



Consultation Response

**Policy Consultation on
Required Licence
Changes**

January 2025

About us

Since 1978, Solar Energy UK has worked to promote the benefits of solar energy and to make its adoption easy and profitable for domestic and commercial users. A not-for-profit association, we are funded entirely by our membership, which includes installers, manufacturers, distributors, large-scale developers, investors, and law firms.

Our mission is to empower the UK solar transformation. We are catalysing our members to pave the way for 70GW of solar energy capacity by 2035. We represent solar heat, solar power and energy storage, with a proven track record of securing breakthroughs for all three.

Respondent details

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Introduction

We broadly agree that these licence changes are necessary to facilitate the policy intent of the reformed Connections Process.

We agree that adopting the proposed Code Modifications with the minimum necessary changes to the Licence is a sensible approach. However, the Gate 1 Agreements offer no real benefits to connecting parties, making the term “connection agreements” misleading. An exception is the “Gate 1 Agreements with Reservation,” which provide the advantages of Gate 2 Agreements with fewer obligations. These should be the only form of Gate 1 Agreement available, while other parties should be informed they are not eligible for a grid offer. This would improve industry and public understanding of the connection reforms.

The Licence should not directly reference the Clean Power 2030 Action Plan, as it may be superseded, or its purpose extended beyond 2030. Crucially it does not hold any special legal status. Instead, the Licence should define the types of external documents NESO can rely on and clarify any criteria for their use, particularly in cases of conflict with Ofgem’s duties or consumer interests. At present, Ofgem has not clarified the legal status of the Clean Power 2030 Action Plan within independent regulation, creating uncertainty that could undermine competition and investor confidence. Questions remain about whether the Secretary of State could use the plan to direct network investments or influence regulatory decisions, which should not be possible without legislative changes. Ofgem should reaffirm the boundary between its independent regulatory role and government influence to maintain clarity and confidence in the regulatory framework.

We also believe that Ofgem should provide clarity on the purpose of project designation. While the proposed Licence changes include objective criteria, concerns remain about the Designation Methodology. The consultation states that project designation aims to prioritise projects critical to security of supply and those offering consumer, Net Zero, economic, or societal benefits. However, the proposed Licence criteria do not mention economic or societal benefits. Ofgem should confirm whether NESO is permitted or required to consider these factors. Since such benefits are difficult to quantify and subjective, decisions on prioritisation should be made by the Government and supported by legislation rather than NESO.

Consultation Questions

Proposed Electricity System Operator Licence Conditions

General approach to changes to the Electricity System Operator licence

1. Do you agree that licence changes are necessary to adequately facilitate the policy intent of the reformed Connection Process, if it is approved? Please provide the reasons for your answer.

Yes.

The NESO's proposed code modifications depend on methodologies that would necessitate changes to the license, rather than being incorporated into the CUSC.

2. Do you agree with the approach summarised in paragraphs 3.2 to 3.8? Please provide the reasons for your answer.

We agree that adopting the proposed Code Modifications with the minimum necessary changes to the Licence is a sensible approach.

However, we note that the proposed Gate 1 Agreements do not offer any tangible benefits to connecting parties, such as a firm or prioritised connection date, connection location, or queue position. In this context, we find it misleading to label Gate 1 Offers as "connection agreements."

The exception to this is the "Gate 1 Agreements with Reservation," which, as we understand, provide all the benefits of Gate 2 Agreements while imposing significantly fewer obligations (e.g., no Queue Management Milestones or Securities).

We believe that "Gate 1 Agreements with Reservation" should be the only form of Gate 1 Agreement available, and other parties should be informed that they are not eligible for a grid offer at this time.

This approach, in our view, would provide greater clarity to the industry and the general public, fostering a better understanding of the purpose and implications of these connection reforms.

3. Do you agree that we have considered all relevant areas of the licence which might need modifications, and that we have proposed changes in relation to all relevant matters?

If there are areas we need to consider further, please specify. Also, please specify any matters that we have addressed but which you do not think should be relevant. Please provide the reasons for your answer.

No comment

Section A: Definitions and Interpretation

Condition A1:

4. Do you agree that the new definitions as set out in paragraphs 3.12 to 3.19 and draft legal text in condition A1, as set out in Annex A, are necessary to and adequately facilitate the policy intent of the reformed Connection Process? Please provide the reasons for your answer and any alternative suggestions if you disagree.

Paragraph 3.12:

We do not believe the Licence should directly reference the Clean Power 2030 Action Plan, as this document could soon be superseded by others, such as the Strategic Spatial Energy Plan, or its purpose could be altered to extend plans to 2035, 2040, or another timeframe (notably, the 2030 plan already includes capacity caps for 2035). Moreover, we do not consider the Clean Power 2030 Action Plan to hold any special legal status compared to other past or future plans issued by the Government across various policy areas.

Instead of explicitly referencing the Clean Power 2030 Action Plan, we believe the Licence should define the types of documents from external parties that NESO is permitted to rely upon when implementing its Methodologies.

Furthermore, it is essential to establish whether there are criteria or requirements for the external documents NESO may rely upon. For instance, how should NESO address potential conflicts between such documents and Ofgem's duties or the interests of consumers?

At present, it is unclear how Ofgem interprets the legal status of the Clean Power 2030 Action Plan within the framework of legislation governing independent regulation, particularly as this issue has not been addressed in the consultation. This lack of clarity risks undermining competition and investor confidence, as it leaves

industry participants uncertain about which aspects of energy policy and regulation fall under Ofgem’s independent oversight and which are subject to the discretion of the Secretary of State.

For instance, could the Secretary of State use the Clean Power 2030 Action Plan to direct network investments by Transmission Owners, influence network company price controls, modify the Energy Price Cap, or prioritise projects developed by specific types of companies? We believe the answer to these questions is no, unless the Government introduces legislation to repeal independent regulation in these areas.

That said, we did not anticipate that Ofgem would consider it appropriate, under the current regulatory framework, for the Secretary of State to dictate the capacity mix, as appears to be happening via the Clean Power 2030 Action Plan. We believe Ofgem should reaffirm its interpretation of the boundary between its role as an independent regulator and the powers of the Secretary of State to ensure clarity and confidence in the regulatory framework.

5. Do you agree that no changes are required to the existing definitions in condition A1, asset out in Annex A, and that the proposed new changes are enough? Please provide the reasons for your answer and identify any changes you consider to be needed.

No comment

Condition B3: Conduct of ISOP Business

6. Do you agree this clarification in paragraph 3.21 and proposed text in condition B3, as set out in Annex A, is required? Please provide the reasons for your answer.

Yes, the allocation process is evidently both biased and inequitable. As such, we agree that amendments to the Licence will be necessary.

Condition C11: Requirements of a Connect and Manage Connection

7. Do you agree with the policy intent behind the changes we are proposing that these types of “full” offers will only be made to the “non-gated” applications or

“Gate 2” applications?

Please provide the reasons for your answer.

Yes, please note the concerns noted above

8. Do you agree that proposed text in condition C11, as set out in Annex A, gives appropriate effect to the policy intent?

Please provide the reasons for your answer.

No comment

Section E: Industry Codes and charging

Condition E2: Connection and Use of System Code (CUSC)

9. Do you agree with the policy intent behind the changes we are proposing in paragraphs 3.28 and 3.29?

Please provide the reasons for your answer.

No comment

10. Do you agree that proposed text in condition E2, as set out in Annex A, gives appropriate effect to the policy intent? Do you think any further changes would be appropriate?

Please provide reasons for your answer

No comment

Condition E12 (New): Connection Criteria Methodology

11. Do you agree with the proposal for the licensee to create and maintain the Connections Criteria Methodology as in paragraphs 3.30 and 3.34?

Please provide the reasons for your answer.

No comment

12. Do you agree with the objectives and scope of the Connection Criteria Methodology as in paragraphs 3.32 and 3.33, respectively?

Please provide the reasons for your answer.

No comment

13. Do you agree that the new condition E12, as set out in Annex A, provides the right level of governance and industry engagement to ensure that the Connections Criteria Methodology is developed and modified in a robust manner?

Please provide a reason for your answer

To maintain investor confidence, we believe the Methodologies should be integrated into the CUSC.

Even if Ofgem does not support full integration, we consider it crucial that certain elements of code governance are applied—most notably, allowing industry stakeholders the opportunity to propose Alternatives for Ofgem’s consideration.

Given the complexity of the Methodologies, it is likely that industry participants will identify issues that NESO chooses not to address in its proposals. In such instances, we believe it would be valuable to establish a mechanism enabling the industry to present Alternatives for Ofgem’s review.

One potential solution could be to set a threshold whereby a CUSC Party must secure the support of 25–50 other CUSC Parties for an Alternative to be submitted to Ofgem alongside NESO’s proposed Methodology.

Condition E13 (New): Connection Network Design Methodology

14. Do you agree with the objectives of the Connections Network Design Methodology as in paragraph 3.38?

Please provide the reasons for your answer.

No comment

15. Do you agree with the scope of the Connections Network Design Methodology as set out in paragraph 3.35 and 3.37 is aligned with the TMO4+ connection reform process?

Please provide the reasons for your answer.

No comment

16. We have kept the licence change broad for ‘preparing offers’ as in paragraph 3.37. Should we be more specific with the scope to include further description in the

licence that it will determine the queue order, study applications and assess the infrastructure required to enable/prepare offers to enter into a “Gate 2” agreement?

Please provide the reasons for your answer.

No comment

17. Do you agree that the proposed addition of conditions E13 , as per Annex A, and in this section provides the right level of governance and industry engagement to ensure that the Connections Network Design Methodology is developed and modified in a robust manner?

Please provide the reasons for your answer.

No.

Please see response to question 13.

Condition E14 (New): Project Designation Methodology

18. Do you believe the NESO should be able to designate projects for prioritisation in the circumstances as specified in paragraph 3.42?

Please provide the reasons for your answer.

We believe that Ofgem should provide clarity on the purpose of project designation.

While we support the objective criteria outlined in the proposed Licence changes, we have several concerns regarding the proposed Designation Methodology, as detailed in our response to that consultation.

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

However, the criteria for Project Designation in the proposed Licence do not include economic and/or societal benefits. We believe Ofgem should clarify for the industry whether NESO’s Licence allows or requires NESO to differentiate between projects based on NESO’s assessment of their economic and/or societal benefits.

Such benefits are inherently difficult to quantify and open to subjective

interpretation. If decisions to prioritise projects based on perceived economic and/or societal benefits are to be made, we believe this responsibility should lie with the Government and be supported by appropriate legislation.

19. Do you agree that the NESO should only be able to designate projects after a period of consultation as in paragraph 3.43, for existing agreements also in the first application window?

If not, please explain your reasoning, along with alternative suggestions if appropriate.

Yes.

We believe this is a suitable safeguard, in line with the significant powers NESO is taking on to prioritise certain types of projects within the grid queue.

20. Do you agree that the proposed additions of conditions E14, as set out in Annex A, provide the right level of governance and industry engagement to ensure that the Project Designation Methodology is developed and modified in a robust manner?

Please provide the reasons for your answer.

No. Please see response to question 13.

Condition E15: Requirement to offer terms

21. Do you agree that the proposed additions of conditions E14, as set out in Annex A, provide the right level of governance and industry engagement to ensure that the Project Designation Methodology is developed and modified in a robust manner?

Please provide the reasons for your answer.

No.

As outlined in our response to question 2, we believe it is misleading to describe a Gate 1 Agreement without Reservation as a connection agreement, as it provides no tangible benefit to the connecting party.

We consider it clearer to state that any project not qualifying for a Gate 1 Agreement with Reservation or a Gate 2 Agreement will not receive a grid offer.

22. Do you agree that 6 months as mentioned in paragraph 3.59 to provide an offer once the application window closes is adequate? Do you agree with our proposed option regarding timing for the NESO to make offers, or do you prefer any of the alternative options set out in paragraph 3.60? Are there any other options we should be considering? Please provide the reasons for your answer and suggest alternative.

Please provide the reasons for your answer and suggest alternative.

No comment

23. Do you agree with our proposed approach of specifying which type of applications get which type of offers as in paragraphs 3.52 to 3.55? Does this cover all type of applications?

Please provide the reason for your answer and mention if any type of applications is not captured in here.

No comment

24. Do you agree that the proposed legal text in condition E14, as set out in Annex A, meets the policy intent above?

Please provide the reasons for your answer.

No comment

Proposed Electricity Transmission Standard Licence Conditions

General approach to changes modification of the Electricity
Transmission Standard Licence Conditions

25. Do you agree with our approach mentioned in paragraphs 4.1 to 4.3?

Please provide the reasons for your answer.

No comment

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

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

No comment

Section D: Transmission Owner Standard Conditions

Condition D1: Interpretation of Section D

27. Do you agree that the proposed legal text in condition E14, as set out in Annex A, meets the policy intent above?

Please provide the reasons for your answer.

No comment

28. Do you agree that the proposed text in SLC D1, as set out in Annex B, meets the policy intent?

Please provide a reason for your answer.

No comment

29. Do you agree that the proposed text in SLC D1, as set out in Annex B, meets the policy intent?

Please provide a reason for your answer.

No comment

Condition D4A: Obligations in relation to offers for connection etc. (Transmission Owners)

30. Do you agree with the policy intent and the rationale described in the paragraphs 4.6 to 4.10, in respect of the changes to SLC D4A.1, in the consultation document?

Please provide a reason for your answer.

No comment

31. Do you agree with the proposed changes to the text of SLC D4A.1, as set out in Annex B?

If you disagree or partially agree, please provide a reason for your answer.

No comment

D4A.2- New proposed Paragraph 2 – requirements to offer terms requirements to offer to enter into agreement with the ISOP and provisions for that offer

32. Do you agree with the policy intent and the rationale described in the paragraphs 4.6 to 4.10, in respect of the changes to SLC D4A.1, in the consultation document?

Please provide a reason for your answer.

No comment

33. Do you agree that the proposed changes to the text of the new paragraph 2 of SLC D4A, as set out in Annex B, effectively facilitate the policy intent?

Please provide a reason for your answer.

No comment

D4A.2, D4A.3, D4A.4, D4A.5- Proposed paragraphs 3, 4, 5 and 6 (formerly paragraphs 2, 3, 4 and 5)

34. Do you agree with the policy intent described in paragraph 4.17, in respect of the changes suggested in paragraphs 2, 3, 4 and 5, now amended to become paragraph 3, 4, 5 and 6, of SLC D4A, in the consultation document?

please provide a reason for your answer.

No comment

35. Do you agree that the proposed changes to the text of the amended paragraph 3, 4, 5 and 6 of SLC D4A, as set out in Annex B, effectively facilitate the policy intent?

Please provide a reason for your answer

No comment

36. Do you agree with the policy intent and the rationale in respect of the proposed changes to SLC D16 as described in paragraphs 4.19 to 4.23, in the consultation document?

Please provide a reason for your answer.

No comment

**37. Do you agree that the proposed changes to the text of SLC D16, as set out in Annex B, effectively facilitate the policy intent?
Please provide a reason for your answer.**

No comment

New Condition D18: Requirements to comply with connection network design methodology for Use of System and connection (Transmission Owners)

**38. Do you agree with the policy intent behind the proposed new licence condition as explained in paragraphs 4.24 to 4.26, in respect to the proposed SLC D18, in the consultation document?
Please provide a reason for your answer.**

No comment

**39. Do you agree that the proposed text gives appropriate effect to the specific policy intent, as detailed in Annex B?
Please provide a reason for your answer.**

No comment

Section E: Offshore Transmission Owner Standard Conditions

Condition E17: Obligations in relation to offers for connection etc. (Offshore Transmission Owners)

**40. Do you agree with the policy intent and rationale in respect of the changes proposed to SLC E17, in paragraphs 4.28 to 4.34, in the consultation document?
Please provide a reason for your answer.**

No comment

**41. Do you agree that the proposed changes to the text in SLC E17, as set out in Annex B, effectively facilitate the policy intent?
Please provide a reason for your answer.**

No comment

New Condition E25: Requirements to comply with connection network design methodology for Use of System and connection (Offshore Transmission Owners)

43. Do you agree that the proposed text of the new condition, as detailed in Annex B, gives effect to the policy intent?

Please provide a reason for your answer.

No comment

Distribution Standard Licence Conditions – Policy Intent

Chapter 1: Interpretation and application

Condition 1: Definitions for the standard conditions

44. Do you agree that changes are likely be required to some of the definitions within licence condition 1?

Please provide a reason for your answer.

The biggest issue is that the proposals completely overlook the existing queue. While the document discusses aligning to the DNO queue and suggest that new DNO connections include a clause tying final connection dates to gated Transmission Owner (TO) outcomes which we are supportive of, this only applies to new applications.

Without extending this process to existing applications, the entire system risks breaking down.

Example:

Imagine a DNO queue with sites numbered 1 to 5:

- In the gated process, site 5 qualifies for Gated Acceleration, but sites 1-4 do not.
 - However, site 5 is unable to progress because it is blocked by perceived DNO network reinforcement requirements caused by sites 1-4.
 - Even though site 5 is ready to connect and has been assigned a fast
-

transmission date, it remains stuck because the necessary reinforcement won't occur—sites 1- 4 lack TO dates and cannot connect.

This type of situation is likely to occur frequently.

Chapter 2: General obligations and arrangements

Condition 4: No abuse of the licensee's special position

45. Do you consider any modifications to licence condition 4 are required? Please provide a reason for your answer.

No comment

Chapter 4: Arrangements for the provision of services

Condition 12: Requirement to offer terms for Use of System and connection

46. Do you agree with the policy intent to modify licence conditions 12.1 and 12.4 under both scenarios? Please provide a reason for your answer.

No comment

Condition 19: Prohibition of discrimination under Chapters 4 and 5

47. Do you agree with our view that no changes to licence condition 19 are necessary under any of the two scenarios? If no or you partially agree, please provide the reasons for your answer.

No comment

48. If you disagree, what kind of change to the licence condition 19 do you believe is necessary? Please provide a reason for your answer.

No comment

Chapter 5: Industry codes and agreements

Condition 20: Compliance with Core Industry Documents

**50. Do you agree with the changes suggested to licence condition 20?
If no or you partially agree, please provide the reasons for your answer.**

No comment

Condition 12A: Requirement to progress User applications into the Gated Window process

51. Do you agree with the proposal to define a new licence condition 12A.1 – requirement to perform “Gate 2” checks in line with the NESO methodology? Please provide a reason for your answer.

No comment

52. Do you agree with the proposal to define a new licence condition 12A.2 – requirement to perform “Gate 2” checks in a timely manner? If so, do you consider the approach to the condition should be principles-based or prescriptive? Please provide any information / evidence you can to support your response.

No comment

New Conditions

New Conditions 12A.3 and 12A.4 – Submission of projects for transmission assessment

53. Do you agree with the proposal to define new licence conditions 12A.3 and 12A.4 – this would introduce a requirement to submit projects for transmission assessment within a timely manner? Please provide any information / evidence you can to support your response.

No comment

Proposed Electricity Transmission Special Licence Conditions

54. Do you think any Electricity Transmission Special Licence Conditions changes are required?

If you think that changes are required, please provide the reasons for your answer.

No comment

Proposed Electricity Distribution Special Licence Conditions

55. Do you think any Electricity Interconnector Standard Licence Conditions changes are required?

If you think that changes are required, please provide the reasons for your answer.

No comment

Proposed Electricity Interconnector Standard Licence Conditions

56. Do you think any Electricity Interconnector Standard Licence Conditions changes are required?

If you think that changes are required, please provide the reasons for your answer.

No comment

Proposed Electricity Generation Standard Licence Conditions

57. Do you think any Electricity Generation Standard Licence Conditions changes are required?

If you think that changes are required, please provide the reasons for your answer.

No comment
