Government Response to the House of Lords Industry and Regulators Committee Report: Power struggle - Delivering Great Britain's electricity grid infrastructure

The House of Lords Industry and Regulators Committee published its report, "Power struggle: Delivering Great Britain's electricity grid infrastructure", on 4th June 2025. The report presents 49 conclusions and recommendations across a broad range of themes. The Government would like to thank the Committee for its report and comprehensive set of recommendations. The Committee's inquiry has produced substantive insights into the intricate challenges to be addressed and barriers to overcome to transform the electricity network and support the Government's Clean Energy Superpower mission, including Clean Power by 2030, accelerating to Net Zero, and its Growth mission. The Department for Energy Security and Net Zero has led this response which addresses all the recommendations in the Committee's report.

The Committee's conclusions highlight the urgency of grid connection reform, accelerating network infrastructure build and the need to address systemic barriers and ensure that regulatory, planning, and investment frameworks are aligned.

The Clean Power 2030 Action Plan[1] sets a clear path toward a modern electricity system. Supporting this, the Planning and Infrastructure Bill[2], currently progressing through Parliament, aims to accelerate the delivery of clean energy projects by reforming planning processes and supporting streamlined grid connection procedures. The Government's response to the National Infrastructure Commission's study on electricity distribution networks[3] highlights the need for a strategic approach to upgrading local networks to handle growing demand. And the modern Industrial Strategy[4] sets out plans to accelerate connections for strategically important demand investment, while maximising the value of the electricity networks sector to the economy. These measures, and others described in our response, reflect a coordinated effort to remove barriers, strengthen infrastructure, and ensure clean power is available where it is needed most.

[1] Clean Power 2030 Action Plan - GOV.UK

[2] https://bills.parliament.uk/bills/3946

[3] https://www.gov.uk/government/publications/electricity-distribution-networks-study-government-response

[4] The UK's Modern Industrial Strategy 2025 - GOV.UK

The Clean Power Target

1. We have heard support for the Government's 2030 clean power target from many of our witnesses. We were told that the target is a significant challenge, but achievable. Meeting it will require sustained, successful action across a number of areas overseen by electricity generators, electricity networks, their supply chains, local and national planning authorities, Ofgem, the National Energy System Operator (NESO) and the Government. Failing to deliver in any one of these areas would pose a significant risk to meeting the 2030 clean power target.

2. To meet the 2030 target, far more electricity generation and network infrastructure will need to be built and at a much faster pace than Great Britain has managed in recent years. Doing so will require the resolution of long-standing issues, such as delays in securing planning and regulatory approvals for new electricity network infrastructure. Time is running out for these challenges to be resolved before 2030.

3. It is welcome that the Clean Power Mission Board and the Prime Minister are paying close attention to this area. However, the huge scale and pace of the changes that need to be delivered, and the UK's historic record of infrastructure delivery, must call into question the feasibility of meeting the clean power target.

The Government appreciates the Committee's recognition of the widespread support for the Clean Power 2030 target and the acknowledgment of the scale of the challenge it presents. We are under no illusions about the scale of the challenge. Delivering clean power by 2030 demands a new approach from Government, in tandem with the private sector, to rapidly address key barriers to unlock private investment and deliver unprecedented levels of new clean infrastructure.

Our mission for Clean Power 2030 has been endorsed by Energy UK, Renewables UK, National Grid, NESO, the Confederation of British Industry (CBI) and more. Delivery across this and all of the Government's five missions will be underpinned by innovation and reform, alongside close working with partners across business, civil society, and local Government.

The Clean Power 2030 Action Plan is, for the first time, clear about the energy infrastructure projects we need. It set out clean power capacity ranges across different generation technologies to deliver a clean, affordable and secure power system, with a combination of variable, renewable generation, firm generation to meet baseload demand, and dispatchable generation and flexibility. It confirmed the importance of upgrading our electricity network, including over 80 critical transmission projects identified by NESO.

We are making strong progress towards Clean Power 2030. Following publication of the Action Plan, the Prime Minister announced a £300 million boost to offshore wind supply chains in April. In addition, along with Ofgem we have launched major grid

reforms to unlock investment and accelerate clean energy connections across the country.

In May, we published a working paper on community benefits and shared ownership of low carbon energy infrastructure[5]. Plans are also in place for households within 500 metres of new or significantly upgraded electricity transmission infrastructure to get up to £2,500 off their electricity bills over 10 years.

In June, we published the Industrial Strategy, a 10-year plan that aims to significantly increase business investment in 8 growth-driving sectors; the Solar Roadmap[6], which is a comprehensive strategy and clear plan of action to achieve the significant increase in solar deployment needed to support the delivery of clean power by 2030; and an Onshore Wind Taskforce Strategy[7], which commits Government and industry to actions that will remove the barriers to onshore wind deployment and help reach our 2030 clean power targets.

We also announced that following the Review of Electricity Market Arrangements[8] (REMA), we will retain a single national GB-wide wholesale market and introduce an ambitious package of reform to improve the efficiency of our future power system.

The Government is progressing the Planning and Infrastructure Bill, updating the National Policy Statements and has committed to updating the Planning Practice Guidance this year. Alongside this, we will publish a roadmap to bring forward Environmental Outcomes Reports in consultation with devolved Governments. Planning inspectors will have a clear direction on the Department's priorities, with the 2030 Clean Power mission a clear feature of the energy National Policy Statements, which have already been subject to consultation and are due to be published later this year. We are also working with the Ministry of Housing, Communities and Local Government (MHCLG) to ensure that organisations across the planning system can better prioritise their resource so that they can examine mission-critical projects faster.

While protecting access to justice, we are undertaking reforms to address the repetitive cycle of judicial reviews. Currently, claimants may have up to three opportunities to seek the court's permission to challenge a development consent order, resulting in prolonged delays that can span several years.

4. The Government should publish key metrics for meeting the target every six months. While we welcome that the Department, the Mission Board and the Prime Minister are monitoring the delivery of the clean power target, we believe that Parliament and the public should be able to see the progress being made.

[5] https://www.gov.uk/government/publications/community-benefits-and-shared-ownership-for-low-carbon-energy-infrastructure
[6] Solar roadmap - GOV.UK
[7] Onshore Wind Taskforce strategy (accessible webpage) - GOV.UK
[8] Review of electricity market arrangements (REMA): Summer update, 2025 (accessible webpage) - GOV.UK

The Department intends to publish statistics regularly to monitor progress in delivering Clean Power 2030, including metrics for clean power's share in Great Britain's electricity generation and associated emissions intensity. Statistics relating to the installation of low-carbon electricity generation capacity are already published regularly in the Department's 'Energy Trends' publication[9].

5. With regard to electricity networks, these metrics should include reporting on the amount of electricity generation that networks have connected to the grid and progress on the 80 transmission network projects that NESO has identified as necessary to meet the clean power target.

The Government, NESO and Ofgem are closely monitoring the progress of the network projects and generation connections needed to deliver Clean Power 2030. This includes working with Transmission Owners (TOs) to ensure progress is on track and the investment by billpayers is used efficiently and to time.

As part of delivering our Clean Energy Superpower Mission, DESNZ is actively monitoring progress towards the goal to deliver Clean Power by 2030, via the Electricity Networks Delivery Forum, chaired by the Minister for Energy. This group brings together senior stakeholders across electricity networks, including transmission owners, to help monitor and drive network infrastructure policy.

The Department's Electricity Networks Programme together with the Clean Power Unit engage directly with network operators to consider opportunities for accelerating build of critical network infrastructure projects and address specific delivery challenges and barriers. NESO and Ofgem are close delivery partners in our monitoring of network project delivery and form part of the Electricity Networks Programme.

Data on generation connecting to the grid is already available, for example in the Department's 'Energy Trends' publication and on the Energy Networks Association website[10].

Transmission owners, as independent network owners and project developers, already update on key project milestones publicly via their websites. The Department intends to publish statistics regularly to monitor progress in delivering Clean Power 2030.

[9] https://www.gov.uk/government/collections/energy-trends
[10] https://www.energynetworks.org/industry/connecting-to-the-networks/connections-data

The institutional framework

6. We welcome the Government's plans to amend the Strategy and Policy Statement for Energy and that its review of Ofgem aims to provide greater clarity on how to balance the need for investment to decarbonise the energy system, the affordability of consumer bills, and the security of energy supplies. Ofgem's duties and the existing Statement provide little in the way of guidance on how to balance these considerations, which can conflict with each other and give rise to tensions between the interests of current consumers and future generations. These are political and distributional decisions on which the Government should give its view rather than leaving regulators to decide them alone. The Government should also clarify what its drive for regulators to consider growth means for Ofgem's other responsibilities.

7. The Government must provide a clear steer on how Ofgem should balance the competing objectives of affordable energy bills, encouraging investment to decarbonise the energy system and ensuring secure energy supplies. This could be done through changing Ofgem's statutory duties, which would require legislation, or through publishing an updated Strategy and Policy Statement that is more explicit in setting out how trade-offs should be decided.

The Ofgem review is examining how to streamline Ofgem's duties, in order to provide it with a clearer mandate. The Government agrees that that any revised duties will require the support of a reformed Strategy and Policy Statement (SPS) which can enable Government to provide clarity to Ofgem on how to balance different considerations, and empower Ofgem in the balancing of its decisions.

As an economic and consumer regulator, it is in the interests of consumers that growth be considered in way that is complementary to, rather than in competition with, Ofgem's other duties. Creating a regulatory environment that encourages investment and innovation will be a critical part of Ofgem's role in helping to achieve the Government's objectives, including Clean Power 2030 and Net Zero.

8. Our witnesses suggested that there is a need for greater clarity on the division of responsibilities between the Government, Ofgem and NESO. We do not propose any change to these responsibilities at such an early stage after NESO's establishment. Going forward, it will be important that Ofgem's regulation of NESO does not constrain the new body's ability to provide independent advice on the energy system.

9. We welcome NESO's evidence that it would not hesitate to provide independent advice, including on Ofgem's regulatory framework. If NESO feels constrained in its ability to provide advice at any point, it should write to the relevant Minister with its concerns.

The Government agrees it is important to work towards providing greater clarity on the division of responsibilities across all three parties to make the system easier to navigate for all types of consumers and investors. DESNZ will continue to work with Ofgem and NESO to find the appropriate mechanisms to do this, including as it implements the eventual recommendations from the Ofgem Review.

NESO, like Ofgem, is an independent organisation. It is critical that, in line with this principle of independence, that NESO can provide unbiased, expert advice on key decisions that shape our energy landscape.

We are pleased to hear that NESO feels confident to provide independent advice regardless of topic, including on Ofgem's work. There are a range of established channels through which NESO can raise any concerns with DESNZ, including writing directly to Minsters.

10. We are pleased that the Government has legislated to allow Ofgem to undertake reform of energy codes. It is crucial that Ofgem completes simplification and reform of the codes quickly, particularly those that play an important role in enabling decarbonisation.

11. Ofgem should commit to a target date by which it intends to complete its initial simplification and reform of energy codes. The regulator should also set out whether it has sufficient resourcing in relation to code activities.

Reform of the energy code governance framework will enable faster, more agile delivery of energy system change. Implementation of the new framework will follow a phased approach. The first two new code managers are expected to be in place by mid-2026. Full implementation of the programme is planned for 2030, aligning with the expiry of Ofgem’s transitional powers as provided for in the Energy Act 2023.

Simplification of the code landscape will be achieved through the consolidation of selected codes, harmonisation of procedures across all codes and a proposed obligation on code managers to ensure the code is easy to use. This will reduce complexity and improve accessibility for market participants.

Ofgem has prioritised the reform programme in its *Forward Work Plan for 2025–26*. Proactive steps have also been taken to bring forward the benefits of reform, including the early publication of its preliminary *Strategic Direction Statement*, scheduled for release by the end of July 2025. This statement will set out the strategically significant code modifications that should be prioritised under existing arrangements.

Prices

12. Witnesses to this inquiry could see benefits in a move to zonal pricing but there was hesitance about the potential impact of such a significant change on investor confidence. In some cases, generators and energy-intensive industries made clear to us that they have a limited ability to change locations in response to price signals and were concerned about adverse impacts, such as an increase in the cost of capital for generators and higher electricity prices in some regions for consumers.

The Review of Electricity Market Arrangements (REMA) is key to supporting a decarbonised, secure, and affordable electricity system. We are considering a range of reforms to make the transition to a secure and decarbonised system at lowest cost and pass through the benefits of cheaper renewables to consumers.

REMA closely aligns with the Clean Power 2030 Action Plan and achievement of longer-term decarbonisation objectives, as it is central to Government ambitions for achieving energy independence, lowering costs to protect billpayers as part of our milestone mission for clean power by 2030.

The Government's Summer Update[11], published on July 10th, provides our most recent update on policy development within the REMA Programme.

The Government has considered two key reform options to enhance the efficiency of the electricity market, largely by strengthening locational price signals to better match supply and demand: 1) a reformed national pricing model, and 2) zonal pricing.

The Government has concluded that reforming the system while retaining a single national wholesale price is the best way to deliver a fair, affordable, secure, and efficient electricity system.

The decision-making process was guided by three key priorities: identifying which option would:

- Be the fairest outcome for families and businesses in the near and long term;
- Deliver energy security, best protect consumers and ensure bill savings as soon as possible, as part of accelerating to clean power by 2030;
- Do most to ensure the investment, jobs and growth we need right across the economy.

13. This Committee believes that, on balance, stronger price signals are required to encourage a closer location of generation and demand, reducing the amount of grid that needs to be built. Zonal pricing and reformed

[11] https://assets.publishing.service.gov.uk/media/686f71412557debd867cbeff/review-of-electricity-market-arrangements-rema-summer-update-2025.pdf

transmission network charges should enable better use of existing grid capacity and lower the cost of electricity, provided that the transition and its risks are managed well.

We will ensure that the final package of REMA reforms continues to incentivise investment but in an optimal location for system benefits. We need to decarbonise the electricity system, while protecting billpayers and considering the needs of industry, consumers and the system operator.

Reforms to national pricing include the following key reforms to help achieve this:

1. **Enhanced Strategic Spatial Energy Planning (SSEP):** We anticipate the SSEP will be driven and implemented through important associated levers; these may include, but are not limited to, planning reform, seabed leasing (the process by which new offshore projects are brought forward and sequenced), network build (the Centralised Strategic Network Plan (CSNP)), reforms to the connections regime, and network charging.
2. **Reforming Transmission charges**: As part of this the Government will work with Ofgem to drive forward a review of these charges to provide stronger incentives for investors to build generation where it is needed, supporting a cheaper system for all.
3. **Improving the efficiency of the power system:** Working with NESO to launch a consultation later this year on further reforms that will help reduce the need for constraint payments. One potential measure could give NESO better access to smaller assets - such as battery storage sites – that can offer greater flexibility when balancing the grid.

14. If the Government introduces zonal pricing to wholesale electricity markets, it must take action to address the investor uncertainty that this could cause. We welcome the Government's indication that it will make a decision on wholesale market reform by the middle of 2025. It is crucial that the Government provides clarity soon in order to encourage the level of investment needed to meet the clean power target.

15. If zonal pricing is to be introduced, the Government should publish an assessment of the adverse impact on generators and companies that cannot move to take advantage of lower electricity prices elsewhere. In that event, the Government should provide clarity on the transitional support which adversely affected generators and consumers will receive.

The Government has taken a clear decision to make reforms within the current National Pricing arrangements. This provides clarity to investors ahead of the CFD Allocation Round 7 on the future direction of market reform. Next steps are:

- Publication of a Reformed National Pricing Delivery Plan, setting out the next steps on design and delivery later this year.

- Publication on the final full REMA analysis later in the year, including a full cost benefit analysis (CBA) of the different wholesale market reform options.
- Work in partnership with NESO to deliver the Strategic Spatial Energy Plan by the end of 2026, work with Ofgem to drive forward our review of Transmission Network Use of System (TNUoS) and connection charges, and work with NESO to launch a consultation on balancing reform and complete their Constraints Collaboration Project.

***16. Ofgem should rev*iew its framework for network charges, with a view to providing stronger locational signals to energy generators and energy-intensive industries.**

Network charging is a matter for Ofgem as the independent regulator. Following the Government's decision to make reforms within the current National pricing arrangements, Ofgem initiated a reform process to engage industry and undertake a review of transmission network charging arrangements. Government will seek to support the review with primary legislation, to ensure it is focused and streamlined, so that reforms can be delivered quickly.

17. The introduction of the Accelerated Strategic Transmission Investment (ASTI) framework to Ofgem's price controls has enabled a welcome increase in investment ahead of need, providing early certainty to networks and investors. The majority of our witnesses believed that greater investment ahead of need was more favourable than a reliance on uncertainty mechanisms.

18. Ofgem should seek to expand its ASTI framework to more of its price controls for transmission networks. Ofgem should reduce the proportion of investment provided for through uncertainty mechanisms in future price control periods.

The Government agrees that ASTI principles should be embedded in future price controls and that Ofgem should aim to reduce reliance on uncertainty mechanisms, where appropriate. This should be done with consideration for a whole-system approach and a balanced assessment of benefits—particularly in relation to protecting the interests of current and future consumers, supporting Net Zero objectives, and promoting economic growth.

The Government also agrees that the ASTI framework has enabled increased investment ahead of need, and that in the context of the pressing need for investment to meet Net Zero and support electrification, proactive strategic investment will be critically important. We note that Ofgem has incorporated this principle into its ED3 framework for the next electricity distribution price control (2028–2033).

We also welcome the incorporation of progressive ASTI principles in the RIIO-ET3 electricity transmission price control framework. While much of the £80bn spend expected in RIIO-ET3 will be approved through uncertainty mechanisms in-period, at the request of the Transmission Owners (TOs), we are confident that Ofgem's approach builds on the learnings from ASTI regarding speed of decision making to avoid delays. For example, Ofgem will not revisit the needs cases for projects recommended by NESO, using uncertainty mechanisms to agree project costs at a time which provides optimal cost confidence for consumers and the TOs, as is the case under ASTI. This ensures that costs are not set too early, which could expose consumers to unnecessary bill impacts, or increase financing costs by exposing TOs to unnecessary cost risks.

Additionally, the Advanced Procurement Mechanism introduced recently by Ofgem builds on these principles to enable early-stage funding for equipment procurement and enabling works. TOs will be able to access early development funding for activities such as reserving factory slots. The framework brings forward c.£4bn in allowances and compliments Ofgem's RIIO-ET3 approach.

19. Electricity networks will have a key role in enabling the clean power target by connecting new sources of supply to the grid. Currently, Ofgem's price controls do not provide sufficient incentives for networks to create capacity for new connections. Similarly, incentives for networks to utilise their existing network more effectively should be strengthened, for instance by using technology to increase the capacity of existing electricity lines.

20. Ofgem should introduce incentives for transmission and distribution networks to increase their capacity for customer connections as part of the price control framework. Ofgem should also introduce incentives for networks to utilise their existing assets more effectively.

The Government agrees that the timely and efficient connection of renewable and low carbon generation is essential to achieving clean power by 2030 and Net Zero by 2050. We welcome Ofgem's proactive approach in the upcoming distribution price control, RIIO-ED3, which aims to ensure that local network capacity stays ahead of demand growth. This includes strengthened incentives such as the Business Plan Incentive (BPI), which will hold Distribution Network Operators (DNOs) accountable for delivering against long-term, integrated network plans.

To further support this, Ofgem will retain the Distribution System Operator (DSO) function under RIIO-ED3, ensuring DNOs continue to build smarter, more flexible networks. ED3 will continue to incentivise the rollout of transformative innovations on the network with the maintaining of dedicated innovation funding. This targeted funding incentivises the adoption of advanced technologies that unlock grid capacity – such as the deployment of Dynamic Line Rating – enabling networks to make smarter, more efficient use of existing infrastructure.

On the transmission side, Ofgem's RIIO-ET3 draft determinations introduce targeted incentives to accelerate the delivery of new infrastructure and improve connection

performance. Strategic planning tools, such as the Centralised Strategic Network Plan, will enable anticipatory investment—ensuring that capacity is built ahead of need and aligned with future system requirements. Government will continue to work closely with Ofgem to ensure that both distribution and transmission price control frameworks deliver the right balance of incentives to support the clean energy transition.

Ofgem's ongoing End-to-End Connections Review will complement the price control process by enhancing service standards and aligning connection incentives more closely with customer expectations, at both transmission and distribution level. We will continue to work with Ofgem to ensure that ED3 includes effective, customer-focused connection incentives that support the rapid deployment of low-carbon technologies.

Connections

21. We welcome NESO's proposals to reform the connections queue. It is essential that projects which are both ready and necessary are prioritised and do not get stuck in a lengthy queue.

22. There is some risk of legal challenge to decisions to deprioritise projects in the queue which are deemed to be not as ready or necessary. We welcome that the Government has acted to reduce this risk through provisions in the Planning and Infrastructure Bill. However, certain industry representatives, particularly from the solar and battery storage sectors, are concerned that some good projects might be held back due to connections reform.

23. Some witnesses are also concerned that connections reform is currently too tightly focused on projects needed before 2030, with insufficient clarity on the delivery of projects necessary after 2030. The Strategic Spatial Energy Plan, which will be published in 2026, provides a crucial opportunity for NESO to provide this clarity.

The Government also welcomes NESO's proposals to reform the connections queue, and Ofgem's decision in April to approve the proposals.

We have worked closely with NESO and Ofgem on reforms to the connections process, using existing industry processes to do so. We consider that the existing statutory and regulatory frameworks enable the reforms to be adopted and implemented and, as the Committee notes, legislation is also being brought forward to support these reforms.

The legislation will ensure that the reforms already underway by NESO and Ofgem deliver the intended benefits in full, and any required further action can be taken at pace to ensure connections reform supports the Government's missions. The Government's willingness to legislate reflects our commitment to the reforms and should provide certainty to all parties on the direction of travel for connections.

NESO has included significant protections to minimise the risk of excluding advanced viable projects which would help meet our strategic needs. Projects which have existing agreements to connect on or before 31 December 2027 will have their current connection dates and locations protected as part of the queue reform exercise. Projects that are not initially offered a confirmed connection date will be able to re-apply to future windows when they are ready and may also benefit from capacity freed up through these reforms.

The Government was clear in its Clean Power 2030 Action Plan that the 2031-35 capacity allocations were interim to enable connections reform to proceed at pace. The post-2030 capacity allocations are subject to change following the Strategic Spatial Energy Plan. This may provide additional opportunities for projects to receive connection offers, depending on its recommendations.

24. The 2030 clean power target is a considerable challenge and having a connections queue which prioritises ready and needed projects will be crucial if it is to be achieved. Updated connection offers must be issued to generators over the next year and the Government, NESO and Ofgem must ensure that the timeline for connections queue reform does not slip.

Connections reform is a critical enabler for our clean power by 2030 ambition which is expected to bring forward £200bn of investment in network and project build by 2030. We welcome the Committee's support for timely implementation of the reform.

Government is working closely with NESO, Ofgem, and the network operators to ensure that the reforms will be delivered at pace, with developers receiving clarity on their status within the queue and their updated connection offers as quickly as possible. NESO published the expected timeline[12] for delivering connection reform on 10 June. This shows that all developers will receive an updated connection offer by May 2026, with offers being prioritised for those connecting the soonest. All parties, including Government, are participating in governance responsible for overseeing delivery of the plan, and progress against the key plan milestones will be tracked closely.

25. In preparing the Strategic Spatial Energy Plan, NESO must consult closely with all stakeholders, including the solar and battery storage sectors. We understand that NESO will not be able to satisfy all sectors and generators, but there should be an open and constructive dialogue which builds confidence in the future investment prospects of these industries, particularly between 2030 and 2035.

As part of the joint commission to NESO[13] from the UK, Scottish and Welsh Governments, DESNZ outlined that public and stakeholder consultation was a foundational part to the design of the Strategic Spatial Energy Plan (SSEP) and that industry representatives should be included appropriately in an advisory group capacity.

NESO publicly consulted publicly on their methodology[14] from December 2024 to January 2025. They will also consult on the draft SSEP, due for publication in Q2 2026, ahead of the first SSEP being published in full in late 2026.

NESO are now undertaking extensive public and stakeholder engagement in addition to these formal consultation periods, including gaining expert input from energy industry, environmental, and societal organisations, as well as technical specialists. Energy industry engagement is being driven through NESO's Strategic Energy Planning Industry Working Group, working closely with the wider energy sector, including trade associations and their members. The group serves as a

[12] https://www.neso.energy/industry-information/connections-reform/connections-reform-timeline
[13] https://www.gov.uk/government/publications/strategic-spatial-energy-plan-commission-to-neso
[14] https://www.neso.energy/publications/transitional-centralised-strategic-network-plan-tcsnp/tcsnp-refresh-methodology

central communications channel, both to share information and to test understanding, gather data, insights and invite feedback. There is also direct engagement with developers through dedicated one-to-one sessions, webinars and planned workshops and events.

26. There is clear dissatisfaction with how networks have handled applications for major connections. Networks have sometimes provided unsatisfactory services to connections customers, with delays and high charges. This situation is doubtless not helped by the large number of speculative connections applications that networks have received.

27. There is a strong case for Ofgem to impose higher expectations on networks in relation to connections and standards of service, with sanctions if they are not met.

28. We welcome that Ofgem is already reviewing the regulatory framework for connections customers. We support proposals to require networks to be incentivised to meet deadlines for completing connections, with compensation provided to developers if these deadlines are not met.

Ofgem's End-to-End Review is seeking to address the issues described here by developing and putting forward proposals to ensure timely delivery of connections and high levels of customer service to match the high expectations of connection customers and the requirements of the current and future connections landscape. The first consultation closed on 13 February 2025, with next steps expected in late summer. Government supports the work of the Review and is involved in discussions with Ofgem and stakeholders on further proposals.

29. One cause of speculative connections applications has been the inadequacy of information available to prospective connections customers. Clear, consistent and open information on where networks have capacity would allow customers to make better informed decisions about where to locate themselves and reduce the number of ill-suited applications being added to the queue.

30. We support Ofgem’s proposal to introduce a regulatory requirement that networks should create, maintain and continuously improve connections data visualisation tools. We agree with the regulator’s proposed long-term direction of travel towards a single portal for connections information and urge Ofgem to set out concrete steps towards this end as part of the output of its review.

Ofgem’s End-to-End review is seeking to implement new and strengthened requirements on network companies, including considering proposals which would see network companies provide connection information in a more transparent, consistent and effective way. This is an important part of the Review, which overall will support effective changes to the regulatory landscape for network companies,

improving the overall connections experience for customers. Ofgem are expected to outline next steps in respect of the Review in late summer.

31. The Government has previously referred to prioritising connections for strategically important demand projects, for instance through the triage service mentioned in 2023. It is not clear what efforts have been made to prioritise demand connections, with connections queue reform currently focusing on supply and generation.

32. As part of the Industrial Strategy, the Government should set out whether it intends to prioritise electricity grid connections for strategically important sectors or businesses. If it decides to do so, the Government should provide details of the mechanism by which this will be done and the criteria that businesses will need to meet.

As well as prioritising connections for the generation and storage needed to achieve clean power by 2030, ongoing connections reform measures will also benefit demand projects. The reforms are expected to deprioritise up to 500GW of generation and storage capacity from the oversubscribed queue, which will enable accelerated connections for many demand projects. Customers whose connections no longer require new substations could see connection times reduced by 5 to 7 years.

Government announced in the Industrial Strategy plans to launch a Connections Accelerator Service, providing support connecting to the grid for demand projects, including prioritising those that create high-quality jobs and bring the greatest economic value. This will build on existing work to support strategic demand projects. Government will work with representatives from the energy sector, local authorities, Welsh and Scottish Governments, trade unions, and industry to design this service, which we expect to begin operating at the end of 2025.

Government also set out plans to use powers in the Planning and Infrastructure Bill, currently before Parliament, to amend regulatory processes and accelerate connections for strategically important projects. This will include a power to ‘designate’ Government strategic documents, including the Industrial Strategy itself, to inform allocation of connections, enabling the Government to set its priorities for future capacity on the grid, dramatically reducing waiting times for businesses with major investments in GB. We will set out further information designation of strategically important connections later this year.

Planning

33. Greater strategic planning of energy generation and networks should help to provide a clearer signal to the industry, investors, regulators and the planning system about what the energy system needs, and in which regions. This has the potential to provide a clear justification for new energy infrastructure and reduce the need for planning authorities and regulators to second-guess whether projects are necessary.

One of the key objectives of the Strategic Spatial Energy Plan (SSEP), due to be published by NESO in 2026, is to increase industry and investor confidence to pursue new low carbon energy generation, demand and storage projects. The SSEP will also inform the strategic planning of the transmission network that will be set out in the Centralised Strategic Network Plan (CSNP). The outputs of the SSEP will feed directly into the CSNP which will set out, in detail, the network requirements needed to deliver on the generation and storage requirements identified by the SSEP.

34. Once the Strategic Spatial Energy Plan and the Centralised Strategic Network Plan are published in 2026, the Government should amend the National Policy Statements for Energy and, if necessary, the National Planning Policy Framework, to give weight to the plans and any associated infrastructure in planning considerations. The Government should consider whether the Regional Energy Strategic Plans should be given similar treatment.

The Government agrees that, once published, the SSEP, CSNP and RESPs should be given recognition in the planning system. We will consider how best to do so in due course.

Draft energy National Policy Statements (NPSs) EN-1, EN-3 and EN-5 have already been consulted on, and we are currently analysing nearly 200 responses. The draft NPSs are currently being consulted on do have references to the SSEP and CSNP.

Reference to the SSEP in the NPS mean that, upon its endorsement, the SSEP should be considered by Secretary of State in decision-making for Nationally Significant Infrastructure Projects.

Following endorsement of the CSNP, the reference made in the NPS will mean that the project need case will not be questioned during the consenting process. This will speed up planning and provide clear signals to Ofgem and industry to invest in critical transmission upgrades.

We expect to publish updated NPSs by the end of 2025. Further updates to NPSs will be made in the future to reflect any further policy changes and publications. Once the Planning and Infrastructure Bill receives Royal Assent, NPSs will be updated at least every 5 years.

35. Ofgem should clarify how the Centralised Strategic Network Plan and the Regional Energy Strategic Plans will feed into decisions on its price controls for energy networks. While Ofgem has a role in ensuring that investments are made efficiently, it should avoid duplicating NESO's consideration of which projects and strategic investments are necessary.

The Government agrees with this recommendation. DESNZ is working closely with Ofgem and stakeholders to ensure that CSNP and Regional Energy Strategic Plans (RESPs) outputs are incorporated into price control frameworks.

Ofgem has recognised the interaction between the next electricity transmission price control (RIIO-ET3, 2026-31) and the SSEP and CSNP and has incorporated these into its ET3 Draft Determinations[15]. The proposals provide a framework for improved co-ordination of strategic planning and network regulation to enable prompt deployment of key transmission projects.

Ofgem anticipates that investment during the ET3 period could reach up to £80 billion, with a significant portion of strategic investments expected to be identified through the CSNP. In their ET3 Draft Determinations, Ofgem proposes specific incentives to accelerate the delivery of key projects identified through the CSNP. The ET3 funding mechanisms are designed to accommodate future CSNP updates, allowing investments to be approved outside the traditional five-year business plan cycle.

Similarly, in their framework decision on the electricity distribution price control for 2028-33, ED3, Ofgem signalled that Distribution Network Operators (DNOs) should prepare long-term investment strategies extending to 2050, informed by RESPs. Ofgem expects DNOs to use RESP outputs to develop forward-looking strategies that support Net Zero objectives, including opportunities for strategic and anticipatory investment at the distribution level.

36. The Government plans to introduce spatial planning in other sectors, including the proposed Land Use Framework and spatial planning for water, alongside local Spatial Development Strategies. Integrating different forms of land use nationally and locally is likely to be complicated, but it is crucial and urgent to provide clarity to meet the 2030 clean power target. The Government must provide guidance on how different spatial plans will interact and align, including how conflicts between them will be managed. Otherwise, the increased use of spatial planning could introduce more complexity, rather than greater clarity.

DESNZ is working closely with other Government departments to ensure the SSEP interacts cohesively with the other sectoral plans and spatial strategies. We are also ensuring the SSEP considers wider demands on land and sea, including (but not

[15] https://www.ofgem.gov.uk/sites/default/files/2025-06/Draft-Determinations-Electricity-Transmission.pdf

limited to) food production, transport, water supply, nature recovery and fisheries. The Independent Water Commission ("Cunliffe Review") is examining options to improve strategic and spatial planning for the water system, including the interactions with energy, and intends to publish its final report this summer.

We note the importance of aligning different spatial plans to provide clarity to industry, so we are also working with the newly created National Infrastructure and Service Transformation Authority (NISTA) to help define their remit in overseeing and coordinating Government spatial planning.

37. As part of the 10 Year Infrastructure Strategy, the Government will need to set out how different sectoral strategic plans will interact and how conflicts between them will be managed.

The 10 Year Infrastructure Strategy, published in June, commits Government to greater integration and coverage of sectoral spatial plans, which will help to provide clarity to industry. This includes developing guidance to support the production of sectoral spatial plans. The newly created National Infrastructure and Service Transformation Authority (NISTA) will work closely with departments, regulators, arms-length bodies and local delivery partners to identify spatial trade-offs and synergies between infrastructure policies, plans and decisions in England. DESNZ will support NISTA as it develops its remit and functions in this space.

38. We are concerned at the level of resources available to planning authorities, which we heard can delay the approval of projects by months and years. Given the number of projects required to meet the 2030 clean power target, the Government must urgently increase the capacity of planning authorities, particularly those within local authorities, otherwise they may act as a major barrier to delivery.

40. The Government must urgently complete its review of the resourcing of local planning authorities, the Planning Inspectorate, Government consenting teams and statutory consultees. The Government should publish the findings of its review and set out whether greater resourcing will be provided by increasing public funding or by increasing planning application fees. The Government should also clarify the role that Strategic Authorities could play in providing capacity.

Well-resourced planning departments are fundamental to delivering proactive, efficient planning services locally, supporting communities and shaping places, while also playing a fundamental role in meeting national ambitions to deliver Clean Power 2030, build 1.5 million new homes and drive sustainable growth.

In the Clean Power 2030 Action Plan, the Government committed to equip examining authorities with the tools they need to help deliver Clean Power 2030 and Government's wider missions, and to review resourcing in key organisations to

determine whether they are suitable for handling an increased number of projects in the coming years, alongside reforming planning resourcing for the longer term.

Our commitment to recruit 300 additional planners, taken alongside the wider planning policy changes, will help us in these aims. We are also investing £46 million in 2025-2026 to strengthen capacity and capabilities in local planning authorities to deliver planning reform. And we are supporting the planning pipeline through targeted investment, including approximately £7 million for the Local Government Association's Pathways to Planning graduate programme, which brings new talent into local planning authorities. We are expecting to expand this offer to statutory consultees, ready for the next intake of graduates (due to be placed in September 2026). Additionally, £2.85 million has been provided to the Planning Advisory Service to support local planning authorities with specialist training, peer learning and tailored guidance, ensuring planners are well-prepared to deliver effectively in a reformed system.

The Scottish Government recognises that, to make the reforms to Scottish electricity consenting in the Electricity Act work effectively, statutory consultees will need to be adequately resourced and have a skilled workforce to carry out these additional responsibilities. The Scottish Government will engage and work closely with these bodies.

39. We welcome that the Government has recognised this issue and plans to take action. However, providing sufficient resources for every individual local planning authority will be a considerable challenge. Where they are present, regional Strategic Authorities may provide a more practical option for increasing capacity and resourcing which can then be used to help local authorities within their regions.

It is the Government's ambition for every area of England to be covered by a Strategic Authority. Through the Planning and Infrastructure Bill, Strategic Authorities will be given the duty to produce a strategic plan, a spatial development strategy (SDS). SDSs will ensure we can meet our housing needs, co-ordinate the delivery of strategic infrastructure, grow the economy and improve the environment and climate resilience, by taking a sub-regional view of how growth needs can be sustainably met. The process of producing an SDS will enable better join-up between development needs and the needs and requirements of energy and other infrastructure sectors.

To accelerate large-scale development, £13.5 million was committed in July 2023 for direct enabling support to local authorities. Since autumn 2024, a multidisciplinary team working across MHCLG and Homes England has been deployed to support local authorities in unblocking complex planning issues.

As of June 2025, support has been provided to 21 local authorities across 25 sites. We are actively monitoring the impact of our programmes through a dedicated research team and local authority planning capacity and skills surveys. Working

closely with partners across the sector, we will continue to develop and refine our support to ensure it delivers maximum impact on the ground.

41. We support enabling the full recovery of the costs of planning processes by planning authorities and statutory consultees through increasing planning fees. However, the resources generated by this increase in planning fees must be invested in planning services, rather than plugging other gaps in local authority finances. The Government should ring-fence the revenues raised by planning-related fees for use by local planning authorities.

In the Clean Power 2030 Action Plan, the Government commitment to expand cost-recovery mechanisms across relevant regimes to ensure that all organisations key to consenting have sustainable resourcing models which can match the demand of projects in the system into the future, to help deliver Clean Power 2030 and beyond.

To support this, the Government has committed to develop secondary legislation to enable local authorities to charge fees so that they can recover costs for relevant services provided in relation to Nationally Significant Infrastructure Projects (NSIP) applications. MHCLG are taking forward this measure which will be introduced when Parliamentary times permits.

Currently, planning fees do not cover the costs to local planning authorities of running the planning application service, with an estimated shortfall of over £350 million nationally. Enabling local planning authorities to set their own planning fees will allow them to cover their costs and put more resources into the planning system.

Local planning authorities will be required to ensure the income from planning fees is retained and used for the delivery of the planning application service. This will ensure that local planning authorities are well resourced and able to deliver a high-quality planning service and improve the timeliness of decision-making.

42. There are concerns that there could be a postcode lottery of local engagement with Regional Energy Strategic Plans if the resourcing of this engagement is left to local authorities. If local stakeholders are not able to engage with these plans, this will be a wasted opportunity to increase local buy-in for energy infrastructure.

43. The Government should assess the support and resources needed by local and regional authorities to engage substantively with the development of Regional Energy Strategic Plans.

The Government has funded the Local Net Zero Hubs to carry out a project with the Energy Systems Catapult called “Ready for RESP”. The project provides an evidence review of the ability of local and regional authorities to engage with the development of Regional Energy Strategic Plans, as well as setting up a central resource hub of tools and learning sessions to build capacity and confidence.

44. Ofgem and NESO should ensure that the Strategic Boards that feed into Regional Energy Strategic Plans have sufficient resource to engage meaningfully with local authorities within each region, particularly any who are not represented directly on the Strategic Board.

This recommendation falls to Ofgem and NESO, but DESNZ notes NESO's regional engagement to date; and supports Ofgem and NESO to ensure that Strategic Boards can engage meaningfully with local authorities within each region.

45. Removing the need for planning authorities to consider network project applications with little impact on local areas will help to ensure their resources are directed to where they are most needed. We endorse the National Infrastructure Commission's recommendation that the Government should increase distribution networks' ability to use permitted development rights to expand the capacity of existing overhead lines and to construct larger electricity substations.

46. It is welcome that the Government plans to consult on these issues soon. When it consults, the Government should propose the reforms suggested by the National Infrastructure Commission, with the aim of finalising them by the end of 2025.

The Government is now consulting on proposals to streamline consenting processes[16] by amending the Section 37 exemption regulations as they apply in England and Wales. The current Section 37 process is outdated and overly burdensome. It requires formal consent for a wide range of overhead line works, regardless of their actual impact, slowing down essential upgrades and diverting resources from higher-risk projects.

The National Infrastructure Commission (now the National Infrastructure and Service Transformation Authority (NISTA)), recommended that the Government should reform the planning and consenting system by the end of 2025 to enable new connections and network upgrades to be made more quickly. The Commission recommended that changes should include:

- Amending the Overhead Lines Exemption Regulations for England and Wales to allow a wider set of alterations to overhead lines to be made without the need for planning permission.
- Addressing the ambiguity in the process for acquiring rights in private streets
- Extending access for operators conducting maintenance activities on third party land, so that they can cross as much land as is necessary, when that route is the most efficient.
- Increasing the volume threshold for substations to be built with permitted development rights from 29 cubic metres to 45 cubic metres.

[16] https://assets.publishing.service.gov.uk/media/686b8de181dd8f70f5de3ba2/electricity-network-infrastructure-consultation.pdf

In its response to the Commission, the Government agreed with these recommendations, which promote a more efficient and streamlined approach to upgrading and expanding the distribution network. The Government is consulting on all of the Commission's proposed change as part of a wider suite of reforms to the land rights and consenting processes for electricity network infrastructure.

Implementation of the proposed changes is dependent on the consultation outcome. All of the Commission's proposed changes would require legislation to implement. The timeline for any future legislative changes is dependent on the availability of suitable legislative vehicles and parliamentary time.

47. We have heard that securing land rights and consents for network projects is not always a barrier to delivery but that when it is, it can delay projects for years. Existing processes to secure access where agreement cannot be found voluntarily, such as compulsory purchase orders, appear to be lengthy and bureaucratic. While networks should always seek voluntary agreement with landowners, it is important that they have a clear, timely process for obtaining access when this is not possible.

48. There are also instances where electricity networks are unable to access private land in order to maintain or construct assets, for instance on private roads, in the way that other utilities providers can.

49. We welcome the Government's plans to consult on reducing the time network projects take to go through land rights processes, and that it plans to reform the compulsory purchase process through the Planning and Infrastructure Bill. As part of its consultation, the Government should also clarify the ability of electricity networks to access private land to maintain or upgrade existing assets, for instance in relation to private roads.

The Government recognises that, in some cases, the costs, complexities and delays associated with land rights and consenting processes can hinder or even prevent electricity network infrastructure projects from going ahead. We are consulting on a suite of reforms to address these issues. The proposals are intended to enable the rapid deployment of network infrastructure, while ensuring that the rights of landowners are respected.

Government is seeking views on proposals to amend processes for determining Necessary Wayleaves. These include allowing the SoS to appoint Inspectors from within the Department to determine Necessary Wayleave cases, allowing online/virtual hearings as a suitable substitute for oral hearings and making written representations the default route for determinations.

Electricity network operators currently face legal barriers to accessing private streets for infrastructure works. Unlike gas companies, which benefit from broader rights under the Gas Act 1986, under the Electricity Act 1989, electricity network operators must obtain consent from the street authority, which is typically a fragmented group of property owners or managing agent. This requirement can lead to delays and

higher costs. Recognising this barrier, the Government is consulting on removing the requirement for electricity networks operators to seek consent when installing electricity cables in private streets, while maintaining safeguards such as notice requirements and reinstatement obligations.

In addition, the Government is consulting on clarifying in legislation that the rights that Distribution Network Operators have under the Electricity Act 1989 to access land in order to carry out maintenance, replacement and upgrade works extend to adjacent third-party land. We are also consulting on extending to Transmission Owners the access rights afforded to DNOs, including regarding adjacent land.