

**To: All holders of an electricity transmission and distribution licence and the holder of the electricity system operator, and other interested parties.**

**Electricity Act 1989  
Section 11A(1)(b)**

**Modification of the standard conditions of electricity system operator,  
transmission and distribution licences**

1. Each of the licensees to whom this document is addressed has a distribution, transmission or system operator licence which has been granted or treated as granted under 6(1)(b), 6(1)(c) and 6(da) of the Electricity Act 1989 (the Act).
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> gave notice on 14 February 2025 ('the Notice') that we propose to modify the following standard conditions:
  - a. Electricity System Operator Licence
    - i. Condition A1: Definitions
    - ii. Condition B3: Conduct of ISOP Business
    - iii. Condition C11: Requirement of a Connect and Manage Connection
    - iv. Condition E2: Connection and Use of System Code (CUSC)
    - v. Condition E12: Requirement to offer terms
    - vi. Condition E15: Gate 2 Criteria Methodology (new)
    - vii. Condition E16: Connection Network Design Methodology (new)
    - viii. Condition E17: Project Designation Methodology (new)
  - b. Transmission Standard Licence Conditions
    - i. Condition D1: Interpretation of Section D
    - ii. Condition D4A Obligations in relation to offers for connection etc. (Transmission Owners)
    - iii. Condition D16: Requirement of a connection and manage connection
    - iv. Condition D18: Requirements to comply with connection network design methodology for Use of System and connect (Transmission Owners) (new)
    - v. Condition E17: Obligations in relation to offers for connection etc. (Offshore Transmission Owners)
    - vi. Condition E25: Requirements to comply with Connection Network Design Methodology for Use of System and connection (Offshore Transmission Owners) (new)
  - c. Distribution Standard Licence Conditions
    - i. Condition 1: Definitions for the standard conditions
    - ii. Condition 4: No abuse of the licensee's special position
    - iii. Condition 12: Requirement to offer terms for Use of System and connection
    - iv. Condition 12A: Requirement to progress User applications into Gated Window process (new)
    - v. Condition 19: Prohibition of discrimination under Chapters 4 and 5

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<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to the Gas and Electricity Markets Authority (GEMA). The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.

vi. Condition 20: Compliance with Core Industry Documents

3. We stated that any representations on the modification proposals must be made on or before 14 March 2025.
4. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
5. We received 19 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out within the decision document available on our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk)
6. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are:
  - a. Condition E17.3 (f) of the Electricity System Operator Licence text is changed from "projects not meeting (a)-(d)" to "projects not meeting (a)-(e)"
  - b. Condition E17.3 of the Transmission Licence text is changed from "(subject to paragraph 3 and paragraph 5)" to "(subject to paragraph 3, 5 and 6)"
  - c. The definition of Strategic Energy System Plan within the Electricity System Operator licence states "pathways that NESO is permitted to rely upon.." is changed to "pathways that the ISOP is permitted to rely upon..".
  - d. Condition E25 of the Transmission Licence text should begin at paragraph 1 instead of paragraph 3.
7. The reason for any differences between the modifications set out in the Notice and the modifications reflected in the decision document is to correct minor typographical errors and address minor issues raised by stakeholders.
8. More significant changes made to the licences since the Notice are highlighted in the respective licence text. The effect of these modifications is to:
  - a. Amend the change process for the Connections Methodologies to allow the Authority discretion to remove the consultation requirement where appropriate
  - b. Establish clear timeframes on the Electricity System Operator to publish the application window notice and to provide connection offers
  - c. Confirm that no unfair commercial advantage will derive from compliant applicant and implementation of the new Connections Process
  - d. Place an obligation on NESO for the creation of a disputes process in relation to Project Designation outcomes
  - e. Reflect obligations on the Transmission and Distribution licensees as per the processes set out in the CUSC and the Connections Methodologies.
9. The specific reasons for these changes are provided in the accompanying decision document, however they are primarily driven by the feedback we received on the modifications set out in the Notice.
10. We are making these licence changes to ensure the licencing regulatory regime embeds the changes required by the TMO4+ reform package.

11. The effect of the modification(s) will be to:

Give the electricity system operator (The National Energy System Operator) more powers to manage the connection queue. It also obligates transmission and distribution licence holders and the electricity system operator to perform their licensed duties in line with the reform intent and new mechanisms created by the TM04+ reform package.

12. All changes to licence text are outlined in accompanying documents that are available under the heading 'subsidiary documents' on the same Ofgem webpage as this notice is published.

13. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules<sup>2</sup> requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(b) of the Act, we hereby modify the standard licence conditions for all electricity distribution, transmission and electricity system operator licences in the manner specified in the Decision document available on our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). This decision will take effect from 10 June 2025.

This document is notice of the reasons for the decision to modify the electricity distribution, licence and system operator licences as required by section 49A(2) of the Act.

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**Jack Presley Abbott**  
**Deputy Director – Strategic Planning and Connections**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**15 April 2025**

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<sup>2</sup> CMA70 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/655601/energy-licence-modification-appeals-rules.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf)