Call for input

# Demand Connections Reform

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This document sets out our current approach to demand connections reform and invites input on the direction of travel and the options we are currently considering.

We are working closely with government, the National Energy System Operator (NESO), and network companies to develop and deliver a coordinated package of demand connections reform. We intend to deliver this package of reform built around three pillars - Curate, Plan and Connect – to help ensure viable projects can progress to connection in a timely manner, and to enable projects of strategic importance to the UK to connect faster.

We welcome views from all interested parties on potential options that could improve the demand connections process. This document provides an update on the work underway and the direction of our regulatory response. It reflects current thinking rather than final policy positions, and we will continue to refine our approach through ongoing engagement and assessment of information provided.

# Contents

# 1. Introduction

1.1 On 6 November we published guidance to address the surge in demand connection applications experienced between November 2024 – June 2025, which exceeds even the most ambitious demand forecasts. This is a multifaceted challenge, driven by the rapid growth of data centre demand, interacting with existing constraints on network capacity and supply chains, and it risks delaying connections for other demand projects that are critical for decarbonisation and economic growth. This is not a challenge unique to Great Britain's (GB's) energy system - similar pressures are emerging internationally.

1.2 Since publishing our guidance on demand connections, we have engaged with government, NESO, network companies, industry, and international organisations to develop our approach to demand connections reform. Recent government announcements on accelerating grid connections for data centres to support AI Growth Zones, including Delivering AI Growth Zones, complements this work. Building on this, we have developed, in partnership with government and NESO, a framework to organise the actions and iterative reforms required to address this challenge: Curate, Plan, Connect.

1.3 This document provides forward guidance on the plan of work, direction of our regulatory policy response and seeks views from stakeholders on potential options to reform demand connections. This is an active and evolving area of policy development and reflects current thinking rather than final policy positions. Together with government and NESO we will continue to refine our approach, engaging with stakeholders to test, develop, and explore further options as the programme progresses.

1.4 We recognise that investors and developers in projects looking to connect to the grid are taking and managing various risks. Although policy and regulatory rules will evolve and no final decisions have yet been taken, by providing what information we can about current thinking and future work programmes, we are aiming to be clear and transparent to help them further manage and mitigate their risks.

1.5 We carry out our regulatory functions in line with our principal objective: to protect the interests of current and future energy consumers, including their interests in security of supply and the UK's net zero targets. We also have broader statutory duties, such as promoting economic growth and aligning with strategic priorities set out in the Strategy and Policy Statement. Our current assessment is that the proposed actions outlined in this document to reform demand connections are fully aligned with our principal objective and broader statutory duties.

# 2. Problem Statement

2.1 The demand connections process is currently facing three interrelated challenges:

1. **The demand queue is large and growing and contains a significant number of projects that are likely non-viable**
2. **The demand queue contains a significant number of well-progressed projects that cannot progress to connection quickly enough, due to the time required for network or generation build, and the presence of non-viable projects**
3. **There are no mechanisms to prioritise strategically important demand projects**

2.2 We therefore need a demand queue composed of viable projects which can progress to connection in a timely manner within the constraints of the energy system, which allows strategically important demand projects to be prioritised for connection if necessary.

2.3 Data centres must be central to any solutions we implement. Data centre growth has brought into sharp focus the challenges within the demand connections process. However wider electrification of the economy and the associated rise in electricity demand, would, over time, have exposed these challenges. This would have made demand connections reform unavoidable.

2.4 It is important to note that the challenges we are facing, and the potential solutions are not unique to GB. The significant growth in data centres, driven by investment in artificial intelligence and the expectations for its economic and social potential, is a global challenge. Energy systems globally are facing similar pressures: rapidly growing demand queues, unprecedented large-load connection requests, increasing operability challenges, and transitioning to a decarbonised energy system. In many markets where the integration of large loads - particularly data centres - is more advanced than in GB, system operators are already turning to demand-side reforms to manage these impacts, address technical constraints and maintain secure and efficient system operation.

2.5 Since November 2024, total contracted offers in the demand queue rose sharply from **41 GW** (17 GW Transmission, 24 GW Distribution) to **125 GW** (97 GW Transmission, 29 GW Distribution) in June 2025. For comparison, peak electricity demand in GB on 11 February 2026 was **45 GW**.

2.6 Under the Connections Reform Package (TMO4+) demand projects are only required to meet 'readiness' criteria, unlike generation, storage and interconnection projects which must be 'ready' and 'needed' under the Clean Power 2030 Action Plan. The aim of TMO4+ is to ensure ready and needed projects can access faster connection dates than would have been possible under the

former connections process. At the point of developing TMO4+, demand was not restricted based on need, given economic growth and decarbonisation ambitions. However, this has unintentionally led to what appears to be excessive growth in the demand queue.

2.7 Initial findings from NESO's Demand Queue Call for Input (CFI) suggest that a significant portion of projects in the demand queue are data centres. The CFI identified around 140 (50 GW) data centres, the majority of which are likely to receive a Gate 2 offer. 71 (around 20GW) data centres reported they have achieved financial commitment with Final Investment Decision (FID), indicating a significant volume of mature data centre projects in the demand queue.

2.8 We expect a significant number of projects in the demand queue to be non-viable. In the context of this document, we define these as projects as those that are unlikely to progress to connection, for example, those unable to obtain planning permission or secure FID. These non-viable projects are potentially blocking important demand projects - such as those data centres required for government's AI Growth Zones programme - from progressing to connection, whilst sending materially inaccurate signals about required network build and infrastructure investment. There are insufficient measures in place to incentivise non-viable projects to exit the connections process early enough.

2.9 In addition, the demand queue contains a significant number of well-progressed projects. The overall pace at which demand projects progress to connection in GB remains too slow, constraining the delivery of projects critical to the economy. The demand connections process should enable the economy, not inhibit it. Measures are therefore required to increase the number of connections available to enable well-progressed projects to connect.

2.10 In connecting large volumes of additional demand, maintaining system security and resilience for all consumers is essential. As the number and scale of demand connections continues to grow we will need to consider a range of options and flexible, alternative connection arrangements may be required to help maintain a secure, reliable and efficient system. Ensuring the system can accommodate this growth will require flexibility and collaboration across all parties.

2.11 The current rate of connections creates an issue for all viable demand projects, but it is compounded by the absence of any mechanism within current policy or regulatory frameworks to prioritise demand projects government identify as strategic ('strategic projects'). Government therefore sees value in introducing mechanisms to prioritise strategic projects, particularly those that create high-quality jobs and deliver significant economic benefits, to ensure they receive timely and reliable connection dates.

2.12 Our objective is to reform the demand connections process so that viable projects can secure timely connections and strategic projects can be prioritised, delivering

benefits for consumers and supporting economic growth while maintaining system security and operational integrity.

# 4. Programme Overview

## Scope of work

4.1 Working collaboratively with government and NESO we are committed to delivering demand connections reform built around three pillars:

| Curate | Plan | Connect |
|---|---|---|
| Introducing new or strengthened queue entry and membership criteria where needed to ensure viable projects progress to connection. | Supporting government's prioritisation of strategic projects and development of a strategic plan for data centres. | Developing new approaches and connection arrangements to accelerate and increase the number of connections, and maintain a secure system. |

4.2 In principle, both transmission and distribution connected demand projects are within scope of our reforms. This is intended to keep transmission and distribution reforms aligned and prevent a situation where, for example, applying reforms only at transmission level leads to an increase in the number of distribution applications.

4.3 We will continue to work with network companies and stakeholders to understand where it is appropriate for reforms to apply consistently or differently across transmission and distribution. Depending on how these reforms are designed and implemented, further decisions will be required on the treatment of embedded demand. We will ensure that any such decisions are applied in a proportionate manner.

4.4 Demand projects with an existing agreement as well as those seeking connection in the future would be considered within the scope of our proposals due to the volume of projects already in the queue. In some cases, customers may be required to meet new eligibility criteria to retain their offers. Where these criteria cannot be satisfied, offers and agreements may be subject to change.

4.5 We are also mindful that not making changes to current arrangements for demand could compound the negative effects all projects, including generation, are experiencing. We will therefore collaborate closely with NESO and others to assess the impact of these changes on the TMO4+ reformed pipeline ahead of making decisions.

## Timelines

4.6 We - Ofgem, government and NESO - are taking a phased approach to reforming demand connections, sequencing priorities to Curate now, Plan next. Our current intention is to implement reform in two phases:

**Phase 1:** Immediate measures to strengthen financial commitments to address applications from non-viable data centres in the demand queue and prioritise strategic projects.

**Phase 2:** Further measures to implement a strategic plan for data centres, alongside additional measures to strengthen project commitments and address applications from non-viable demand projects.

4.7 We expect measures under the **Connect** pillar to be implemented across both phases.

4.8 We will move at pace over the coming months to design, consult on, and implement the Phase 1 reforms, ensuring the demand connections queue does not grow further due to new applications from non-viable data centres or other non-viable projects, and ensuring network companies are able to prioritise strategic projects identified by government.

4.9 We currently consider focussing on data centres in Phase 1 is appropriate as initial evidence suggests they account for a large proportion of projects in the demand queue, far beyond forecast future need and what the system can reasonably support, and their connection requirements have large system impacts.

4.10 In parallel, we will also begin foundational work on selected Phase 2 reforms, recognising that several measures will require significant development time before decisions about whether and how to progress and implement them can be made.

4.11 Should reforms implemented under Curate and Connect prove effective in resolving the challenges we are currently facing on demand, collectively we may need to take a less stringent approach under Plan to manage and plan for data centre demand.

## Roles and responsibilities

4.12 This is a complex and multifaceted challenge which requires a whole-energy-governance approach. As such, we have established integrated Ofgem-Government-NESO programme governance to develop and assure our approach and monitor delivery.

4.13 As we move into the design and implementation of reform, Ofgem expect to lead work under the Curate pillar. We expect government will lead the Plan pillar, with Ofgem support to ensure any action is taken in alignment with our strategic

objectives. NESO will support both pillars by developing, advising on and delivering the required technical solutions. Responsibility for the Connect pillar will be shared between Ofgem, government and NESO. We expect network operators to play an important role in the implementation of reforms, particularly those under the Connect pillar, and those that will apply at distribution.

4.14 To drive this work forward, we are establishing two new industry-facing advisory groups – the Curate Advisory Group and the Connect Task and Finish Group – to shape and refine reforms under the Curate and Connect pillars respectively. These advisory groups include representatives from Ofgem, government, NESO, network companies and industry. We will contact stakeholders from network companies, trade associations and industry in the coming weeks to invite them to these groups.

4.15 In addition, we are continuing wider stakeholder engagement through the Connections Delivery Board and other established channels.

## The Planning and Infrastructure Act 2025

4.16 We recognise that now the Planning and Infrastructure Act 2025 (PIA) has been passed, we will have a choice as to whether to use those new powers or our existing ones when implementing any reforms. The PIA includes provisions enabling a relevant authority (the Secretary of State or the Gas and Electricity Markets Authority) to modify the conditions and terms of a licence, as well as the standard conditions for licences of a particular type, documents maintained in accordance with the conditions of a licence and agreements entered into pursuance of such a document. In practice this means that the power can be used to amend licences, codes, methodologies and connection agreements.

4.17 Using the PIA powers may enable us to accelerate delivery of reforms across all three pillars of Curate, Plan, and Connect. We consider that greater pace is likely to deliver real consumer benefit. This is especially true if it helps stem the growth of non-viable projects, address the current volume in the queue, enable government to prioritise strategic developments, and support the system changes required to speed up connections while safeguarding system safety and security.

4.18 Further work, including specific consultation, will be required before making any final decision to direct any changes to licences, codes, methodologies and connection agreements as set out in the PIA, and in line with wider public and administrative law duties.

## PIA and code governance

4.19 In our November guidance, we identified several areas of overlap between our policy focus, particularly reforms under Curate and Connect, and existing code modifications. As we develop these policies, it is important to assess their combined impact and consider the wider set of trade-offs. Progressing individual

proposals through the code governance process risks introducing changes that do not align with our overall policy direction or enable holistic policy assessment.

4.20 As outlined above, we currently expect the PIA to be the principal route to direct any changes to the regulatory framework for these reforms. We are therefore working closely with NESO to assess existing code change proposals and will develop them further where required as part of this programme of work.

4.21 In some cases, for expediency, we may leverage the existing code governance framework to progress code changes to help develop and frame solutions in alignment with policy intent. However, it is our current expectation that we will ultimately direct relevant code changes using PIA powers.

4.22 Delivering these reforms at pace will require collective focus and action across Ofgem, government, NESO, industry, demand customers, and wider stakeholders. Therefore, for the duration of this programme of work, where code parties and stakeholders identify the need or opportunity to raise a code modification that may interact with the these reforms, we expect stakeholders to engage early with Ofgem, NESO, government, and before any modifications are raised. This will ensure our collective resources are focused on areas of highest impact and avoid duplicative or conflicting processes that ultimately dilute our collective focused on delivering reforms at pace.

# 5. Policy Development

## Stakeholder engagement

5.1 We have engaged with a range of stakeholders from industry, particularly data centre developers, to inform our thinking on demand connection reform. We have also engaged with international organisations, including regulatory bodies and energy system operators, to learn from their experience in addressing challenges arising from a growth in data centres and other large demand projects.

5.2 In addition, we welcomed feedback on our November guidance from a range of stakeholders, including generation projects, network operators, demand projects, project developers, consultancies, local authorities, and individual respondents. Initial feedback indicates strong support for reforming demand connections, though views vary on which policies should be taken forward. A summary of suggestions received is outlined below:

| Curate | Plan | Connect |
|---|---|---|
| **Implement Gate 2 readiness criteria, such as:**<br>• Exclusive land access<br>• Development history<br>• Commercial off taker<br>• Planning requirements<br>• Original red line boundary<br><br>**Implement milestone readiness criteria, such as:**<br>• Participation in sustainability initiatives<br>• Full or outline planning consent<br><br>**Implement financial measures, such as:**<br>• User commitment fee<br>• Financial levy<br>• Auctions<br>• Review cost allocation of transmission reinforcement | • Develop a prioritisation framework for strategic projects<br>• Support for government's AI Growth Zones programme<br>• Support for government's Connections Accelerator Service<br>• Develop sectoral or whole-demand strategic plans. | • Clarify connection and high-voltage ownership rules under the Electricity Act 1989<br>• Enable the self-build of high-voltage assets<br>• Explore private wire and Independent Transmission Owner regimes<br>• Enable non-firm and ramped connections<br>• Enable co-location for existing agreements<br>• Explore the portability of power |

5.3 We intend to take forward a set of targeted reforms informed by stakeholder suggestions outlined above. These proposals were selected following an assessment of their likely impact relative to the time required for design and implementation, recognising the need to move at significant pace to deliver certain reforms.

5.4 Stakeholders also highlighted several broader issues, including the need for stronger accountability and delivery from network operators, and the importance of transparent data on the existing queue and available grid capacity. Greater transparency is seen as essential to enabling industry to focus investment where there is greater available capacity or system need, with these matters being progressed through work under the End-to-End Review.

## Data

5.5 NESO launched its CFI on the demand queue in November, targeting customers with existing transmission level demand connection agreements, as well as those with directly connected generation agreements. It Its purpose was to gather data on the queue pre-reform to ensure that reforms to demand connections are informed by accurate, up to date information.

5.6 NESO received a total of 229 responses to its CFI. The CFI identified around 140 (50 GW) data centres, the majority of which are likely to receive a Gate 2 offer. 71 (around 20 GW) data centres reported they have achieved financial commitment with FID. Responses show a clear developer appetite for alternative connection arrangements, particularly phased or ramped connections, in return for expedited connection dates. Further insights that have emerged from the responses to the CFI will be set out by NESO in due course.

5.7 We have carefully considered stakeholder feedback, international insights, and data gathered through NESO's CFI to inform our initial thinking on demand connections reform.

5.8 Throughout this reform programme, we will continue to assess the impacts of different policy interventions. We will work closely with NESO to maintain an up-to-date analytical understanding of the demand queue, ensuring our assessment of the problem and development of solutions remains robust.

5.9 NESO intend to run an additional CFI or Request for Information on the demand queue to gather the additional data required to support the development of a financial mechanism under the Curate pillar of work. We expect information gathered through this exercise to be made available to us. In addition, expect there will be a similar exercise on the distribution demand queue, and we will collect relevant data on gas network connections

## Curate

5.10 The Curate pillar of work aims to strengthen queue entry and membership requirements to ensure the queue consists of viable projects capable of progressing to connection.

5.11 In Phase 1 we intend to develop and implement a data-centre specific financial mechanism at transmission and distribution, update the securities regime for demand at transmission, and develop strengthened readiness requirements for data centres.

5.12 We intend to work closely with stakeholders on the development of these reforms through the Curate Advisory Group, the Connections Delivery Board, and other established channels. This will help ensure transparency and allow us to test and refine potential solutions. In addition, we plan to consult on the package of Curate measures across the financial mechanism and strengthened readiness requirements for data centres and an updated securities regime in spring 2026.

5.13 While data centres create distinct challenges for the demand connections process, it is essential that the system supports all types of demand project to progress towards connection. In Phase 2 we will assess evidence, data, and the case for developing a financial mechanism, such as a Progression Commitment Fee, and strengthened readiness requirements for other demand types. Our approach to Phase 2 will be set out later in 2026, and we will seek stakeholder input before progressing.

### Financial mechanism for data centres

5.14 This section outlines detail on the financial mechanisms we are currently exploring to apply to data centre connections. We intend to develop these mechanisms further to inform our minded-to position, which we will then consult on in spring. In the minded-to consultation we will explain how we have selected the preferred mechanism (that could include a combination of more than one option) and provide an impact assessment on the selected proposal.

5.15 We are currently considering three potential data centre-specific financial mechanisms, designed to meet the following objectives:

i. Deter applications from non-viable projects

ii. Encourage proactive self-termination from non-viable projects

iii. Drive timely project progression

5.16 We expect each mechanism to deliver upon these objectives to varying degrees, and to apply to new and existing data centre applications. We recognise that these vary in design and complexity, which will affect the timeline for development and implementation.

**Option 1: Refundable Deposit**

5.17 Option 1a) Deposit paid by data centres at point of application or offer acceptance, refunded in a lump sum when a specific milestone is achieved. This would deter applications from non-viable projects, and encourage proactive self-termination from non-viable projects that are already in the queue (at the point it becomes payable). In addition, this would drive timely project progression, as this must be demonstrated to receive the refund.

5.18 Option 1b) Deposit paid by data centres at point of application or offer acceptance, refunded incrementally when specific milestones are achieved. This would deter applications from non-viable projects, and encourage proactive self-termination from non-viable projects that are already in the queue (at the point it becomes payable). In addition, this option would drive timely project progression as it is refunded incrementally when specific milestones are met, thereby incentivising projects to achieve them.

**Option 2: Progression Commitment Fee (PCF)**

5.19 A deposit that would increase over time and become payable if projects fail to meet certain progression criteria and be refunded when specific a milestone is achieved, similar to the generation PCF introduced by CMP448.

5.20 This would deter applications from non-viable projects, and encourage proactive self-termination from non-viable projects that are already in the queue. In addition, this would drive timely project progression, as progression must be demonstrated to receive the refund.

**Option 3: Upfront non-refundable fee**

5.21 An upfront non-refundable fee would be paid at point of application or offer acceptance. This would deter applications and encourage proactive self-termination (at the point it becomes payable) from non-viable projects. However, as this is a non-refundable one-off payment, it would not drive timely project progression.

5.22 We expect the selected financial mechanism, alongside strengthened readiness requirements, to improve queue efficiency by ensuring it is composed of mature and committed projects.

**We invite feedback on Options 1 – 3, including reasons for agreement or disagreement, how each option meets (or does not meet) the stated objectives, any deliverability and/or operability concerns, and any additional factors we should consider in the design of a financial mechanism.**

## Updated securities regime for demand at transmission

5.23 We consider it important to have clear, consistent rules on the treatment of financial obligations and securities for demand users alongside introducing a

financial mechanism for data centres. This is important to ensure the rules drive effective behaviour and provide investor and project certainty.

5.24 We recognise that demand projects are subject to higher upfront securities compared to generation projects. There is significant stakeholder interest in this and the existing code modifications in progress (CMP417 and CM093) which we noted in our November guidance. Both code modifications seek to align liabilities and securities requirements across generation and demand so that both categories of Users are subject to the CUSC Section 15 - User Commitment Methodology. This requires generators to place securities with NESO which are reduced overtime as projects progress and achieve specific milestones.

5.25 However, the current timelines do not align to our programme and phasing for demand connections reform. To this end, we will work together with NESO to decide on the most appropriate way forward, ensuring alignment with the development of the financial mechanism and enhanced readiness requirements.

### Strengthened readiness requirements for data centres

5.26 We are considering strengthening readiness requirements for data centres to ensure only sufficiently mature projects are able to receive a Gate 2 connection offer or retain their existing queue position.

5.27 Potential strengthened readiness requirements we are considering include: evidence of broader financial project backing, outline planning permission (submission or consent received), or full planning permission or consent. These requirements could apply as Gate 2 criteria and as requirements for receiving a connection offer for distribution projects, or as progression milestones.

5.28 We will consider whether these new requirements can be implemented through amending the Gate 2 Criteria Methodology (G2CM). Demand at distribution (commonly referred to as embedded demand) sits outside the G2CM. There is a choice to be made about whether and how we implement readiness requirements at distribution, which could include amending the codes to bring them in scope of the gated process. If we consider it necessary that demand at distribution should have the same readiness requirements as at transmission, we will work with government, NESO and Distribution Network Operators to understand where these requirements best sit. How government intends for reforms under the Plan pillar to impact embedded demand is also likely to inform this.

5.29 In relation to strengthening readiness requirements to retain queue positions we will consider whether new requirements can be implemented through new and/or modified queue management milestones at transmission and distribution.

**We invite feedback on the strengthened readiness requirements under consideration, and on any additional requirements we should explore, to ensure that only sufficiently mature projects are able to receive Gate 2 offers.**

## Plan

5.30 The Plan pillar aims to ensure the demand connections process delivers timely connections for strategic projects and wider government priorities for economic growth and decarbonisation. As set out in the Industrial Strategy and Delivering AI Growth Zones announcements, government expects to introduce prioritisation mechanisms to reserve and reallocate capacity for strategic projects, and develop and designate relevant strategic plans to network companies to implement prioritisation mechanisms or manage data centre demand.

5.31 In addition, government is also considering the use of auctions in the reservation and reallocation of capacity for strategic demand.

5.32 We expect government to provide further information on its proposals under this pillar for strategic demand connections in due course.

5.33 Strategic plans can enable smarter sequencing of connections by identifying where and when capacity is needed on the network, enabling NESO to align connections queue management with regional priorities and strategic need to ensure that generation, demand and the network are delivered at the same time.

5.34 Following the full implementation of TMO4+ and the Gate 2 to Whole Queue process – which will provide Gate 2 connection offers to projects that are ready and needed - we will progress work to ensure that the connections process for generation and demand appropriately aligns with future strategic plans, such as the Strategic Spatial Energy Plan and Regional Energy Strategic Plans, There may be other plans that are designated in the future by government.

## Connect

5.35 The Connect pillar of work aims to accelerate and increase the number of physical grid connections for demand projects and operate an effective and secure system that includes increasingly large demand loads.

5.36 Reforms implemented under this pillar may also deliver benefits for generation, storage, and interconnection projects, alongside demand projects. Some of the issues under this pillar are specific to the transmission system and options currently under consideration will be implemented across both phases of reform – these options are outlined below.

5.37 We intend to develop and test these options with stakeholders through the Connect Task and Finish Group, the Connections Delivery Board, and other existing channels. In addition, we will consult before making changes to the regulatory framework any related technical code changes in spring.

5.38 We will work to ensure this package of reform supports the timely delivery of government's AI Growth Zones programme and other strategic demand projects, and aligns with broader connections reform.

5.39 We are supportive of NESO's recently launched industry engagement on technical code requirements for demand. We will ensure coordination between outputs of NESO's Demand Expert Group and work under this pillar.

## Accelerate demand connections – greater self-build, and ownership and operation of high voltage assets

5.40 We consider there is benefit in enabling demand customers to have greater ability to self-build and own connection assets, and this may bring benefits to some projects by allowing them to complete works quicker than would otherwise be the case.

5.41 We have identified several priorities and will take forward work in partnership with government, NESO, network companies, and developers. While different projects face different barriers and solutions, and not all will experience faster connection times, expanding the range of high-voltage connection options in response to market demand delivers value in its own right.

### Unclear existing legal framework

5.42 Stakeholders have reported uncertainty on whether demand projects can connect at high voltages (those over 132 kV in Scotland; 275 kV and 400 kV in England and Wales) based on existing provisions in the Electricity Act 1989. In our November guidance we noted that, in principle, demand projects are not prohibited from connecting at these voltages. The consideration lies in whether developers seek to build or own high voltage assets in GB.

5.43 We note for some projects this uncertainty interacts with offers they will be receiving in due course through the Gate 2 to Whole Queue exercise. We are working with NESO and network companies to resolve this issue.

5.44 One of the ways in which we might seek to resolve this is to provide clarification on our interpretation of the Electricity Act 1989, providing stakeholders with greater clarity and guidance on our interpretation of which activities are permitted in relation to sole-use assets.

### Greater self-build of high voltage assets

5.45 We note code modifications CMP414, CMP330&CMP374, and CM079 which are progressing through existing code modification processes. In aggregate CMP330&CMP374 introduce the policy change to enable greater self-build of transmission connection assets, while CMP414 updates the CUSC to give effect to these reforms. CM079 is the equivalent modification to ensure the System Operator Transmission Owner Code aligns with the changes made under CMP330&CMP374 and CMP414.

5.46 We will work with NESO to understand whether these proposed modifications are in the interests of consumers and whether we can accelerate the development of changes by using powers under the PIA.

**Ownership of high voltage assets**

5.47 An increasing number of projects are seeking to develop hybrid demand and generation or storage facilities which, given their scale, would require some high-voltage transmission assets. Such projects have the potential to make more efficient use of infrastructure and enable demand to operate more flexibly.

5.48 Our medium-term ambition is to introduce greater standardisation and certainty in this area, including the potential development of a dedicated Independent Transmission Owner (iTO) licence or adapting existing licensing regimes. An iTO licence could provide a more consistent framework for the governance, operation and regulation of iTOs, subject to further analysis on value and appropriateness.

5.49 Licence content will be determined on a case-by-case basis, in line with our principal objective, statutory duties, and matters including, but not limited to, maintaining an effective and secure system, protecting consumers, supporting an efficient and coordinated energy system, and meeting net zero goals, while avoiding any unnecessary costs or risks to the system.

5.50 Priorities in this area of work will support, and are additional to, the End-to-End Review's goals to ensure the connections process is as effective and efficient as possible for a changing system. This includes ensuring network companies meet the ambitious, high-quality connection dates they offer, and deliver the regulatory change required to achieve this.

## Operate an effective and secure system

5.51 As this programme of reform progresses, maintaining an effective and secure system remains fundamental to our regulatory approach. Any actions we take to reform the connections process must therefore uphold system security while supporting a changing and increasingly dynamic demand landscape. We are working with government and NESO to explore potential options in this area.

**Update technical codes and standards to maintain network integrity for all parties building or operating transmission assets**

5.52 As the economy decarbonises and more large demand loads, particularly data centres, connect to the energy system, new system operation challenges will likely arise. Working with NESO, we will update technical codes including the Security and Quality of Supply Standard and Grid Code, to uphold consistent grid design, build, operation and safety standards as the system changes. There are two drivers of focus in this area.

5.53 First, we need to ensure that technical rules and standards keep pace with the changing nature of demand on the system. We therefore support NESO's recently launched industry engagement on technical code requirements for demand through the Demand Expert Group.

5.54 Second, this work responds to wider regulatory changes under the Connect pillar of reform. Greater self-build and ownership of high voltage assets will result in a wider range of parties connecting to, and interacting with, the transmission and energy system. Some stakeholders have raised concerns about enabling greater levels of self-build, and the potential impacts of this on the system.

5.55 We consider that system impacts from self-build and ownership can be addressed by implementing targeted updates to the relevant codes and licences, ensuring any expansion of self-build occurs within a clear regulatory framework whilst maintaining system security. As part of this we will consider the opportunity to standardise infrastructure designs to ensure a future system design which is, secure, reliable, efficient, and delivers connections at pace is, within reason, accounted for today.

5.56 We intend to review and identify priorities over the course of 2026, ensuring that any proposed updates to codes and licences are informed by stakeholder engagement and aligned with broader reforms.

**Expand access to flexible connection agreements, and large demand consumer-led flexibility**

5.57 In response to our November guidance and NESO's CFI, many developers expressed interest in ramped and non-firm connections as a means of securing earlier connection dates, whilst others noted these arrangements are available should customers request them. We will work with NESO, government and network companies, to identify barriers to these connections and develop practical solutions to address them.

5.58 In addition, as the energy system and the nature of demand changes, the ability to flex demand and supply in real-time becomes essential to system operability, consumer affordability, and investment efficiency. We will work with government and NESO to identify the opportunities for large demand to contribute towards consumer-led flexibility and whether this in turn can enable faster connections.

5.59 We are considering whether these measures should be applied as conditions of connection for data centres to help manage the increasing number and scale of such projects on the system.

**We invite feedback on whether the measures we are considering under the Connect pillar are appropriate and respond to stakeholders' priorities and concerns, and the practical blockers to greater adoption of flexible, non-firm, and ramped connection agreements.**

# 6. Next steps

6.1 We are currently refining our package of Phase 1 reforms. These reforms will be tested with stakeholders through the channels outlined, and we plan to consult on them in the spring.

6.2 We invite views from interested parties on the options we are currently considering to reform the demand connections process, as well as any additional options we should explore. Please share these with connections@ofgem.gov.uk by 13 March 2026.

6.3 We intend to publish further updates throughout 2026, including ahead of commencing work on Phase 2, to ensure stakeholders remain informed on progress. In addition, we will provide regular updates on the programme to the Connections Delivery Board. Updates from the Connections Delivery Board are publicly available, and we encourage stakeholders to use them to stay informed about progress.

6.4 As this is a long-term programme of work, we will continue to consider all options to reform demand connections. We welcome stakeholder views at any point, not only in response to this publication, as ongoing engagement will be essential to shaping effective and proportionate reforms. Stakeholder insight will play a central role as we refine, test and progress this programme of work, ensuring final reforms are practical, evidence-based, and responsive to the needs of the system, its users and the economy.

# Appendix 1 – Your response, data and confidentiality

## How to respond

We want to hear from anyone interested in this call for input. Please send your response to the person or team named on the front page of this document before the response deadline.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

## Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## How to track the progress of a call for input

1. Find the web page for the call for input you would like to receive updates on.
2. Click ‘Get emails about this page’, enter your email address and click ‘Submit’.
3. You will receive an email to notify you when it has changed status.

A call for input has two stages: ‘Open’ and ‘Closed’.

## Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this call for input. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.