

TRANSMISSION WORKS – CONNECTION OFFER GUIDANCE

REF-NET-COM-023	Transmission Works – Connection Offer Guidance		Applies to
			Distribution ✓
Revision: 1.00	Classification: Public	Issue Date: July 2026	Review Date: July 2034

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1 Introduction

This Guidance Note provides supporting information on ‘Transmission Works’ and associated ‘Application Processes’ for the Distribution System Connection Offer provided to the Customer by the Company. This Guidance Note applies to large and major ‘Generation’ Connection Offers.

Reference to this Guidance Note when reviewing and interpreting Connection Offers is essential to ensure consistent interpretation and approach.

2 References

The documents detailed in Table 2-1 – Scottish and Southern Electricity Networks Documents should be used in conjunction with this document.

Table 2-1 – Scottish and Southern Electricity Networks Documents

Reference	Title
REF-NET-COM-019	SSEN Standard Terms and Conditions for Large and Major Generation Connections
REF-NET-COM-020	Connection Offer – Glossary of Defined Terms
REF-NET-COM-021	Alternative Providers – Connection Offer Guidance
REF-NET-COM-022	Reinforcement Works – Connection Offer Guidance
REF-NET-COM-024	Site Requirements – Connection Offer Guidance
REF-NET-COM-025	Land Rights – Connection Offer Guidance
REF-NET-COM-026	Metering – Connection Offer Guidance
REF-NET-COM-027	Flexible & Curtailable Connections – Offer Guidance
REF-NET-COM-028	Change & Variations – Connection Offer Guidance
REF-NET-COM-029	Project Programming – Connection Offer Guidance

3 Background

The Company is a regulated Distribution Network Operator (DNO) owning and operating electricity Distribution Systems through its companies Southern Electric Power Distribution plc in central southern England and Scottish Hydro Electric Power Distribution plc in the north of Scotland.

Under the Electricity Act 1989 customers may notify a request for connection to these Distribution Systems. The Company in response notifies a formal connection offer proposal to the Customer, which the Customer may accept. This Guidance Note clarifies, supports and should be read with the Connection Offer issued by the Company to the Customer.

The Connection Offer may be dependent on and subject to other works. The Company operates its Distribution Systems within Great Britain (GB)’s whole system for electricity that includes third party transmission system owners (TSOs) and the National Energy System Operator (NESO), under the regulation of Ofgem and the Government’s Department for Energy Security and Net Zero. In order to enable a Connection to the Company’s Distribution Systems, works may first be required to the National Electricity Transmission System (NETS) as identified by NESO (Transmission Works).

Where Transmission Works are required to the NETS, the Company, and/or in some cases the Customer, must apply to NESO. If NESO agrees to progress the required Transmission Works the Company will require to update and amend the Connection Offer to reflect the Transmission Works requirements. If NESO will not agree to progress the required Transmission Works for the Customer, for example if the Customer’s Connection does not meet NESO’s strategic requirements designed to align the grid connection queue with the technology mix needed for GB, the Company will not be able to progress the Customer’s Connection.

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Where Transmission Works are required, the Company is usually unable to complete the Customer's Connection to the Distribution System until the Transmission Works are completed and so any Connection Offer from the Company will be subject to NESO's timetable. In some cases, the Company may be able to offer a Flexible or Curtailable Connection, where connection can be made before Transmission Works are completed, but subject to the Customer's Connection being Curtailed through Active Network Management when constraints affect the NETS, or when certain Technical Limits are met. Further details are set out in the Guidance Note on Flexible and Curtailable Connections (linked in the Connection Offer).

4 Transmission Works Application Processes

CUSC Requirements

The process to establish what Transmission Works are required for a Connection and to obtain an offer from NESO for those works is set out in the industry wide Connection and Use of System Code (CUSC). This process summary is provided simply as a brief guide which is intended to be helpful, but for full information the Customer must refer to the CUSC for the detail of this process. The Customer is responsible for compliance with the CUSC requirements which may change from time to time.

Application to NESO

For projects above the relevant capacity levels (which vary by location as detailed in the table below), the Company will require to submit a Transmission Evaluation Application (TEA) to NESO to establish if the Connection is accepted by NESO into its Gate 2 connection queue and to understand the scope, cost and timing of the Transmission Works required. The application should be made to meet NESO's requirements of readiness (for example land rights being in place for the connection to progress) and strategic alignment. The Customer should email the Company's mailbox at reformsupport@sse.com to let the Company know when it has gathered the necessary information. The Company will identify to the Customer how it should submit the Gate 2 information.

Where the Company is making an application, the Company will require the Customer to provide sufficient information to enable it to make the TEA and will require the Customer to pay the TEA fee, in advance of the making the TEA. Where the Company has received payment in full and has full and compliant information from the Customer to support that application in accordance with the CUSC, the Company will submit the application within the Gated Application Window designated by NESO. If full and compliant information is not received from the Customer by the date of NESO's portal closure the Company will be unable to submit any application until NESO's next designated window. These windows currently are scheduled by NESO to happen twice a year and last for 1 month, although this could change. If the information and/or fee is not provided to the Company the application will not be progressed.

BEGA/BELLA Customers

Where a Customer is considered a large generator, that is where a Customer's Connection will exceed 100MW in England and 10MW in Scotland, then the Customer must apply directly to NESO for a BEGA/BELLA (see further below) and make its own application directly to NESO in respect of Transmission Works. The Company will support these customers' NESO applications by supplying data to them directly, at the request of NESO.

BEGA and BELLA customers' applications to NESO for Transmission Works will require to be supported by a Distribution Embedded Generation Related Application from the Company. The Company will use reasonable endeavours to submit this in the current or next available Gated Application Window after the notification of the application by the BEGA/BELLA Customer, as long as the Company has sufficient information to make the application in advance of NESO's portal closure, when the fee has been paid by the Customer and once the Customer has re-validated its Distribution System Connection Offer. In order to make this application on behalf of the BEGA/BELLA customers the Company will require detailed information about the status of the project in accordance with the

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CUSC and require the fee to be paid. If that information is not provided as required by NESO and/or the fee, the Company will not be able to progress the application.

NESO Assessment

NESO will then assess applications received in accordance with its Gated Design Process, which reviews if the application is competent and, if so, considers the readiness of the project and its strategic alignment to GB's electricity system needs. If a project can progress subject to NESO's terms, NESO then makes a Gate 2 Offer. If NESO does not make a Gate 2 Offer the project will not progress. The Customer would need to re-apply through the Gate 2 process to change this position.

Once NESO confirms the details of the Transmission Works required, the Company will pass on to the Customer the scope and estimated completion date of such Transmission Works. NESO may identify in its Gate 2 Offer that Site Specific Requirements are necessary for the Transmission Works. The Company will vary its Distribution System Connection Offer to reflect the Transmission Works requirements.

NESO Offer and Charges

If NESO's Gate 2 Offer is accepted, the Transmission Works will proceed according to the terms of the CUSC, the relevant Bilateral Connection Agreement (BCA) between the Company and NESO, and/or the BEGA/BELLA and NESO's construction agreement.

NESO will charge fees and may require security for the Transmission Works – NESO will set out when these are payable. NESO determines the price and timetable for Transmission Works. These may include one off charges for construction, site specific maintenance charges and use of system charges. The charges may be agreed on the basis of an outturn reconciliation or may be fixed; NESO may require security against such charges and NESO may revise the charges in accordance with the CUSC and NESO's Statement of the Connection Charging Methodology. NESO will set up cancellation charges against early termination and may require security against such cancellation charges, to avoid substantial wasted costs. NESO may require further information from the Customer.

Acceptance of NESO offer

Once NESO has assessed a project as requiring Transmission Works which can progress to Gate 2 it will issue a Gate 2 Offer for those works to the Company or to the BEGA/BELLA Customer directly as required. When the Gate 2 Offer is issued to the Company, the Company will pass on this offer to the Customer by way of a Distribution System Connection Offer variation from the Company. NESO's offer should detail an estimated transmission access date, any identified specific technical requirements (e.g., Intertrip / Technical Limits / Flexible or Curtailable Connection) and include a statement of cost, security and liability required.

To progress, the Customer must accept the variation within 30 working days and provide the payments required. The Company will not progress matters with NESO until this has been done. Where a BEGA/BELLA Customer receives a Gate 2 Offer directly from NESO, it must accept that Gate 2 Offer within the acceptance period. If the Customer does not accept NESO's Gate 2 Offer and/or the Company's Distribution System Connection Offer variation and pay sums/provide security as they become due, its Connection project with NESO and the Company may be terminated.

Change

The Customer must notify the Company, and the Company will then notify NESO if the proposed Estimated Connection Date or any other of the details about the Connection change. A Modification Application to change the Gate 2 Offer may be required to NESO in those circumstances, it will then be necessary to follow NESO's Gated Process in accordance with the CUSC. For BEGA/BELLA projects, the Customer must notify NESO directly of the change as well as notifying the Company and NESO will provide a corresponding Agreement to Vary (ATV) the BCA to the Company.

NESO may update its Gate 2 Offer from time to time, and the Customer will require to accept the amendments to progress with its Connection. If NESO subsequently notifies the Company of any additional fees payable by the Company to NESO in relation to a Connection, the Company shall be

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entitled to recover such amounts from the Customer. The Company's Distribution System Connection Offer is subject to and conditional upon on payment on request of any such amounts by the Customer.

5 Process Table Example

The following table sets out a summary of the different electricity industry processes by location and capacity required, to determine if Transmission Works are required and whether the Customer's Connection must be accommodated in NESO's queue for Transmission Works. These processes may change where processes under the CUSC or other industry arrangements change.

Table 5-1

No.	Type of Customer	Transmission Works Process	Comment
1.	Generation England below 5MW (except at East Claydon, Melksham and Minety GSPs where it must be below 1MW)	None	Project recorded by the Company on Appendix G to BCA.
2.	Generation England above 1MW at East Claydon, Melksham and Minety GSPs and above 5MW at other GSPs, but not BEGA/BELLA	The Company – TEA	These are the only 3 GSPs currently with non-standard arrangements, although NESO could change arrangements at these or other GSPs.
3.	BEGA/BELLA Generation England equal to or over 100MW	Customer – BEGA/BELLA Customer – Gated Application The Company – Distribution EG Related Application	The Customer must keep the Company informed of its progress with NESO, so that the Company can progress its application in parallel.
4.	Generation Scotland below or equal to 50KW on islands, below or equal to 200KW on mainland	None	
5.	Generation Scotland which is not a BEGA/BELLA customer or captured in 4 above	The Company – TEA	
6.	BEGA/BELLA Generation Scotland equal to or over 10MW	Customer – BEGA/BELLA Customer – Gated Application The Company – Distribution EG Related Application	The Customer must keep the Company informed of its progress with NESO, so that the Company can progress its application in parallel.
7.	Change after Transmission Works Offer is made	The Company – Modification Application (unless a BEGA/BELLA in which case Customer to apply for Modification)	Could require further Gated process.

In each case where a fee is payable, these fees must be paid by the Customer in advance of the Company applying to NESO.

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6 BEGA/BELLA

Where customers wish to make a connection to the Company's Distribution System for a 'large' embedded power station, customers may require to enter into a Bilateral Embedded Generator Agreement (BEGA) or a Bilateral Embedded Licence Exemptible Large Generator Agreement (BELLA) directly with NESO.

The BEGA sets out NESO's charges, requirements and obligations for participating in the energy balancing market or balancing mechanism in accordance with the CUSC, the Grid Code and the Balancing and Settlement Code. A BEGA is for 'large' equal to or greater than 100MW connections in England, and equal to or greater than 10MW connections in Scotland. A BEGA customer pays Transmission Network Use of System charges. A BELLA is for 'large' but smaller than 100 MW connections in England, and equal to or greater than 10MW connections in Scotland and does not cover balancing mechanisms but sets out CUSC and Grid Code requirements.

BELLA and BEGA customers are responsible for their own process and agreements with NESO but require to keep the Company promptly notified of steps they are taking which impact the Company, the Distribution System Connection and/or the Company's Distribution System.

7 Security for Transmission Works

The underwriting of Transmission Works may be required to enable the provision of the Connection. The Company will advise the Customer where this is the case.

Where underwriting is required, the Connection is subject to the Customer either having and maintaining an Approved Credit Rating (as set out in the Standard Terms and Conditions for Connection) or, in the absence of such, providing and maintaining security cover or other underwriting arrangements on terms satisfactory to the Company (the Security). The Security is to cover (but is not limited to) the risk non-payment of the costs of the Transmission Works by the Customer, or early cancellation or capacity reduction of the project (the Cancellation Charge) at a stage where costs have been or will be incurred (the Secured Liabilities).

Once advised by the Company of the requirement to underwrite Transmission Works the Customer shall notify the Company of its credit rating and shall thereafter notify the Company of any changes to its credit rating prior to energisation of the Connection. Where applicable, the Customer may provide Security to cover the Secured Liabilities in one of the forms specified in the Standard Terms and Conditions (linked in the Connection Offer). If the Customer does not have an Approved Credit Rating and Security is not provided the Connection will not be able to progress.

8 Cancellation Charges

The Cancellation Charge from NESO against the cancellation of Transmission Works is made up of a number of components which apply at different stages and is calculated and notified by NESO to the Company in accordance with Section 15 of the CUSC. The Customer can choose how to pay part of the Cancellation Charge. The customer can elect to pay the Attributable Works Cancellation Charge on a fixed basis rather than on an actual cost basis. A fixed cost gives cost certainty but may not be the same as actual cost.

Following receipt by the Company of a Notification of Fixed Attributable Works Cancellation Charge from NESO relevant to a Gate 2 Offer, the Company shall notify the customer of the Fixed Attributable Works Cancellation Charge and an estimate of the Actual Attributable Works Cancellation Charge (unless otherwise agreed with the customer).

The Customer shall, if it wishes to elect for the Fixed Attributable Works Cancellation Charge rather than the Actual Attributable Works Cancellation Charge, notify the Company of its decision in writing

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of at the time of acceptance of the Notice or within 10 Business Days of receipt of the subsequent notification from the Company (unless otherwise agreed with the customer).

Once the Customer elects for the Fixed Attributable Works Cancellation Charge, the Customer cannot revert to the Actual Attributable Works Cancellation Charge. If the Customer makes no election the Actual Attributable Works Cancellation Charge shall apply unless and until the Customer elects for the Fixed Attributable Works Cancellation Charge.

9 Further Information

Further information about NESO's requirements are set out at [Connection and Use of System Code \(CUSC\) | National Energy System Operator](#) and [National Energy System Operator \(NESO\) | National Energy System Operator](#).

10 Revision History

No	Overview of Amendments	Previous Document	Revision	Authorisation
01	New Guidance Document	Not Applicable	1.00	Rob Gladstone
02				