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14 NOVEMBER 2025

CONNECTIONS REFORM IN GREAT BRITAIN: A NEW QUEUE ON THE HORIZON?

The National Energy System Operator's (NESO) Connections Reform programme has been in planning and implementation for some time, and on the current timeframes, it is anticipated that the first Gate 2 outcomes will be known before the end of the year. However, a new issue has emerged: last week NESO launched a Demand Queue Call for Input (CFI), as a result of a "surge in demand connection applications which exceeds even the most ambitious forecasts for future demand". In conjunction with this, Ofgem published a Demand Connections Update setting out the options it is considering in accordance with its regulatory functions in order to manage this surge.

1. What is the scale of the surge?

Ofgem explains that since November 2024, the number of contracted offers in the GB demand connections queue has grown sharply, with 80 GW of new transmission connections and 5 GW of new distribution connections, bringing the total queue to 125 GW in June 2025. Ofgem has identified that data centres account for a significant share of the increase, but is concerned that there are now a number of "less viable" projects in the queue which may, if nothing is done, "crowd out those with genuine merit and block progress". The risk is clear: viable, ready-to-connect projects could be delayed, undermining timely connections, efficient network planning and broader economic and decarbonisation goals.

2. What actions are Ofgem and NESO considering?

Whilst the demand queue was included in TM04+ readiness review as part of the ongoing Connections Reform, demand was not subject to the additional 'needed' filtering criteria which are being applied to generation and storage projects. Ofgem and NESO are now considering a set of targeted interventions to: (i) curate a viable queue so that only projects that can credibly progress remain at the front; (ii) improve data quality and transparency across the queue, enabling faster connections through targeted regulatory changes; and (iii) prioritise strategically important demand connections in line with wider industrial policy.

To implement these proposed measures, Ofgem is considering reforms to the CUSC, including the following:

- **User commitment/securities (CMP417)**: CMP417 proposes extending the CUSC Section 15 "User Commitment Methodology" to all Users currently on the "Final Sums" approach (including transmission and distributed demand connections and certain DNO works). These methodologies relate to the calculation of grid securities and liability for terminating a connection agreement prior to connection or reducing capacity. This modification would replace the requirement to secure 100% of transmission spend with a staged, reducing security profile aligned to project milestones and reduce barriers to entry by reflecting more accurately the actual risk of the project as it progresses. The change aims to create a single, equitable framework for all Users, support competition, and facilitate timely connections. While this would not assist in reducing the demand queue, it would benefit credible projects by reducing their requirement for securities.

- **Progression "down payment" (CMP448)**: Ofgem has consulted on a minded-to position to approve the introduction of a Progression Commitment Fee for generation and storage projects that have accepted a Gate 2 offer and not passed the requisite milestone, and is considering a similar approach for demand connections. Should this be implemented for demand projects, the fee could act as an effective filter to incentivise the timely removal of unviable demand projects from the connections queue (as they would be unlikely to want to or be in a position to pay or post securities against the required fee). As with CMP448, this trigger could be structured to apply only if a defined trigger indicates poor queue health.

In parallel, Ofgem has clarified that high-voltage connections (above 132 kV in England and Wales) are not prohibited. Interestingly, Ofgem has flagged that due to growing interest in the ownership and operation of high-voltage assets, it is working with NESO and network companies to explore options for enabling greater participation, while considering consumer impacts, system risks and regulatory implications. One specific example of this is that Ofgem is considering the removal of the 2 km limit on self-build transmission assets. These proposals could be indicators that the regulator is open to considering market-driven solutions to accelerate connection timeframes, even at the transmission level, which could drive novel solutions currently being contemplated by a number of credible parties.

Finally, Ofgem is working to address barriers to non-firm, ramped or self-supply connection agreements, which could provide more flexible and timely access to the network. At the same time, government and Ofgem have set expectations for high quality, ambitious connection offers under Connections Reform to help deliver Clean Power 2030.

3. What actions should project developers take?

As noted above, NESO has launched a CFI and is requesting input from the entire demand queue. We would advise all project developers in the queue to participate in this CFI and make their voice heard. Responses will help improve the accuracy of queue data but will also likely inform Ofgem's and NESO's next steps on policy and process. NESO is contacting relevant customers directly. If you believe you qualify but have not received NESO's email, you should contact transmissionconnections@neso.energy. Responses are due by 5pm on 5 December 2025.

A well-evidenced submission can help ensure a project's maturity and timelines are correctly reflected, reduce the risk of affecting a project's position in the queue, and identify opportunities to accelerate connection.

If you need advice on the potential impact of the regulatory changes under consideration, your eligibility to participate in the CFI, preparing responses and/or developing a strategy to address the CFI questions without negatively impacting your queue position, our team at Slaughter and May is ready to assist.

CONTACTS

Daniel Mewton
PARTNER

T: 020 7090 5909

E: daniel.mewton@slaughterandmay.com

Enrique Fajer
ASSOCIATE

T: 020 7090 3458

E: enrique.fajer@slaughterandmay.com

Kathryn Emmett
HEAD OF IEN KNOWLEDGE

T: 020 7090 4640

E: kathryn.emmett@slaughterandmay.com