Clean Power 2030 Action Plan: Connections Reform And More

Amidst a flurry of recent updates relating to grid reform, National Energy System Operator (**NESO**) has provided a briefing on its strategy for moving towards a clean power electricity network.

It aims to reach a point where 100% of Great Britain's consumed power is from renewable sources and clean sources produce at least 95% of Great Britain's generated power by 2030. In order to meet this ambitious plan, the UK Government has proposed a series of sweeping reforms from grid connections to the planning system to supply chains and the work force.

We have extracted some of the key grid reform and renewables highlights:

What to expect from the upcoming grid reforms

- **NESO** and Ofgem will work together to change the grid connections process to issue updated grid connection offers before the end of 2025. Based on a combination of the consultation on the new connections selection methodology, the new proposals below and "new legislation" to align strategic energy and network plan, the government aims to reduce the backlog of projects trying to connect to the queue.

- The government has set out tables for capacity ranges for up to 2030 and for up to 2035, breaking down capacity ranges by generator type and by region. Where projects exceed such ranges, they will be given an indicative Gate 1 offer and will have opportunities to join the queue where gaps emerge later.
- Where there is undersupply against the capacity, **NESO** will first look to substitute viable projects of the same technology from adjacent, oversupplied zones and where not possible, NESO will reserve network capacity up to the top of the capacity range.
- It also intends to build on this in its Strategic Spatial Energy Plan (**SSEP**) due to be published in 2026, but this will not impact connection offers made before then though may realign the priority of offers made from that point on.
- Projects will still need to attain and maintain planning consent as well as meeting project milestones to remain in the queue.
- There will be flexibility built into this system as well, for example where projects that require construction beyond the 2030 band there is still capacity for the 2035 ranges to still be eligible to connect once all 2030 pathway projects have been assessed.
- As part of its Accelerated Strategic Transmission Investment (**ASTI**) framework Ofgem has prioritised timely delivery of 26 projects to be delivered by 2030. To help bring these into effect it will amend the Strategy and Policy Statement to ensure 2030 clean power and broader decarbonisation goals are sufficiently weighted in decision making and it will work with Ofgem on exploring "tightening incentives and penalties for Transmission Owners and Distribution Network Operators" for delivery of strategically important network infrastructure.
- Further details will be determined by the end of Q1 2025

when Ofgem gives its response on whether to accept **NESO** 's proposals on grid reform which have previously been consulted on.

How will renewable projects be delivered?

- Amongst other reforms already consulted on separately for Allocation Round 7 of the Contracts for Difference scheme (CfD), the government has proposed changes to the information the Secretary of State will use to inform the final budget for fixed-bottom offshore wind, including providing improved visibility over sealed bid information to give greater certainty on the capacity a CfD budget will procure. An auction schedule has been proposed to improve predictability of the process. Finally, a review of auction parameters (including approach to Reference Prices) has been proposed to help estimate the budgetary impact.
- The government is considering increasing the term of **CfDs** from 15 years to reduce overall project costs (with the intention of consulting on it in early 2025).
- No decisions have been taken on biomass which was consulted on under the previous government, with whether it is a value-for-money source a sticking point, but the government has said it will issue a response to the original consultation "shortly".

Reforming the electricity markets

- This is also outlined in **NESO** 's Autumn Update on REMA, but the government has confirmed that while it has not reached a final position on whether zonal pricing or national pricing will be adopted, it will announce the timetable for implementation, particularly in relation to wholesale market reform and any transitional or legacy arrangements before AR7 opens to ease uncertainty for potential bidders and stakeholders in the market.

- Agreements will be treated under the next **CfD** allocation round in the same way as exiting **CfD** agreements in respect of legacy or transitional arrangements.
- If zonal pricing is implemented AR7 **CfDs** would be amended to include local zonal prices.
- The government intends to maintain a system operability strategy for 2030 in Spring 2025, so the system is maintained in accordance with Clean Power 2030.
- The government has clarified that the earliest implementation for changes to network charges would be for the 2026 auction prequalification window.
- The retail market is seen as a means of unlocking the wider market's potential. For example, the government proposes introducing a market-wide Half-Hourly Settlement, greater implementation of the smart meter rollout and greater consumer protection in the future (including a consultation on regulation of Third-Party Intermediaries).

Long duration flexibility

- The government has provided more details around the cap and floor scheme for long duration energy systems (**LDES**) in October 2024:
  - Ofgem will publish an open letter on where it would like stakeholder input and will provide further information around cap and floor scheme implementation timings.
  - The Department of Energy Security and Net Zero (**DESNZ**) and Ofgem will publish a Technical Decision Document to provide clarity on outstanding areas of the cap and floor scheme design, with the first cap and floor allocation round expected in Q2 2025.
  - **NESO** will provide advice on the range of **LDES** capacity that Ofgem should seek to provide cap and floor schemes for in the first allocation

round, and support Ofgem in assessing projects that apply.

Next steps

The government will provide more detail of its overall plans for the energy network through consultations in 2025 and beyond. If you have questions around the government, **NESO** and Ofgem's market reforms our team of Energy experts can help. Please contact James Stanier and Russell Evans for more information.

Read the original article on GowlingWLG.com

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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