

DIARY CASE



Llywodraeth Cymru
Welsh Government

PREAMBLE

Meeting date/time	2 July 2025
Who is the Minister meeting?	[REDACTED] Director of Connections Reform Head of Public Affairs
Who requested the meeting?	Network Energy Systems Operator (NESO)
Primary purpose	A briefing on NESO's grid connection reform recently approved by OFGEM.
Is there an agreed agenda?	No
Where is the meeting?	Virtual

DIARY CASE BRIEFING

Purpose

Earlier this year OFGEM approved NESO's proposed connection reforms, which are aimed at optimising the connections queue for renewable energy generation. NESO have offered a personal briefing to explain these reforms, and the impact they will have on the Welsh energy system.

Current position and issues to note

The reforms involve moving to a 'first ready, first needed' approach. Under this new system, only projects that are both ready to connect and those that are needed to meet demand between now and 2035 will be queued. This should not only lead to faster connections for completed projects but will help to shape future grid plans for Wales and the UK as a whole. It will also give investors certainty regarding grid connections, which could bring forward up to £40 billion of annual investment in the UK (figure from NESO Clean Energy 2030 report).

There is currently a backlog of 750GW of generation in the connections queue, more than double what will be needed to reach Net Zero by 2050.

The strategic planning and design of the energy networks is a reserved area. Welsh Government can intervene in two ways: informing the GB level plans with accurate information and projections of future need; and making planning decisions where they fall to Welsh Ministers and align with Welsh policies.

Issues to note

Connections reform is broadly helpful in that it should enable ready to connect developments to go ahead. NESO is prioritising demand connections so those customers who need more power (such as large businesses with high emissions) should be able to get the connections they need. We also hope that some renewable developments will be connected to the grid more quickly, as projects that aren't progressing are moved backwards in the queue.

However, timescales to respond to new grid offers are short (as little as 3 weeks) and we have seen examples of companies being sent to the "end of the queue" if they can't meet those timelines. These could be community projects or global companies who need Board decisions. We are also seeing concerning indications that cash rich developers such as those promoting data centres might be in the queue ahead of existing industrial emitters. There may be a need to balance the needs of the GB system for data centres and the needs of existing businesses to decarbonise, to avoid economic impacts in Wales.

Points to make

- How will these reforms affect existing organisations in Wales that need connections?
- How will these reforms relate to plans such as Beyond 2030 and the Strategic Spatial Energy Plan (SSEP)?
- How will Welsh Government's priorities be reflected in these reforms?
- What impact are data centres having on the connections queue?

Background information

Energy - Network planning

- In Wales our approach to planning at the local regional and national levels is putting us in a strong position to be clear about our needs and provide the evidence for investment in the grid.
- Welsh Government, along with Ofgem, Scottish and UK Government has co-commissioned NESO to deliver the Strategic Spatial Energy Plan (SSEP). Welsh Government is actively engaging on this programme of work.

- Welsh Government officials continue to work with a broad spectrum of partners and stakeholders to ensure the needs of the people of Wales are considered in the significant work for planning the expansion of the GB electricity network.
- Planning authorities and the energy industry, including National Grid and Distribution System Operators, should engage with each other to ensure development plans take grid infrastructure issues into account. This can also ensure investment plans for transmission and distribution align with the identified potential for renewable and low carbon energy as well as the future challenges of increasing electrification of transport and heat.

Holistic Network Design / Spatial Network Planning

- We very much welcome the intent behind a holistic design for electricity networks across Great Britain. We know it is already challenging and expensive to connect new generation to the grid in Wales and the updating of the electricity system will be an infrastructure change of a scale not seen in Wales for over a generation.
- A process that considers the long-term needs of the country and looks to minimise the impacts on citizens and landscapes, and especially the costs to bill payers, must be supported. This should also reflect ambition in Wales to decarbonise existing industrial employers and develop offshore wind opportunities including FLOW in the Celtic port area.

Beyond 2030 - NG is delivering this accelerated plan for energy network developments already in progress to connect the various offshore wind projects. It involves about 88 major projects across GB including undersea cables from Scotland to SE England. The most urgent projects are included in the Accelerated Strategic Transmission Infrastructure (ASTI) scheme, to be completed by 2030. This will be overtaken by the more long-term strategic plans listed below. National Grid will be a key partner in the accelerated delivery of these objectives.

Clean Power 2030 (CP2030) - UK Government asked the NESO for advice on whether they could reach clean power targets by 2030 rather than by 2035. NESO advised 'yes' but that it would be extremely challenging. UK Government are creating policy in response to the NESO advice.

Strategic Spatial Energy Plan (SSEP) - The SSEP will take a holistic approach to spatial planning across various types of energy generation and storage, to inform development of the electricity networks. This will potentially complete in 2026.

Central Strategic Network Plan (CSNP) - The CSNP will be the plan for on and offshore transmission networks, based on the SSEP and replacing Beyond 2030. The first version is planned for 2027.

Regional Energy System Plans (RESP) – The NESO are being commissioned by Ofgem to create regional plans for whole energy system needs. A first transitional plan is due at the end of 2025, with the full plan due at the end of 2027.

Local Area Energy Plans (LAEPs)

Welsh government is the first area of the UK to have full coverage of LAEPs. A LAEP sets out the change required to transition an area's energy system to clean energy in a given timeframe. The plans identify the changes needed to the local energy system, to decarbonise heat and local transport, support strategic network planning and realise opportunities for local renewable energy production. They can also identify local opportunities from industrial decarbonisation. NGED has been fully involved in the process.