelines should be established to define the circumstances under which connection points and capacity can be reserved and the criteria for selecting projects for reservation.

7.1.13.2 It was suggested that the process should incorporate flexibility in allocating reserved capacity to various types of projects and technologies, ensuring a diverse mix of projects can be accommodated.

7.1.13.3 Those responses highlighted the importance of establishing clear timelines and deadlines for the capacity reservation process, to ensure that projects can progress without unnecessary delays. Some respondents suggested a longstop date for reserved capacity to ensure it is used efficiently and not held indefinitely by projects that are not progressing. Additionally, some respondents set out that the impact of reservation on existing projects should be carefully considered to avoid disadvantaging those already in the queue, with mechanisms in place to prevent unfair displacement or delays.

7.1.13.4 It was also proposed that the allocation of connection points and capacity should be aligned with strategic goals and system needs, as outlined in the CP30 Action Plan and the SSEP. Some respondents felt that projects that can provide significant system benefits, such as reducing constraints or enhancing grid stability, should be prioritised for reservation.

7.1.14 Substitutions

7.1.14.1 Some respondents suggested that substitution capabilities should be expanded to allow for flexibility across regions, transmission, distribution, and technologies. In their view this would help in addressing undersupply and ensuring that the network can accommodate a diverse mix of projects. There were suggestions that the process should allow for the substitution of projects that are not only geographically adjacent but also those that can provide similar benefits in terms of system needs and strategic alignment.

7.1.14.2 There were also suggestions that substitution decisions should be based on a transparent cost-benefit analysis to ensure that the most economically viable projects are prioritised.

7.1.14.3 To maximise the use of substitutions in aligning the queue to the CP30 Action Plan, rather than relying on reservations for undersupply. Respondents raised concerns around reservations for capacity in 2030 or earlier being effective where projects' lead times would mean they cannot connect by 2030

7.2 Our View on the Responses

7.2.1 We are pleased that the majority of respondents agreed with the principles of the policy and processes we outlined in the CNDM. We appreciate the constructive feedback as well as specific examples that were provided to help illustrate the impacts of these proposals. We particularly understand the need to provide certainty and clarity where possible, and have updated the CNDM to provide this.

7.2.2 We agree that the wording of CNDM section 5.5.5 was not clear enough and we have now made this clearer by linking to specific queue management milestones.

7.2.3 By introducing additional up-front 'protections' for projects with planning consents and certain government support contracts or relevant Ofgem approval (see 'Preferred Overall Design'), we believe the feedback regarding applying a 'planning status sort' to Phase 2 of queue formation when aligning to the CP30 Action Plan becomes more pertinent. We have now considered all 'protected' projects as one category in this sort and taken further measures to prioritise those projects in the queue formation exercise, as outlined in the following section.

7.2.4 While we understand the concerns raised around using NESO countersignature date as the basis for establishing 'existing relative queue position', we have decided to continue to use this metric for the purposes of the Gate 2 to Whole Queue exercise. Historically, and under today's connections process, NESO countersignature is the point at which the contract between NESO and User (or NESO and DNO) becomes legally valid and is therefore what has been used to determine transmission queue position.

7.2.5 Moving away from this metric at this stage for existing projects would mean disadvantaging existing customers in unexpected ways. As a result of improving queue positions for customers who have experienced delays, other transmission and distribution customers would receive worse queue positions and as a result potentially worse connection dates than they had previously. Our reasoning for retaining existing relative queue position is to provide as much certainty as possible to those customers who are ready, particularly those who are 'protected', and aligned with the 2030 permitted capacities; by changing this now, it will be much more difficult for customers to understand the potential outcomes of the Gate 2 to Whole Queue exercise.

7.2.6 Using alternative metrics such as clock start date and equivalent dates relating to offers with the (I)DNO would also materially

complicate and increase the time required for the Gate 2 to Whole Queue assessment process; adding further risk to the delivery of Clean Power by 2030. Using such alternative metrics would result in a significant reordering of the queue and therefore require more material change to the Transmission and Distribution network plans, to deliver works in a different order, or deliver new works entirely. This is a particular concern for pre-2030 connections as these works will in many cases be underway or have commenced procurement.

7.2.7 We do however recognise that there are sometimes delays between customer signature and NESO Countersignature and will therefore take steps to address this where the delay is significant, as this is an issue we are able to resolve without impacting the order in which projects were originally assessed.

7.2.8 For new applications in future, both the move to a gated and windowed process and the approach to determining queue position prior to technical assessment will mean that queue position is clearer, simpler and reflective of a more consistent harmonised processes across transmission and distribution.

7.2.9 Regarding Gate 2 to Whole Queue outcome transparency, we intend to publish information on which existing contracted projects have become Gate 1 Projects and which have become Gate 2 Projects as part of the Gate 2 to Whole Queue process, but only once updated agreements have been signed. We cannot currently publish such information prior to this point in time (nor can we currently publish the order of specific Gate 2 Projects within the re-formed transmission queue as a result of the CNDM processes). However, we have considered what non-project specific information can be published after assessing the queue against the Gate 2 Strategic Alignment Criteria, and provided further detail on this in the CNDM.

7.2.10 We also acknowledge the need for transparency regarding Connection Point and Capacity Reservation and have considered this as part of the above.

7.2.11 We agree to an extent with the suggestions to expand substitution capabilities, however we believe it is important to balance this with providing clarity and allowing developers to make informed decisions about the likelihood of their projects aligning to the CP30 Action Plan. We agree that permitting substitutions between transmission and distribution in adjacent regions is a reasonable change that on its own does not introduce much more complexity or lead to materially inefficient network or system design.

7.2.12 We also believe that the reduction in the number of zones and the use of 'GB-wide' zones for several technologies also brings with it additional flexibility and goes some way to address concerns about limitations on substitutions.

7.2.13 In our view, extending substitutions beyond adjacent zones or introducing any additional assessments such as a cost benefit analysis will be too complex and will not be achievable efficiently within the Gate 2 to Whole Queue exercise. Additionally, introducing such assessments would be subjective and would not provide requisite up-front process or outcome clarity to project developers and investors.

7.2.14 We understand concerns about the inability to revert to the terms of an original agreement (e.g. connection date, point of location, enabling works) if developers are not comfortable with new terms, or if the new connection date is later than the previously contracted connection date. However, in such circumstances it would not be possible to revert to these terms due to the nature of the batched assessment that will be conducted as part of Gate 2 to Whole Queue. The original conditions under which the contracted position was issued would no longer exist, following

the reordering of the queue and consequential amendments to the Transmission Reinforcement Works.

7.2.15 It is also worth noting that, for projects which are ready and aligned with the permitted capacities to 2030, it is only under very limited circumstances that we expect the new connection date to have the potential to be later than the contracted date. Any instances of this are likely to be due to the optimisation of existing transmission reinforcement works, for example, smaller works being combined into larger works with a later delivery date. However, as previously outlined, it is expected that changes to the plan of works for delivery by 2030 will be limited. The other instance where later dates could potentially be offered is where projects with connection dates of 2030 or earlier are moved to 'Phase 2' (2031-2035) to accommodate more 'ready' projects in Phase 1 (2026-2030).

7.3 Changes Made Based on Consultation Responses

7.3.1 Based on the responses received, and our views on those responses as set out above, we have made the following changes.

7.3.2 In addition to the up-front protections we are providing for projects with planning consent and government support contracts or relevant Ofgem approval (see 'Preferred Overall Design), we have also clarified the up-front protection we are extending to some projects connecting in 2026. This is now linked to having evidenced, or providing equivalent evidence in the CMP435 submission window, meeting Queue Management Milestone 7, as well as having obtained planning consent. We believe this serves as an indicator of significant progress and financial commitment and demonstrates ability to connect by 2026.

7.3.3 To ensure those projects that have met the Gate 2 Strategic Alignment criteria as a result of these protections are not unduly disadvantaged though the queue formation process, we have also amended the approach to aligning the queue to the CP30 Action Plan. This now involves allocating 'protected' projects to the 2030 and 2035 permitted capacities first, before then including any projects with planning submitted or land rights, only if the permitted capacities have not been reached. If the capacity of 'protected' projects exceeds the permitted capacities for any technology to 2030, this excess will be allocated to the 2035 permitted capacities for that technology so as to ensure timely connection across all technologies to 2030, in line with the mix of technologies set out within the CP30 Action Plan.

7.3.4 We have also opted to apply a planning status sort to the 'Phase 2' queue (described further in the CNDM), and not return these projects to their original relative queue positions afterwards. This facilitates connection of 'protected' projects as soon as possible within the 2035 permitted capacities. This now means we are adopting a combination of the 'preferred option' and 'Alternative 2' for queue formation in Gate 2 to whole queue. See Section 5.7 of the CNDM for more detail on this process.

7.3.5 Following the publication of Government's CP30 Action Plan we have also been able to provide further clarity on how the data within this will be used to determine which projects have met the Gate 2 Strategic Alignment Criteria. Section 5 of the CNDM now shows the technology types that are in and out of scope of the CP30 Action Plan and outlines the routes to meeting the Strategic Alignment Criteria for those technology types which are not in scope.

7.3.6 Discussions with (I)DNOs during the consultation period have also highlighted the need for NESO to ultimately determine whether an embedded project meets the strategic alignment element of the

Gate 2 criteria, so that we can centrally manage projects that are in a GB-wide technology, substitutions between transmission and distribution zones, and merge TO, DNO and IDNO queues. As a result, we have agreed that DNOs will submit their provisional 'CP30-aligned' queue to us, and we will then carry out final assessment against the Gate 2 Criteria, merge with IDNO projects, share initial outcomes with TOs, manage substitutions and determine the final outcome.

7.3.7 We have taken steps to clarify the wording around queue formation to make it clear that projects assigned to 'Phase 2' (2031 to 2035) can connect earlier than 2031 if, after all the Phase 1 (now to 2030) projects have been assessed, there is still capacity available on the network. Our original policy intent is explained further in paragraph 6.2.3.4.

7.3.8 We have also clarified the definition of the 'date the Gate 2 Readiness Criteria was met' for use in determining queue position in the enduring process. This is defined in the CNDM as the "Gate 2 Readiness Date", and is the date on which the project achieved the Gate 2 Readiness Criteria (e.g. the date the User secured the requisite land rights). It is not the date on which NESO determine a project has passed Gate 2 Readiness checks.

7.3.9 In addition to this, a 'planning sort' will also be applied when forming the Gate 2 queue in future application windows, which will help prioritise those projects that did not receive a planning consent decision in time to be eligible for protections under the Gate 2 to Whole Queue exercise and did not receive a Gate 2 offer as a result. See Section 7.3 of CNDM for more detail.

7.3.10 As intimated in the paragraph above, we have also provided more flexibility around substitution to permit this between adjacent or overlapping transmission and distribution zones (for projects of the same technology). This will help to ensure CP30 Action Plan requirements are met by existing 'ready' projects

where possible, rather than by reserving for future projects, whilst not materially undermining the permitted capacities per technology within the CP30 Action Plan and/or creating material system or network constraints. We have clarified that substitution options will be considered first, with reservation for undersupply only being used where substitution options have been exhausted.

7.3.11 Through further discussion with TOs we have been refining the approach to studies and have agreed that the 'end of queue study' concept described in CNDM Section 5.21 needs to be applied to both the 2030 and 2035 permitted capacities. This was previously an optional step for the 2030 phase and a requirement for 2035. This will provide us and TOs with an early view of any additions or changes to the network plans required to facilitate connections by 2030 in particular.

7.3.12 We also believe it is important to retain flexibility within the Gate 2 to Whole Queue assessment process. Recognising this is the first of its kind in reassessing existing agreements on a large scale, we believe it is important to allow for innovative approaches to be taken in conducting this one-off reassessment. This will help us to maximise efficiency and ensure timely provision of connection offers, delivering the best outcomes for consumers and project developers. As such, we have amended some of the more detailed wording from the consultation draft of the CNDM to facilitate this flexibility and restructured the explanation of the study approach.

7.3.13 Recognising the concerns associated with using NESO countersignature to determine queue position, we have taken steps to address any significant delay between customer signature and NESO countersignature. Where NESO countersigned an agreement 28 or more days later than the customer signed the agreement, the customer signature date will be used instead of the NESO countersignature date. For a Project Progression, the

customer signature date is the date the DNO signed the agreement with NESO. We appreciate that this does not address the concerns regarding project progressions, however going further would result in the complications and delays outlined earlier. This will reduce cases of compounding delays at several stages of the process without compromising on timely delivery of the Gate 2 to Whole Queue exercise and ultimately Clean Power by 2030.

7.3.14 Finally, we confirm our intention to publish information on which existing contracted projects have become Gate 1 Projects, and which have become Gate 2 Projects (at the appropriate time). We have also committed to publishing information following the application of the Gate 2 Strategic Alignment Criteria to the existing queue, where this does not result in individual projects being identifiable. This includes information about substitutions and any changes to permitted capacities resulting from these. We also intend to publish anonymised/amalgamated data on project-specific connection point and capacity reservation, as well as information and justification on non-project specific reservation, within a reasonable amount of time after such reservation formally occurs. See Section 5.18 of the CNDM for more information on what will be published after existing projects have been assessed against the Gate 2 Readiness and Gate 2 Strategic Alignment Criteria.

8. Connections Reform: Gate 2 Criteria Methodology Related Responses

In this section, we asked the below questions:

13) Do you agree with the following elements of this Gate 2 Criteria Methodology?

a. Gate 2 Readiness Criteria – Land (Chapter 4)

b. Gate 2 Readiness Criteria – Planning (Chapter 5)

c. Gate 2 Criteria Evidence assessment (Chapter 8)

d. Readiness Declaration Templates (Chapter 9)

14) Do you agree that the alternative route of meeting the Gate 2 Readiness Criteria should be only limited to projects that seek planning consent through the Development Consent Order route?

Question	Positive Sentiment	Neutral Sentiment	Negative Sentiment
Q13 – Methodology	50%	38%	12%
Q14 – DCO route	40%	38%	22%

Figure 1111. Sentiment analysis against Q13-14 (Gate 2 criteria)

8.1 Summary of Responses

8.1.1 Gate 2 Readiness Criteria – Land (Chapter 4)

8.1.1.1 Responses were largely supportive of our proposed approach. However:

8.1.1.2 There was some confusion in responses as to whether the land Option should have a minimum 3 year period from the date the Option is signed or from the date the Gate 2 application is submitted.

8.1.1.3 There was some challenge that there is no need for a minimum Option length, especially our requirement to maintain a 3-year Option length.

8.1.1.4 There were some additional proposed exceptions to meeting the 3-year minimum Option length requirement.

8.1.1.5 A respondent noted that a 20 year lease is no longer the market norm.

8.1.1.6 A respondent asked if the Probate exception should be extended to any land in probate as it could happen to a whole project landholding on a single farm or Estate as a single parcel of land.

8.1.1.7 Some respondents noted that Innovation and Targeted Oil & Gas (INTOG) projects would not be able to meet the Gate 2 Readiness Criteria requirements as Crown Estate Scotland Option Agreements related to this will only be awarded when the projects either secure planning consent or are included in the Sectoral Marine Plan (SMP).

8.1.2 Specifically on Minimum Acreage

8.1.2.1 There was general support, noting three broad areas of dissenting feedback:

8.1.2.1.1 Some respondents challenged the current values in the Energy Land Density Table set out in the Letter of Authority Guidance, with some respondents suggesting different values and urging the need for review.

8.1.2.1.2 Some respondents challenged our policy that minimum acreage requirements apply to small and medium embedded generation, with some calls to remove the minimum acreage requirements for sites below 50MW.

8.1.2.1.3 Specifically for offshore projects, some respondents asked to see the Offshore Energy Density Table numbers and

sought clarity on the policy where any capacity divergences exist for a project between the Transmission Entry Capacity being requested in their Gate 2 Application and that set out within the seabed lease agreement they have been awarded by The Crown Estate or Crown Estate Scotland.

8.1.3 Gate 2 Readiness criteria – Planning (Chapter 5)

8.1.3.1 On Planning Criteria

8.1.3.1.1 There were mixed views from respondents as to whether it is appropriate for the 'readiness' element of the Gate 2 criteria to be met by submission of (and validation of) application for planning consent for projects following the Development Consent Order (DCO) process. The DCO route is meant to recognise project developers that seek land rights later in their development process, as some projects, which are unable to enter into voluntary agreement with landowners, may need to follow the DCO process to acquire compulsory purchase order (CPO) powers to then utilise to secure land rights they require for their project.

8.1.3.1.2 Some respondents supported the proposals in our consultation as CPO powers are not awarded through other planning regimes and hence, for these other planning regimes, land needs to be secured separately and in advance of submitting a planning application. They added that allowing any other planning route to meet the readiness element of the Gate 2 criteria would introduce uncertainty with regards to land rights acquisition at the point of Gate 2 given the lack of CPO rights. Some respondents also set out that Users can submit planning applications for other planning routes without having secured land rights.

8.1.3.1.3 However, some respondents noted that the DCO process is only applicable in England and Wales, so in their view there needs to be a comparable route to meet the readiness element of the Gate 2 criteria for projects in Scotland (and so Section 36 was suggested).

8.1.3.1.4 Some respondents also proposed extending the readiness element of the Gate 2 criteria to include Town and Country Planning Act (TCPA) Applications as in their view the majority of the development expenditure is incurred in the planning application stage.

8.1.3.1.5 Some respondents argued that the readiness element of the Gate 2 criteria should instead be linked to the CPO application to acquire the land. It was also noted by some respondents that projects over 50MW can obtain a generation licence in order to benefit from CPO powers, so such powers are not limited to those who go through the DCO process.

8.1.3.2 On the Evidence Requirement to Submit the Planning Reference Number

8.1.3.2.1 We proposed that the Planning reference number (that is provided to the User once they have submitted their DCO application and has been validated by the relevant Statutory Authority) is the evidence requirement for meeting the readiness element of the Gate 2 criteria. However, some respondents noted that the validation can often take time and is subject to planning inspectorate resource and the User typically has no control over the validation process.

8.1.3.2.2 Given this time lag between submission of planning and receipt of a planning reference number, some respondents suggested that the evidence is adjusted to 'submission of the DCO application for planning consent' itself with an

additional requirement to subsequently provide confirmation to NESO of validation.

8.1.3.3 On the requirement to provide the Original Red Line Boundary and evidence of minimum acreage requirements as part of evidence of meeting Queue Management Milestone M2

8.1.3.3.1 Some respondents noted that the Queue Management Milestones are structured on the basis that securing land rights (Queue Management M3) is earlier than Queue Management M1 (submit application for planning consent) and Queue Management M2 (obtain planning consent). Meeting Queue Management M3 ahead of M1 and M2 would not be possible where the User will only acquire the CPO rights upon obtaining planning consent (Queue Management M2). A respondent also noted that it would take additional time after acquiring the CPO rights through achieving M2 to then meet the Queue Management Milestone M3. Those respondents argued that appropriate exceptions need to be allowed to ensure a User is not terminated under Queue Management M3.

8.1.3.4 Gate 2 Criteria Evidence Assessment (Chapter 8)

8.1.3.4.1 Respondents were largely supportive of our proposals for Gate 2 criteria evidence assessment. However:

8.1.3.4.1.1 Some respondents asked that NESO carry out more checks/bring forward some of our proposed detailed checks than suggested in the initial checking process e.g. checking for sufficient minimum acreage and director verification checks.

8.1.3.4.1.2 Some respondents argued that NESO should be carrying out the Gate 2 Readiness Criteria evidence assessment for all sites (i.e. checking the evidence for small/medium

embedded generation rather than the DNO or Transmission Connected iDNO).

8.1.3.4.1.3 Some feedback suggested a need for clarity on when the initial Gate 2 readiness checks would be carried out.

8.1.3.4.1.4 Concerns were expressed by some respondents that if a User does not meet either the Gate 2 Readiness Criteria initial checks or detailed checks, they will not ultimately receive a Gate 2 Offer, even if they are successful in the event they dispute this decision and the original decision is overturned. There was also some feedback that Users wish to understand how their application will be treated if they are successful in the dispute process. Some respondents believe it is unfair that they would not be included In the Gate 2 design process.

8.1.3.5 Readiness Declarations (Chapter 9)

8.1.3.5.1 Respondents were largely supportive of our proposals for Readiness Declarations. However:

8.1.3.5.1.1 There was some feedback that transmission- and distribution-connected projects can be on the same land e.g. transmission-connected projects can also make use of a distribution connection for the same land seeking demand for auxiliary supplies and / or a construction supply. Additionally, the distribution and transmission connection could be on the same land but at different timescales.

8.1.3.5.1.2 For the Gate 2 to Whole Queue exercise, a respondent asked to include an option for projects to request a later connection date than the date they have in their existing agreement.

8.1.3.5.1.3 For the Gate 2 to Whole Queue exercise, there was a suggestion that, if Users reduce their capacity as part of their Readiness Declaration, they should be exempt from

cancellation charge liability. This was suggested on the basis that it would incentivise capacity reductions so that the remaining required capacity in that region can be reallocated to other projects.

8.1.3.5.1.4 A few respondents were keen to see the final Readiness Declaration templates before commenting.

8.2 Our Views on the Responses

8.2.1 Gate 2 Readiness Criteria – Land (Chapter 4)

8.2.1.1 We support the ask for clarity on what constitutes a minimum 3-year Option period and welcome the real-life examples on how land rights are structured (including rights for extension). We also welcome the additional suggestions for practical exceptions to this minimum 3-year Option period, including where the project is reasonably able to demonstrate that it does not need a further 3 years before it will enter into the lease (or purchase).

8.2.1.2 We note that Land Options are constructed in different ways; however, we do not support a general relaxation of the minimum 3-year Option period and maintain that setting a bar, which we consider to be achievable, is important. The exceptions process allows Users to propose why having at least a 3 year Option is detrimental to their project and/or a 20 year lease is not appropriate for their project.

8.2.1.3 Although, in most circumstances, the User should have secured land rights over all of their proposed project site before making a Gate 2 Application, we note that there are circumstances where a User may be unable to obtain the necessary land rights as they can only acquire all the land required, or part of the land required, through the granting of CPO powers. We also recognise that CPO powers can be acquired outside the DCO process. Therefore, if some or all of

the land needed for their project can only be acquired through CPO powers, we will allow Users to provide evidence of secured land rights later (only for the land subject to CPO) if they can evidence that they have acquired CPO powers for that land.

8.2.1.4 However, we maintain our view, as stated in our Gate 2 Criteria Methodology, that it is not an appropriate exception to meet Gate 2 Readiness where the only land the User needs for the project is in Probate. Although, this could be out of a User's control as there is a process for land under Probate that needs to run, it would not be appropriate to provide a Gate 2 Offer to a User who has not secured any land rights (unless CPO powers have been acquired over all the land required).

8.2.1.5 We note the case of INTOG projects, which due to timing delays, will not have received Option Agreements from the Crown Estate Scotland (CES). However, we note that CES have awarded conditional seabed rights to these projects and, in this case only, we support this being sufficient evidence of land readiness.

8.2.2 Specifically on Minimum Acreage

8.2.2.1 We note the challenges raised by respondents on the current values set out in the Energy Land Density Table. We will therefore bring forward our annual review of these values (from March 2025 to January 2025), to enable us to provide Users with certainty on what the minimum acreage requirements for their technology or technologies will be. This review will encompass transmission- and distribution-connected projects. If this review means that the minimum acreage requirements for their technology or technologies increases compared to the current values, we will accept for the Gate 2 to Whole Queue exercise, minimum acreages based on the current published values.

8.2.2.2 We do not agree that sites below 50MW should be excluded from meeting minimum acreage requirements as embedded projects of this size are currently in scope and there is no current reason to consider that the acreage requirements are inappropriate. However, we will factor the feedback from small and medium embedded generators into our wider review in January as referred to above.

8.2.2.3 Additionally, we will publish the Offshore Energy Density Table at the same time as we conclude the wider review. We agree with the need to ensure there is a clear policy where any capacity divergences exist for a project between the Transmission Entry Capacity being requested in their Gate 2 Application and that set out within the seabed lease agreement they have been awarded.

8.2.3 Gate 2 Readiness criteria – Planning (Chapter 5)

8.2.3.1 On Planning Criteria

8.2.3.1.1 We would expect the majority of projects to evidence meeting the Gate 2 Readiness Criteria through the land route as per Section 4 of the Gate 2 Criteria Methodology. We believe it will be less common for Users to meet Gate 2 Readiness Criteria through the planning route and our expectation is that this will only likely practically be used where the User needs to follow the DCO route to acquire CPO powers to secure relevant land rights.

8.2.3.1.2 We do not think it is appropriate to extend this route in general to planning processes other than DCO. However, to avoid any unintended consequences when we implement this policy, where a User provides sufficient evidence to NESO that they need to follow an alternative planning process (other than the DCO route) in order to be granted CPO powers to secure relevant land rights, we may apply

discretion on a case-by case-basis in respect of this aspect of the Gate 2 Readiness Criteria.

8.2.4 On the Evidence Requirement to Submit the Planning Reference Number

8.2.4.1 We note the concern raised that there is a time log between submitting the application for planning application to the relevant Statutory Authority and the validation of such application.

8.2.4.2 Given that we see the planning readiness route as an alternative to the land readiness route for projects seeking planning through the DCO process, we will allow a User to provide evidence of the submission of their application for planning in lieu of the planning reference number as evidence of meeting the Gate 2 Readiness Criteria. However, this is only allowable if the planning reference number is then provided to us on or before issue of the Gate 2 Offer.

8.2.5 On the requirement to provide the Original Red Line Boundary and evidence of minimum acreage requirements as part of evidence of meeting Queue Management Milestone M2

8.2.5.1 We recognise that there is potentially a practical issue as Queue Management Milestone M3 (Secured Land Rights) under our Gate 2 Readiness Criteria for Planning can only be obtained after both the submission of the application for planning (Queue Management Milestone M1) and obtaining planning (Queue Management Milestone M2). The current Queue Management structure works on the premise that M3 will be achieved ahead of M1 and M2. We will further consider how we mitigate any unintended consequence related to potential non-compliance with M3 and share next steps in Q1 2025.

8.2.6 Gate 2 Criteria Evidence Assessment (Chapter 8)

8.2.6.1 We welcome the feedback for clarification and suggested text on evidence assessment and we have reflected some of this feedback in Chapter 8 of the Gate 2 Criteria Methodology. The notable updates to the Gate 2 Criteria Methodology are:

8.2.6.1.1 further detail provided on the assessment process for the Strategic Alignment Criteria (including who carries out each check); and

8.2.6.1.2 additional clarity provided on when the initial checks are carried out in the process. We also note the feedback on carrying out some of the detailed evidence checks earlier in the process, notably the check on whether the project has sufficient land acreage and the verification of the director signing the Readiness Declaration. This is an area we will keep under review during the implementation phase.

8.2.6.2 However, we maintain our position that projects that do not meet the Gate 2 Readiness Criteria, and dispute that decision successfully, will not receive a Gate 2 Offer. We note that many stakeholders agree with our intention to implement the Gate 2 to the Whole Queue exercise as quickly as possible in order to minimise the period of uncertainty for Users and to maximise the chances of delivering projects needed for Clean Power by 2030. As a result of this expedited timetable, timings of the Gated Application Window do not allow disputes to be resolved within the period of the Gated Application Window and/or the Gated Design Process. However, we have set out in the Gate 2 Criteria Methodology that next steps will be determined by the outcome of that dispute process.

8.2.6.3 Additionally, we disagree with the feedback that we should be carrying out the Gate 2 Readiness criteria evidence assessment for Small/Medium Embedded Generation. We note that it is the DNO or Transmission Connected iDNO that has the

contractual relationship with Small/Medium Embedded Generation Users.

8.2.7 Readiness Declarations (Chapter 9)

8.2.7.1 We welcome the feedback for clarification and rewording of some of the fields within the Readiness Declarations. We have taken this on board and have used this to redraft questions/statements in some areas, including a field to explain if the project site does not meet the minimum land density requirements.

8.2.7.2 We have also added clarification notes to aid Users when populating the Readiness Declaration, including setting out examples where transmission and distribution connections can be sited on the same land area.

8.2.7.3 However, we disagree that a capacity reduction under the Gate 2 to Whole Queue exercise should not incur a liability for the Cancellation Charge, as even with reallocation of capacity, there is a risk of abortive works. We maintain our view that consumers should not be liable for such costs. Additionally, we do not agree with the view that a User should be able to seek a delay to their contracted connection date, under the Gate 2 to Whole queue exercise.

8.2.7.4 We will ensure that Readiness Declaration Templates are available and appended to the Gate 2 Criteria Methodology (with the form of submission also being made clear within such templates) when the final version is published in Q1 2025)

8.3 Changes Made Based on Consultation Responses

8.3.1 Based on the responses received, and our views on those responses as set out above, we have made the following changes.

8.3.2 Gate 2 Readiness Criteria – Land (Chapter 4)

8.3.2.1 We have clarified that a Land option should have a minimum 3 year Option period (unless it meets one of the exceptions set out in the Gate 2 Criteria Methodology), from the date the Option is signed and not the date the Gate 2 application is submitted.

8.3.2.2 We have enhanced the wording of the current exceptions, including how extensions are factored in, and have included further exceptions to the 3 year Option period, which are:

8.3.2.2.1 where the project is reasonably able to demonstrate that it does not need a further 3 years before it will enter into the lease (or purchase);

8.3.2.2.2 evidencing of the granting of a "Compulsory Purchase Order" where some or all of the land required can only be acquired through CPO; and

8.3.2.2.3 we have clarified that we will allow INTOG projects to meet Gate 2 Readiness by securing relevant conditional seabed rights (for the site on which the project is planned to be located) through an agreement awarded by Crown Estate Scotland (CES) as a result of the INTOG Leasing Round.

8.3.3 Specifically on Minimum Acreage

8.3.4 To avoid confusion and potential discrepancies between the Gate 2 Criteria Methodology and the Letter of Authority / Letter of Acknowledgement Guidance, we have cross-referred in the Gate 2 Criteria Methodology to the Energy Density Table numbers and process (rather than replicating what is set out in the current Letter of Authority Guidance). However, we have re-iterated the key process points in the Gate 2 Criteria Methodology.

8.3.5 For Offshore projects specifically, we have provided further clarity on the policy where any capacity divergences exist for a project between the Transmission Entry Capacity being requested in their Gate 2 Application and that set out within the seabed lease

agreement they have been awarded. These changes provide additional flexibility to offshore projects e.g. where they are intending and able (to the extent possible) to deliver more Transmission Entry Capacity than stated within the seabed lease agreement (or in the event that such capacity is not stated within the seabed lease agreement).

8.3.4 On Planning Criteria

8.3.4.1 We will still allow a User to meet the Gate 2 Readiness Criteria through submitting evidence of DCO planning submission.

8.3.4.2 We will apply our discretion, on a case-by-case basis, to allow a User to meet the Gate 2 Readiness Criteria through submitting evidence of submission of another planning process application. However, this would only be where a User sufficiently evidences to NESO that they need to follow an alternative planning process (other than the DCO route), in order to be granted CPO powers to secure relevant land rights.

8.3.5 On the Evidence Requirement to Submit the Planning Reference Number

8.3.5.1 We have allowed those projects that have not received a planning reference number to instead submit evidence of their application for planning consent (that they sent to the planning authority). As a condition of acceptance of the Gate 2 Offer the User would have to provide the relevant planning reference number on or before issue of the Gate 2 Offer.

8.3.6 On the requirement to provide the Original Red Line Boundary and evidence of minimum acreage requirements as part of evidence of meeting Queue Management Milestone M2

8.3.6.1 No updates made to Gate 2 Criteria Methodology.

8.3.7 Gate 2 Criteria Evidence Assessment (Chapter 8)

8.3.7.1 We have enhanced the wording of the current evidence assessment process, notably including:

8.3.7.1.1 Clarity that initial Gate 2 readiness checks will be undertaken prior to the start of the Gated Design Process.

8.3.7.1.2 Clarity that Small and Medium Embedded Generation can submit their Gate 2 application at any time so the DNOs/Transmission Connected iDNOs, can conduct some initial readiness checks ahead of the Gated Application Windows opening.

8.3.7.1.3 We have provided further detail on the evidence assessment of the Strategic Alignment Checks.

8.3.7.1.4 On overlapping Original Red Line Boundaries, we have clarified that if such an overlap can be demonstrated as being reasonably possible (in relation to that same land being able to be used by two or more different Users/projects), then the overlap will be acceptable from the Gate 2 Readiness Criteria perspective.

8.3.7.1.5 We have clarified that next steps on any formal dispute raised will be determined by the outcome of that formal dispute process as the formal dispute will not be resolved within the Gated Application Window.

8.3.8 Readiness Declarations (Chapter 9)

8.3.8.1 We have included additional fields to be populated, which include:

8.3.8.1.1 On the Readiness Declaration for the Gate 2 to Whole Queue exercise, we will be asking Users to confirm which technology or technologies are seeking to meet the Gate 2 Readiness Criteria.

8.3.8.1.2 We have provided more clarity on Capacity Reductions and on Advancement requests (including making it clear it is not

permissible through the Gate 2 to Whole Queue exercise to seek a delay to current connection date).

8.3.8.1.3 We have added some clarification notes throughout the Readiness Declarations, including confirming where it would be acceptable for transmission- and distribution-connected projects to be on the same land. We have also highlighted which fields are not mandatory to populate.

8.3.9 Other Changes we have made to the Gate 2 Criteria Methodology

8.3.9.1 We have made it clearer that a site that is already energised by the time of the closure of the Gate 2 to Whole Queue application window is out of scope of connections reform and does not need to submit evidence within the Gate 2 to Whole Queue application window.

8 Connections Reform: Project Designation Methodology Related Responses

In this section, we asked the below questions:

15) Do you agree that the categories of projects that we have identified are the appropriate ones to potentially be designated?

16) Do you agree with the proposed criteria for assessing Designated Projects?

17) Do you agree with the indicative process NESO will follow for designating projects?

Question	Positive Sentiment	Neutral Sentiment	Negative Sentiment
Q15 – Methodology	50%	39%	11%
Q16 – Readiness	44.5%	47%	8.5%
Q17 – Process	37%	49%	14%

Figure 1212. Sentiment analysis against Q15-17 (Project Designation)

8.4 Summary of Responses

8.4.1 Responses were largely positive or neutral with regards to the questions we asked with regards project designation. The responses covered various aspects of the proposed project designation criteria and process. Key points raised were:

8.4.1.1 **Agreement on categories:** There was general agreement that the categories of projects identified are appropriate for potential designation. However, some responses suggested that the criteria for assessing designated projects should be more stringent and that

the bar should be set higher for a project to be designated.

8.4.1.2 **Transparency and clarity:** Several responses called out the need for elements of the criteria and process to be clearer, particularly around fees, appeals (we now refer to these as 'disputes') and assessment criteria. There were a number of responses around ensuring that the assessment criteria provide more clarity as they were viewed by some respondents as too broad and open to interpretation. In addition, there were calls for there to be a greater level of transparency to ensure that there are appropriate checks and balances to address some concerns around NESO being given additional powers.

8.4.1.3 **Support for innovation:** There was general support for including new technologies and innovative projects as one of the categories for designation. However, some respondents emphasized the need for these projects to be commercially viable and beneficial to consumers. Furthermore, there were some queries on providing further clarification on 'novel sub-types'.

8.4.1.4 **Specific considerations:** Some responses highlighted the need for specific considerations for certain technologies, such as Battery Energy Storage Systems (BESS), interconnectors, pumped storage hydro, or certain types of project, specifically community-owned energy projects. There were also suggestions that socio-economic benefits should play a bigger role in the assessment criteria, although some respondents disagreed with this.

8.4.1.5 **Process and timeline:** There were suggestions for improving the process and timeline for project designation, including the need for an accelerated

disputes process and clear guidelines on the impact of project changes on designation status.

8.4.1.6 Volume of applications: There were a number of suggestions that the bar should be set higher for making an application, otherwise NESO will face significant numbers of applications which may impact the efficacy of the process.

8.5 Our Views on the Responses

8.5.1 Based on the feedback received, we welcome that the concept of project designation and the proposed project categorisations are generally agreed upon. In response to calls for the need for greater transparency and clear definitions to avoid subjective interpretations, we have updated the project designation methodology to take account of the feedback received. In addition, we have clarified the process for the payment of fees and the disputes process (section 4 of Project Designation Methodology).

8.5.2 In response to calls for the bar to be set higher for projects to be designated and concerns amongst respondents that too many projects may apply for designation, we are amending the approach for categories A to C (projects that are critical to security of supply, projects that are critical to system operation and projects that materially reduce system and/or network constraints) so that we will issue a Notice to Industry when we consider that projects in these categories are needed (section 2.2.2 Project Designation Methodology).

8.5.3 As part of issuing any Notice, we would set out the nature of security of supply issues, system operation issues or system and/or network constraints, and the characteristics and services we seek from projects to address those. We would then invite projects to apply to us, in response to that Notice, to

set out how they demonstrate those characteristics and can provide those services to address those issues or constraints.

8.5.4 We agree with respondents who highlighted that we, in our role as electricity system operator, are best placed to judge where we need projects to address critical issues with security of supply or system operation, or where there are locations in the system that are likely to experience material constraints. This will ensure that we can make more targeted requests whilst remaining transparent to industry around the needs of the system. The two other categories ('new technologies and/or highly innovative' and 'very long lead times') will remain open for developer-led designation applications at any point (i.e. not requiring a Notice from us) as project developers will have better access to this information about their projects.

8.5.5 As set out earlier (under 'Implementation-related responses') there is currently no established definition of Community Energy projects within Government for the purposes of connections, or within industry codes or processes from a connections perspective. We therefore do not propose to include a specific 'Community Energy' category within the Project Designation Methodology. For the avoidance of doubt, this would not prevent a Community Energy project from being designated under any of the five designation categories should it meet the relevant criteria.

8.5.6 While several types of technologies sought to have greater consideration for their technology type within the Project Designation Methodology, we do not consider it appropriate to focus the designation categories on any specific technology types. The categories have been created to reflect either the benefits that designated projects can bring to the energy system (categories A, B and C) or to allow the inclusion of projects within the reformed connections queue that are

outside the scope of Government's CP30 Action Plan and have no other route into the connections queue.

8.5.7 More specifically in relation to projects that are outside the scope of Government's CP30 Action Plan we define these in the Designated Projects Methodology as:

8.5.7.1 not corresponding with a technology that has been specified within Government's CP30 Action Plan or not corresponding with a technology that has been deemed by NESO to have met the strategic alignment criteria (category D) (section 3.5 Project Designation Methodology); or

8.5.7.2 within a technology (e.g. 'solar' or 'nuclear') that has been specified within Government's CP30 Action Plan, but is a novel sub-type which has been successfully developed and demonstrated, is considered commercially viable and would provide benefits for GB consumers (category D) (section 3.5 Project Designation Methodology); or

8.5.7.3 provides robust evidence of a very long lead time, and specifically a lead time for commissioning and operation beyond 2035 (category E) (section 3.6 Project Designation Methodology).

8.5.8 After several responses queried our ability to make decisions based on socio-economic benefits, we have updated the methodology to clarify that we will make our decisions based on consideration of all our various duties, including benefits to the GB energy system and energy consumers (section 2.1.1).

8.5.9 Several responses highlighted the need for clarity around the process and timelines presented within the designated projects methodology, with some respondents calling for the removal of the consultation period.

8.5.10 The draft licence conditions for the Project Designation Methodology (which Ofgem are consulting on) state that we must publicly consult for a minimum of 28 days, clearly setting out the application for connection we are minded to designate. That consultation must set out the reasons for our proposed decision, with reference to the Designation Criteria, and the impacts of the designation we are minded to make.

8.5.11 Therefore, we cannot remove that consultation requirement from the timelines. We are working with Ofgem to explore whether it would be possible to expedite the consultation element of the designation process in order to better align with the Gate 2 to Whole Queue exercise timelines.

8.5.12 Irrespective of the outcome with regards the consultation period, we will make reasonable endeavours to run an expedited process to consider any project designation applications for Users with Existing Agreements in order to better align with the Gate 2 to Whole Queue exercise timelines.

8.6 Changes Made Based on Consultation Responses

8.6.1 Based on the responses received, and our views on those responses as set out above, we have made the following changes. We have:

8.6.1.1 clarified the dispute process that we will use where parties disagree with a decision to not designate under section 4.1.4.2;

8.6.1.2 provided more clarity on the fees that we are intending to charge those who seek to apply for designation (section 4.1.2.4);

8.6.1.3 refined the assessment criteria to ensure that assessments and decisions are transparent and specific (section 2);

8.6.1.4 clarified the innovative technology criteria to make it clearer that we will consider whether the technology can be considered as having met the definition of technology readiness level eight or nine (section 2.2 (d));

8.6.1.5 amended the process for designation categories A to C to reflect that we will issue a Notice and invite Users to apply in response to that Notice, rather than an open application process (section 2.2.2). The developer-led application process for categories D and E remains unchanged;

8.6.1.6 clarified the definition of projects that are outside the scope of Government's CP30 Action Plan (Section 3.5);

8.6.1.7 updated the methodology to clarify that we will make our decisions based on benefits to the GB energy system and energy consumers (not taking into account wider socio-economic benefits)(Section 2.1.1); and

8.6.1.8 made amendments to further clarify the information provision section (Section 5).

8.6.2 We are also working with Ofgem to explore whether it would be possible to expedite the consultation element of the designation process in order to better align with the Gate 2 to Whole Queue exercise timelines. Irrespective of the outcome with regards the consultation period, we will make reasonable endeavours to run an expedited process to consider any project designation applications for Users with Existing Agreements. in order to better align with the Gate 2 to Whole Queue exercise timelines.

9 Conclusion and Next Steps

9.4 We would like to once again thank industry for their comprehensive and valuable responses to our 5th November 2024 consultation on connections methodologies. These responses have helped us shape our overall and detailed proposals to ensure that connections reform can deliver benefits to GB consumers while providing clarity and benefits to project developers and energy system investors, as well as supporting a timely and efficient transition to Clean Power by 2030.

9.5 This document, alongside the three updated connections methodologies, the Impact Assessment and the Final Modification Reports for relevant changes to the CUSC and STC, represent our formal submission to Ofgem as the basis for the reformed connections process.

9.6 We currently anticipate a decision from Ofgem on the above, and on associated licence changes, by the end of March 2025.

9.7 Assuming a positive Ofgem decision by the end of March 2025, project developers in the current queue would be provided with a period of time (no less than 2 weeks, occurring no less than 4 weeks after the implementation date into the codes) to submit a Gate 2 declaration/application and to provide evidence (where set out in the Gate 2 Criteria Methodology) that they consider they have met the Gate 2 criteria.

9.8 We would review evidence submitted by Users and work with TOs and (I)DNOs to start to establish the new connections queue via the 'Gate 2 to Whole Queue' exercise.

9.9 We intend to start to issue Gate 1 offers from Q2 2025 and we are committed to issuing Gate 2 offers as soon as possible in 2025.

10 Annexes

Annex 1 – Diagrams showing the Geographic Breakdown and Names of Transmission and Distribution Connected Zones in line with the CP30 Action Plan

Transmission Network Region Code	Transmission Network Region Name	Distribution Network Region Code	Distribution Network Region Name
T1	North Scotland	D1	SSEN-SHEPD
T2	South Scotland	D2	SP Distribution
T3	North England	D3	ENWL
T4	North Wales, Mersey, Humber	D4	NPg
T5	Midlands	D5	SP Manweb
T6	Central England	D6	NGED
T7	E. Anglia	D7	SSEN-SEPD
T8	South Wales and Severn	D8	UKPN
T9	South West England		
T10	South England		
T11	South East England		

Annex 2 – Abbreviations

Abbreviation	Term
BESS	Battery Energy Storage System
BSC	Balancing and Settlement Code
BSUoS	Balancing Services Use of System Charge
CES	Crown Estate Scotland
CfD	Contract for Difference
CM	Capacity Market
CNDM	Connections Network Design Methodology
CP30	Clean Power 2030
CP30 Action Plan	Clean Power by 2030 Action Plan
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DCUSA	Distribution Connection and Use of System Agreement
DESNZ	Department of Energy Security and Net Zero
DCO	Development Consent Order

DNO	Distribution Network Operator
FMR	Final Modification Report
G2	Gate 2
G2TWQ	Gate 2 to Whole Queue
GB	Great Britain
GDPR	General Data Protection Regulation
GSP	Grid Supply Point
GW	Gigawatt
IA	Impact Assessment
INTOG	Innovation and Targeted Oil & Gas
IDNO	Independent Distribution Network Operator
KW	Kilowatt
LoA	Letter of Authority
MW	Megawatt
MOD	Ministry of Defence
NESO	National Energy System Operator
Ofgem	Office of Gas and Energy Markets
PPA	Power Purchase Agreement
QM	Queue Management

REMA	Review of Electricity Market Arrangements
SSEP	Strategic Spatial Energy Plan
SMP	Sectoral Marine Plan
STC	System Operator Transmission Owner Code
STCP	System Operator Transmission Owner Code Proposal
TMO4+	Connection Reform Code Modifications
TNUoS	Transmission Network Use of System Charge
TO	Transmission Owner

Annex 3 – Assessment of Methodologies Against Draft Licence Conditions

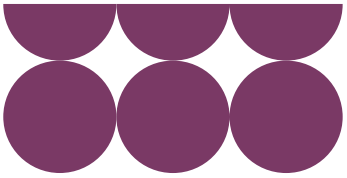
Please note that the 'Connections Criteria Methodology' is what the licence refers to the 'Gate 2 Criteria as within the licence consultation.

Methodology	Relevant License Condition	Assessment
Connections Criteria Methodology	12.2b (i) is clear, transparent, and objective;	Addressed through initial consultation version, augmented by changes as a result of consultation feedback
Connections Criteria Methodology	12.2b (ii) facilitates a net zero energy system;	Addressed through the combination of 'readiness' and 'strategic alignment' criteria
Connections Criteria Methodology	12.2b (iii) takes into consideration strategic energy plans, including the Clean Power 2030 Action Plan and subsequently the Strategic Spatial Energy Plan;	Addressed through the 'strategic alignment' criteria

Connections Criteria Methodology	12.2b (iv) takes into consideration the readiness of applicants to connect;	Addressed through the 'readiness' criteria
Connections Criteria Methodology	12.2 b (v) maintains security of supply.	Addressed through the combination of 'readiness' and 'strategic alignment' criteria and the 'protections' for projects with CfDs, CMs and planning consent
CNDM	13.3 (i) – be clear, transparent and objective	Addressed through initial consultation version, augmented by changes as a result of consultation feedback
CNDM	13.3 (ii) – enable a net zero energy system	Addressed through the combination of 'readiness' and 'strategic alignment' criteria
CNDM	13.3 (iii) facilitate an economic, consistent, efficient, sustainable and co-ordinated network	Addressed through queue formation and 'end of queue' studies, as well as links to CSNP, CP30, SSEP and network modelling assumptions
CNDM	13.3 (iv) - facilitate appropriate	Addressed through connection point and capacity reservation arrangements as well as links to CSNP and SSEP

	anticipatory investment	
CNDM	13.3 (v) - take into consideration the readiness of applicants;	Addressed through the 'readiness' criteria
CNDM	13.3 (vi) ensure safety and security of supply;	Addressed through the combination of 'readiness' and 'strategic alignment' criteria and the 'protections' for projects with CfDs, CMs and planning consent
CNDM	13.3 (vii) align with the obligations of the ISOP and electricity system operators in the Electricity Act 1989, licence, CUSC and STC.	Addressed throughout CNDM
Project Designation Methodology	14.8(a)is clear, transparent, and objective;	Addressed through initial consultation version, augmented by changes as a result of consultation feedback
Project Designation Methodology	14.8(b)effectively assesses applicants and CUSC Users against the	Addressed through initial consultation version, augmented by changes as a result of consultation feedback

	Designation Criteria;	
Project Designation Methodology	14.8(c) maintains security of supply;	Addressed through 'critical to security of supply' designation category
Project Designation Methodology	14.8(d)considers the impact on the interest of consumers;	Addressed through combination of issue of NESO Notice for categories A to C (setting out NESO's system needs), as well as assessment criteria for each category
Project Designation Methodology	14.8(e) enables innovation and facilitates competition in electricity markets;	Addressed through category D in particular but also categories B and E
Project Designation Methodology	14.8(f) takes into consideration strategic energy plans, including the Clean Power 2030 Action Plan and subsequently the Strategic Spatial Energy Plan.	Addressed through categories D and E



Annex 4 – Consultation Outputs Against Draft Licence Conditions

Consultation Output	Licence Condition	Location in this report
Consultation Period 2nd November – 5th December 2024	E12.9, E12.10, E.13.9, E13.0, E.14.13, E.14.14 5	N/A
Submission of Methodologies for approval	E12.11, E12.12, E13.11, E13.12, E.14.15 20	Methodologies submitted alongside this report. Links are in Annex 7 of this Report
Sharing of Consultation Responses with Ofgem	E.12.11, E.12.12, E13.11, E13.12, E.14.15, E.14.16	Full confidential and non-confidential responses were shared with Ofgem on 5th December 2024
Detailed explanation of consultation process and summary of responses	E.12.12, E13.12, E14.16 20	Section 4 of this Report. Individual sections of this report (5-9)
Assessment of how the methodologies (x3) better facilitate objectives	E13-13 13.2 E.12.12, E13.12, E.14.16	Annex 3 of this report

1) **Project must meet the Gate 2 Readiness Criteria (See Sections 4 and 5 for more detail) either through LAND** or **PLANNING**

LAND (see Section 4)	**PLANNING (see Section 5)**
• Meet Minimum acreage requirements (or Offshore equivalent as set out in Section 4.1a); and • Provision of Original Red Line Boundary for site on which project is located; and • Secured Land Rights	• Submission of (and validation of) application for planning consent for projects following the Development Consent Order (DCO) process. Note that we would expect the majority of projects to evidence meeting Gate 2 Readiness Criteria through the land route as per Section 4; however, this planning alternative allows projects that follow the DCO process (including to be granted Compulsory Purchase Order powers) an alternative route to meeting the Gate 2 Readiness Criteria; and • If following the Planning route, the meeting Minimum acreage and provision of Original Red Line Boundary for site on which project is located requirements must be provided as part of evidence of meeting Queue Management Milestone M2

2) **Project must also meet <u>one</u> of the Gate 2 Strategic Alignment Criteria (See Section 6 for more detail)**

a) eligible for relevant 'protections' as set out in section 6.2; or b) aligned to the capacities within the CP30 Action Plan as described in the Connections Network Design Methodology; or c) designated as described in the Project Designation Methodology; or d) a project not within scope of the CP30 Action Plan and of a technology type listed in the table in section 6.3

3) **There will also be ongoing compliance requirements (See Section 7 for more detail)**

Once a project has met the Gate 2 Criteria and the User has signed the Gate 2 Offer, there will be ongoing compliance requirements regarding the land and planning. These obligations are set out in CUSC Section 16 and expanded on further in the Queue Management Guidance. However, Embedded Power Stations' Queue Management Milestones and ongoing land compliance requirements will continue to be managed by DNOs or Transmission Connected iDNOs.

If following the Planning route to meeting the Gate 2 readiness criteria, the ongoing land compliance requirements will apply from when the User has met Queue Management Milestone M2.

Annex 6 – Submitted Methodologies and Updated Impact Assessment

Links to the updated methodologies (and Impact Assessment) submitted to Ofgem can be found here:

Gate 2 Criteria Methodology

Connections Network Design Methodology (CNDM)

Project Designation Methodology

Impact Assessment