1. Executive Summary

1.1. Waiting times in the electricity connections queue are too long, the connections rate is too slow, and the mix of generation/storage projects in the queue is misaligned with system need and is far in excess of what is needed under future demand scenarios. This is leading to inefficient network planning and risking the confidence of existing investors. New connection offer dates for generation and demand are now extending into the 2040s, reducing new investors' confidence in the connections process.

1.2. Through publication of the Clean Power 2030 Action Plan ('**CP2030 Action Plan'**),[1] the Government has outlined its intention to accelerate decarbonisation of electricity generation to achieve 95% carbon-free electricity by 2030, which the Government sees as key to accelerating to a net zero UK economy by 2050. The Government has set out a clear view of the future energy mix to 2030 and 2035, and made clear that "fundamental reform of the connections process is critical and urgent" and that without it, the projects needed to achieve Clean Power by 2030 will not connect on time.[2]

1.3. Ofgem's principal objective is to protect the interests of both current and future consumers, which includes their interests in the Secretary of State's compliance with the duties in sections 1 and 4(1)(b) of the Climate Change Act 2008 (net zero target for 2050 and five-year carbon budgets). It is our assessment that the NESO[3]-led connections reform programme (**TMO4+**) is consistent with that principal objective by, amongst other things, enabling work to rapidly decarbonise the energy system efficiently - in a manner that avoids an unnecessary overbuilding of the network at additional cost to consumers. We also recognise that decarbonisation increasingly insulates GB electricity consumers from the future risk of further fossil fuel driven price spikes and enhances security of supply and contributes towards sustainable development.

[1] Clean Power 2030: Action Plan: A new era of clean electricity
[2] See p. 65 of the Clean Power 2030 Action Plan, link above

[3] On 1 October 2024, National Grid Electricity System Operator (NGESO) was transitioned to the publicly owned National Energy System Operator (NESO). We refer to NESO in these documents for consistency but references to actions taken before 1 October 2024 should be read as NGESO.

1.4. Furthermore, Ofgem must carry out its regulatory functions in the manner it considers best calculated to further the delivery of government policy outcomes set out in the Strategic Policy Statement (‘**SPS’**).[4,5] One such policy outcome is the "significant and urgent reform of the electricity connections process so that new generation and demand projects critical to net zero can connect to electricity networks in a cost-effective and timely manner, meeting the needs of connection customers and the energy system as a whole."

1.5. We are minded-to consider that the approval of the package of reforms would be proportionate generally and consistent with our obligations under section 6 of the Human Rights Act 1998, particularly with regard to the right to peaceful enjoyment of possessions. Our current view is that the proposals are a necessary and proportionate means of seeking to address the issues outlined in this document. That is so, having regard to the seriousness of those problems, the strong public interest in addressing them and the advantages of those the proposals over other available options as an effective means of doing so. We are minded to consider that a fair balance would be struck between the relevant interests involved.

1.6. While action has been taken over the last 18 months to address the oversubscription of the connections queue, the influx of very large numbers of new projects seeking connections, combined with Government's newly confirmed position, mean that fundamental reform of the connections process is urgently needed to accelerate the rate of connections, and to support delivery of the CP2030 Action Plan.

1.7. The TMO4+ reform package would enable a new connections process that reforms the existing queue to prioritise those projects that are 1) 'ready' and 2) 'needed' under the CP2030 Action Plan,[6] and would deprioritise those that do not meet those criteria. Those deprioritised projects can then reapply in future once they consider they do meet the criteria. New projects applying to join the connection queue would also need to meet Readiness Criteria and Strategic Alignment Criteria to be eligible for a Gate 2 offer and join the Gate 2 connections queue.

[4] Strategy and Policy Statement for Energy Policy in Great Britain. See p. 15.
[5] See s132 Energy Act 2013
[6] In addition to alignment with the CP2030 Action Plan capacities, NESO's proposed Gate 2 Methodology sets out Strategic Alignment Criteria that includes designation and 'protections' for certain projects.

1.8. If approved, the reforms would lead to the creation of a rationalised connections queue, aligned with the CP2030 Action Plan. There are three key features of this:

- **Viability** – by prioritising 'ready' projects, the confirmed queue is made up of projects that are demonstrably viable and well progressed (having land rights and sufficiently progressed their planning status).

- **Needed** – projects that meet the CP2030 Action Plan, and any future strategic alignment criteria set by the Government, can more confidently retain or obtain confirmed terms and a queue position.

- **Efficiency** – the right mix of projects in the confirmed queue is preserved, with projects that drop out being replaced by projects with the same technology.

1.9. We consider this would lead to two key benefits (further benefits are highlighted throughout this package of documents):

- **More efficient network planning** – Network companies[7] would have clarity on the projects that are 'ready' and 'needed' for the 2030 and 2035 pathways as defined in the CP2030 Action Plan.[8] This would lead to more efficient network planning and build, with an estimated saving of £5 billion of notional investment costs for network build which may no longer be required. More focused, efficient network build mitigates network costs ultimately payable by consumers, and should better enable timely delivery.

- **Increased investor confidence** – New entrants would have a clear signal about what to invest in and where to locate. This should support economic growth; investors would better focus their resources on the projects that are needed by the system and allow these projects to be realised sooner. Existing projects with firm "Gate 2" offers should have increased confidence that the required network will be built and their project will be able to connect on time.

[7] By "network companies" we mean, together, the Distribution Network Operators (DNOs) and the Transmission Owners (TOs)

[8] We intend to further complement this through our ongoing end to end review of connections incentives and obligations (Connections end-to-end review of the regulatory framework | Ofgem), and through appropriate design of the RIIO-T3 price controls, to ensure the necessary network is built to deliver the rationalised queue on time.

1.10. We expect this in turn to lead to a key outcome of the reforms; the timely delivery of **connections for projects aligned with the CP30 Action Plan**. Efficiently prioritised connections means that viable projects are able to connect sooner (than would otherwise have been the case), where the system needs them, without unnecessary cost to consumers. This should better enable the efficient realisation of the CP2030 Action Plan capacities for 2030 and 2035, thereby accelerating the reduction of our reliance on fossil fuels, improving security of supply and protecting consumers from exposure to any future gas price spikes.

1.11. The process would also enable the **timely connection of demand** projects (which are all automatically deemed as 'needed') in the queue. The ability to access the power system is a fundamental interest of electricity consumers, and this coupled with the faster connection of electricity generation investment, has the potential to support economic growth.

1.12. Finally, these proposals would also deliver wider benefits. These include lowering consumer bills through cheaper generation, and reduced system costs both through avoided network build and reduced constraint costs.

Next Steps

1.13. This consultation will remain open for four weeks, until 5pm on 14 March 2025. All feedback received will be analysed and will inform Ofgem's final decisions on the TMO4+ proposals. Final decisions by the Authority are expected to be taken by the end of Q1 2025 (or as soon as possible thereafter) and will be published on Ofgem's website.