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for energy consumers

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05 June 2025

Dear Robyn,

**Request for an extension to the period for issuing an offer in respect of connections to the electricity transmission network: Consent pursuant to paragraph 6 of the Electricity System Operator Licence E12 (Requirement to offer terms)**

**Background**

The company previously known as National Grid Electricity System Operator Limited ("NGESO") held a licence under section 6(1)(b) of the Electricity Act 1989 (the "Act") to transmit electricity ("The Transmission Licence").

Under paragraph 3 of the standard licence condition C8 (Requirement to offer terms) ("SLC C8") of the Transmission Licence, NGESO was required to offer to enter into a bilateral agreement and/or a construction agreement relating to connection or modification to an existing connection. Paragraph 5 of SLC C8 required NGESO to offer terms in accordance as soon as practicable and not longer than the periods set out in paragraph 7b, that is:

*"In the case of persons seeking a bilateral connection agreement or a construction agreement (and seeking to become a party to the CUSC Framework Agreement if not already a party, in connection with such agreements), 3 months."*

The exception to this position is where the Authority<sup>1</sup> consents to a longer period.

In July and August 2024, NGESO sought the Authority's consent to a longer period than three months. However, as of 1 October 2024, the shareholding in NGESO was transferred to public ownership, the company became the designated Independent System Operator and Planner and was renamed National Energy System Operator Limited ("NESO"). Further, pursuant to a direction made by the Secretary of State on 12 September 2024 under section 167 of the Energy Act 2023, NGESO's Transmission Licence was designated as an Electricity System Operator Licence.<sup>2</sup> As of 1 October 2024, the shareholding in NGESO was transferred to public ownership and the company was renamed National Energy System Operator Limited ("NESO"). Further to this, on 24 October 2024, NESO made another request for an additional batch of six connection applications

To that end, while this letter relates to connection requests received by both NGESO and NESO under the Existing and new Licences, NESO is responsible for obligations accrued under the Transmission Licence which in this case continue under the Electricity System Operator Licence under condition E12. The relevant timeframe for NESO to offer terms remains at three months, except where the Authority consents to a longer period.<sup>3</sup>

### **Requests from NESO**

On 26 July and 13 August 2024, NGESO (now NESO) advised the Authority that it had identified two batches of, respectively, thirty-one and twenty-one connection offers (fifty-two in total) for which it did not expect to meet the requirements of SLC C8. Subsequently, on 24 October 2024, NESO made another request seeking Authority consent to a longer period for an additional batch of six connection applications, than those specified in paragraph 10 of condition E12. This request makes it a total of 3 batches of fifty-eight.

We noted that 9 of the fifty-eight connections offers in Table 1 below had already passed their due dates before the Licensee contacted the Authority in respect of an extension. Table 1 explains the offer due dates, the proposed new date and when NESO sent their requests.

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<sup>1</sup> References to "Ofgem", "the Authority", "we", "us" and "our" are used interchangeably in this letter. The Authority is the Gas and Electricity Markets Authority. Ofgem is the Office of the Authority.

<sup>2</sup> [ESO Licensing Direction and Licence Terms and Conditions \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/eso-licensing-direction-and-licence-terms-and-conditions).

<sup>3</sup> Refer licence condition E12.10(b) of NESO's Independent System Operator Licence

**Table 1 Past Current Offer Date before Extension Requests**

<b>S/N</b>	<b>Application Number</b>	<b>Initial offer due date</b>	<b>Proposed New Offer date</b>	<b>Date of Extension request</b>
1	APP-003676	22/06/2024	07/11/2024	13/08/2024
2	APP-03608	27/06/2024	31/08/2024	26/07/2024
3	APP-003786	02/07/2024	31/08/2024	26/07/2024
4	APP-004045	15/07/2024	07/11/2024	13/08/2024
5	APP-003545	29/07/2024	07/11/2024	13/08/2024
6	APP-004072	02/08/2024	07/11/2024	13/08/2024
7	APP-002000	02/07/2024	07/11/2024	13/08/2024
8	APP-003559	02/10/2024	10/12/2024	24/10/2024
9	APP-004628	02/10/2024	12/12/2024	24/10/2024

The extension requests from NESO received by Ofgem on the 26 July, 13 August and 24 October 2024 are listed in Table 2, Table 3 and Table 4 respectively, provided in Annex B. NESO has explained that the delays in identifying the offers were driven by:

- NGESO IT System: delays and temporary lapses in the automatic sending of notifications to the relevant Transmission Owner (TO) that an application has reached its 'Clock Start' date. All three onshore TO's have been impacted by this issue;
- confirmation from the TO that the application was Technically Effective was not actioned in accordance with NESO internal process;
- customer quoting incorrect reference number on their payment and the finance team being unable to match the payment with correct invoice;
- the payment of the application fee not being correctly identified upon receipt of the payment;
- not allocating payments to correct invoices;
- the date exchange between the finance team and the applications processing team to advise of payments received has been incomplete; and
- deviation from established process steps, tasks and actions.

In accordance with SLC C8 (now condition E12 of the Electricity System Operator Licence), NESO was due to issue the identified offers in the period ranging from 22 June to 10 December 2024. Instead, NESO requested our consent to grant specific extensions to the 3-month deadline set out condition 12 as detailed in Table 1, Table 3 and Table 4 in Annex B.

## **Issues with Making Extension Request after Past Offer Due Dates**

The Authority has observed that the timeframe for making 9 connection offers had already expired before NESO sought an extension from us. In our consent to the extension batch of 3 connection offers dated 23 May 2024<sup>4</sup>, we set out our expectations going ahead that *"we expect the Licensee to be more proactive and make requests for extensions before the due date elapses"*. However, we note that this has not been adhered to, and 9 connection applications as shown in Table 1 above had passed their due dates before the extension requests were made.

We have observed a concerning trend in previous and recent extension requests from NGESO where some connection applications have missed their offer due dates before the extension requests were submitted to us.

During the period from February 2022 to August 2024, we received eleven extension requests, comprising a total of 110 applications. Of these 110 applications, 16 missed their offer due dates before submitting the extension requests. The most common recurring reason for these delays is the payment identification problems, also cited in these requests. While we understand the necessity of extensions in certain situations, we want to clarify that we will consider granting extensions to any connection application whose offer due dates have already passed only in exceptional circumstances.

## **The Authority's Decision**

The Authority has reviewed the requests and has decided to reject extending the 9 expired connection offers but approves the extension of 49 connection offers that remained valid before the requests were made. The consent to an extension of the timescales set out in condition E12 of the Electricity System Operator Licence by the requested extension times are detailed in Table 2, Table 3 and 4 in Annex B.

NESO submitted their request within the required timeframe and has adequately explained the need for an extension regarding the 49 connection offers; we consider these extensions proportionate and will facilitate NESO in providing the expected high-quality offers to these customers.

In making this decision, the Authority notes that NESO has provided an outline of measures that it is taking to reduce the risk of similar delays occurring again in the future by actively reviewing its processes to streamline and improve them, including introducing new control measures or enhancing those already in place. These include:

- NESO Connections Application Team manually sending 'Clock Start' notifications to TO's, until system issue is resolved.

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<sup>4</sup> [Authority consent to extension to batch of 3 connection offers.pdf](#)

- NESO IT issues identified and fixed for NGET and SSEN-T; Investigations ongoing with SPT.
- A meeting between NESO's Order to Cash (OTC) and the NESO Connections Applications Team, to ensure clarity and understanding on the processes, tasks and responsibilities of each team.
- NESO Connections Applications Team sharing additional data to OTC that may help identify unallocated payments.
- Providing additional support and training for the connection's applications processing team to address the departure from established processes.
- 'Clock Start' performance and adherence discussed in weekly Connections Applications Team meeting, to maintain focus and clarity of impact
- Introduction of new control measures or enhancing those already in place, where needed such as: New staff and contractors were hired to support the Connections Applications Team and address workload demands. A small, dedicated team within the NESO Product Team was established for IT incident resolution and necessary changes; third-party consultancy support was acquired to review the connections application process for improvements.

We acknowledge that these measures should lead to improved performance, however, incomplete implementation of these measures as of the date of this letter is concerning. We expect full implementation as soon as possible to avoid future recurrences. The Authority will continue to carry out compliance monitoring and performance reviews of the Licensee under its incentive framework reporting. National Grid Energy System Operator (NGESO) has transitioned to become National Energy System Operator (NESO), we expect continuous improvement in NESO's measures to minimise these delays.

The Authority wishes to emphasise the importance of adherence to the requirements of the Electricity System Operator Licence.<sup>5</sup> We expect that proactive measures will continue to be implemented to avoid encountering the same issues that necessitated these extension requests in the future.

Annex A to this letter contains the Authority's consent, pursuant to condition E12 of the Electricity System Operator Licence, to extend the required timescales for the Licensee to issue the connection offers listed in Table 2, Table 3 and 4 in Annex B to the customers by the requested extension times. Annex B contains details on the specific connection applications for which the requested extensions are being granted or rejected.

Unless the context otherwise requires, words and expressions used in the Licence shall bear the same meaning in this letter and the annexes to it.

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<sup>5</sup> [ESO Licensing Direction and Licence Terms and Conditions](#)

This letter constitutes notice of the reasons for our decision pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989.

Yours sincerely,

Neal McLaughlin

**Head of Policy Implementation - Electricity Connections Team**

Signed on behalf of the Authority and authorised for that purpose.

**Authority Consent**

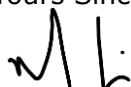
**Consent pursuant to paragraph 6 of condition E12 of the Electricity System Operator Licence granted to National Energy System Operator Limited ("the Licensee") under section 6(1)(da) of the Electricity Act 1989 ("the Licence") to consent to the extension of the timescales within which the Licensee must issue an offer under standard licence condition E12.**

In exercise of the power conferred upon it by paragraph 6 of condition E12 of the Licence, the Authority hereby grants its consent to the Licensee such that the Licensee shall make an offer to the connectees identified to the Authority as soon as practicable. The consent to an extension of the timescales set out in condition E12 of the Electricity System Operator Licence by the requested extension times are detailed in Table 2, Table 3 and 4 in Annex B. We have specifically stated exceptions to this consent in Table 2, Table 3 and 4 in Annex B where certain requests are labelled "rejected".

The reasons for our decision to grant or reject consent are set out in the letter to which this Consent is attached.

This Consent shall take effect from 05 June 2025 and shall continue until revoked, amended, or replaced by the Authority.

Yours Sincerely



Neal McLaughlin

**Head of Policy**

Office of the General Counsel

Signed on behalf of the Authority and authorised for that purpose.

**Annex B****Table 2. List of extensions requested for connection applications received on the 26 July 2024 and the Authority's consent, pursuant to paragraph 6 of the Electricity System Operator Licence E12 (Requirement to offer terms)**

Connection Application	Application number	Initial Offer Due Date	Requested Extension to Offer	Proposed Final TOCO Due Date	Proposed New Offer Due Date	Authority Decision	Reason for the extension request
Connection Application 1	APP-003608	27/06/2024	65 days	09/08/2024	31/08/2024	Rejected	IT issues resulting in a temporary lapse in the sending and receiving of Clock Start notifications between the ESO and SP Transmission plc (SPT)
Connection Application 2	APP-003786	02/07/2024	59 days	09/08/2024	31/08/2024	Rejected	IT issues resulting in a temporary lapse in the sending and receiving of Clock Start notifications between the ESO and SPT
Connection Application 3	APP-003958 NB Linked application to APP-004076	02/10/2024	3 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)

Connection Application 4	APP-004076 NB Linked application to APP-003958	02/10/2024	3 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 5	APP-003824	05/10/2024	4 days	23/09/2024	09/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 6	APP-003915	02/10/2024	9 days	25/09/2024	11/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 7	APP-004016	02/10/2024	9 days	25/09/2024	11/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 8	APP-004326	02/10/2024	9 days	25/09/2024	11/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 9	APP-004159	28/09/2024	13 days	25/09/2024	11/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the

	NB Linked application to APP-004451						Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 10	APP-004451 NB Linked application to APP-004159	28/09/2024	13 days	25/09/2024	11/10/1024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 11	APP-003599	11/10/2024	6 days	01/10/2024	17/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 12	APP-004403	03/10/2024	2 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (National Grid Electricity Transmission Plc (NGET) did not receive the Clock Start receive notification)
Connection Application 13	APP-003891	03/10/2024	2 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (NGET did not receive the Clock Start receive notification)

Connection Application 14	APP-004121	02/10/2024	3 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (NGET did not receive the Clock Start receive notification)
Connection Application 15	APP-004535	01/10/2024	4 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (NGET did not receive the Clock Start receive notification)
Connection Application 16	APP-004359	28/09/2024	7 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (NGET did not receive the Clock Start receive notification)
Connection Application 17	APP-004576	27/09/2024	8 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (NGET did not receive the Clock Start receive notification)
Connection Application 18	APP-004508	27/09/2024	8 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (NGET did not receive the Clock Start receive notification)
Connection Application 19	APP-004505	20/09/2024	11 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (NGET did not receive the Clock Start receive notification)

Connection Application 20	APP-004671	28/06/2024	7 days	19/09/2024	05/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (Scottish Hydro Electric Transmission Plc did not receive the Clock Start receive notification)
Connection Application 21	APP-004410	11/09/2024	14 days	08/09/2024	25/09/2024	Approved	Departure from the established processes – additional training needs within the connections applications processing team.
Connection Application 22	APP-004247 NB linked application to APP-003906	23/08/2024	61 days	30/09/2024	16/10/2024	Approved	Departure from the established processes – additional training needs within the connections applications processing team
Connection Application 23	APP-003906 NB supporting application to APP-004247	23/08/2024	61 days	30/09/2024	16/10/2024	Approved	Departure from the established processes – additional training needs within the connections applications processing team
Connection Application 24	APP-004152	06/08/2024	80 days	07/10/2024	25/10/2024	Approved	Issue with payment identification / payment allocation (incorrect invoice reference provided by the customer)

Connection Application 25	APP-004537	06/09/2024	49 days	07/10/2024	25/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 26	APP-004538	06/09/2024	49 days	07/10/2024	25/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 27	APP-003504	11/10/2024	15 days	08/10/2024	26/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 28	APP-004562	11/09/2024	44 days	07/10/2024	25/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 29	APP-004825	17/10/2024	8 days	07/10/2024	25/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 30	APP-004824	17/10/2024	8 days	07/10/2024	25/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 31	APP-004823	17/10/2024	8 days	07/10/2024	25/10/2024	Approved	Issue with payment identification / payment allocation

**Table 3 List of extensions requested for connection applications received on the 13 of August 2024 and the Authority's consent, pursuant to paragraph 6 of the Electricity System Operator Licence E12 (Requirement to offer terms)**

S/N	Connection Application Number	Initial Offer Due Date	Requested Extension to Offer	Proposed Final TOCO Due Date	Proposed New Offer Due Date	Authority Consent	Reason for the extension request
Connection Application 1	APP-004656	05/10/2024	21 days	Final TOCO	26/10/2024	Approved	ESO IT issues resulting on the Clock Start notification(s) not being sent to the Transmission Owner(s) (SPT did not receive the Clock Start notification)
Connection Application 2	APP-004715	17/10/2024	9 days	Due Date	17/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 3	APP-004813	17/10/2024	9 days	10/10/2024	17/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 4	APP-004346	07/09/2024	55 days	01/10/2024	31/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 5	APP-004347	07/09/2024	55 days	01/10/2024	31/10/2024	Approved	Issue with payment identification / payment allocation

Connection Application 6	APP-004421	07/09/2024	55 days	14/10/2024	31/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 7	APP-004349	11/10/2024	20 days	14/10/2024	31/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 8	APP-003950	07/09/2024	55 days	14/10/2024	31/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 9	APP-004078	16/10/2024	15 days	14/10/2024	31/10/2024	Approved	Issue with payment identification / payment allocation
Connection Application 10	APP-004242	11/10/2024	27 days	11/10/2024	07/11/2024	Approved	Issue with payment identification / payment allocation
Connection Application 11	APP-004045	15/07/2024	115 days	15/07/2024	07/11/2024	Rejected	Issue with payment identification / payment allocation
Connection Application 12	APP-004351	19/10/2024	19 days	19/10/2024	07/11/2024	Approved	Issue with payment identification / payment allocation
Connection Application 13	APP-004350	19/10/2024	19 days	19/10/2024	07/11/2024	Approved	Issue with payment identification / payment allocation

Connection Application 14	APP-003545	29/07/2024	166 days	29/07/2024	07/11/2024	Rejected	Issue with payment identification / payment allocation
Connection Application 15	APP-004413	20/09/2024	48 days	21/10/2024	07/11/2024	Approved	Issue with payment identification / payment allocation
Connection Application 16	APP-004229	16/08/2024	83 days	21/10/2024	07/11/2024	Approved	Issue with payment identification / payment allocation
Connection Application 17	APP-004072	02/08/2024	97 days	02/08/2024	07/11/2024	Rejected	Issue with payment identification / payment allocation
Connection Application 18	APP-003676	22/06/2024	138 days	21/10/2024	07/11/2024	Rejected	Issue with payment identification / payment allocation
Connection Application 19	APP-004366	07/09/2024	61 days	21/10/2024	07/11/2024	Approved	Issue with payment identification / payment allocation
Connection Application 20	APP-002000	02/07/2024	193 days	21/10/2024	07/11/2024	Rejected	Issue with payment identification / payment allocation
Connection Application 21	APP-004261	20/09/2024	47 days	20/10/2024	06/11/2024	Approved	Issue with payment identification / payment allocation

**Table 4 List of extensions requested for connection applications received on the 24 of October 2024 and the Authority's consent, pursuant to paragraph 6 of the Electricity System Operator Licence E12 (Requirement to offer terms)**

<b>S/N</b>	<b>Connection Application</b>	<b>Initial Offer Due Date</b>	<b>Requested Extension to Offer</b>	<b>Proposed Final TOCO Due Date</b>	<b>Proposed New Offer Due Date</b>	<b>Authority Consent</b>	<b>Reason for the extension request</b>
Connection Application 1	APP-004147	26/10/2024	33 days	10/10/2024	28/11/2024	Approved	Issue with payment identification / payment allocation
Connection Application 2	APP-003559	02/10/2024	80 days	16/09/2024	10/12/2024	Rejected	NESO IT issues relating to Clock Start notification(s) not being sent to the Transmission Owner(s). Scottish Hydro Electric Transmission Plc (SHET) unfortunately missed manual intervention, notifying NESO on 04/09/2024
Connection Application 3	APP-004628	02/10/2024	72 days	16/09/2024	12/12/2024	Rejected	NESO IT issues relating to Clock Start notification(s) not being sent to the Transmission Owner(s). National Grid Electricity Transmission (NGET) unfortunately missed manual intervention, notifying NESO on 12/09/2024.
Connection Application 4	APP-003722	10/12/2014	13 days	24/11/2024	13/12/2024	Approved	Issue with payment identification / payment allocation
Connection Application 5	APP-004756	10/12/2014	13 days	24/11/2024	13/12/2024	Approved	Issue with payment identification / payment allocation
Connection Application 6	APP-005125	22/11/2024	48 days	05/11/2024	09/01/2025	Approved	Departure from the established processes – IT issue not reported and acted up in a timely manner.