



Roadnight Taylor

THE INDEPENDENT SPECIALIST GRID CONSULTANCY

Aligning Ownership Boundaries for Demand and Generation A Class Exemption Proposal

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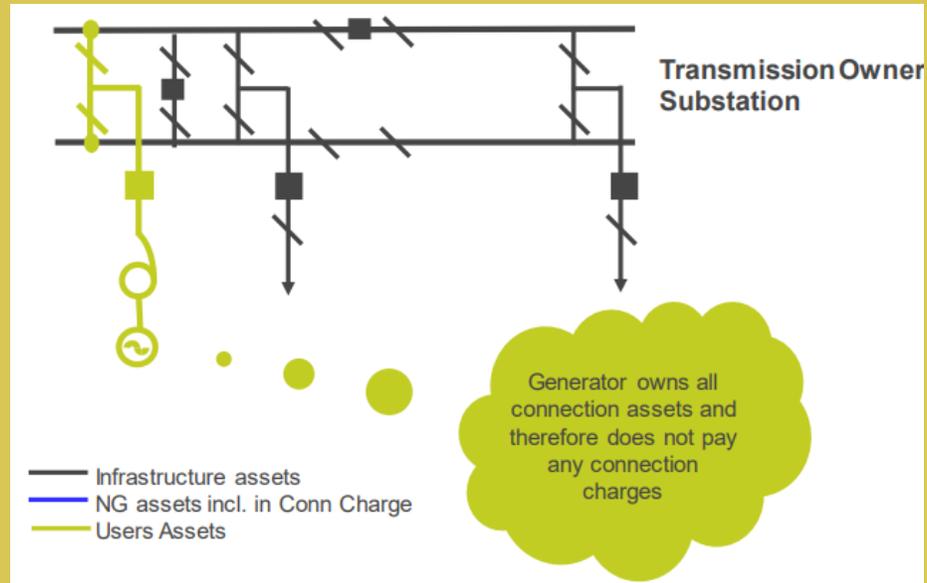
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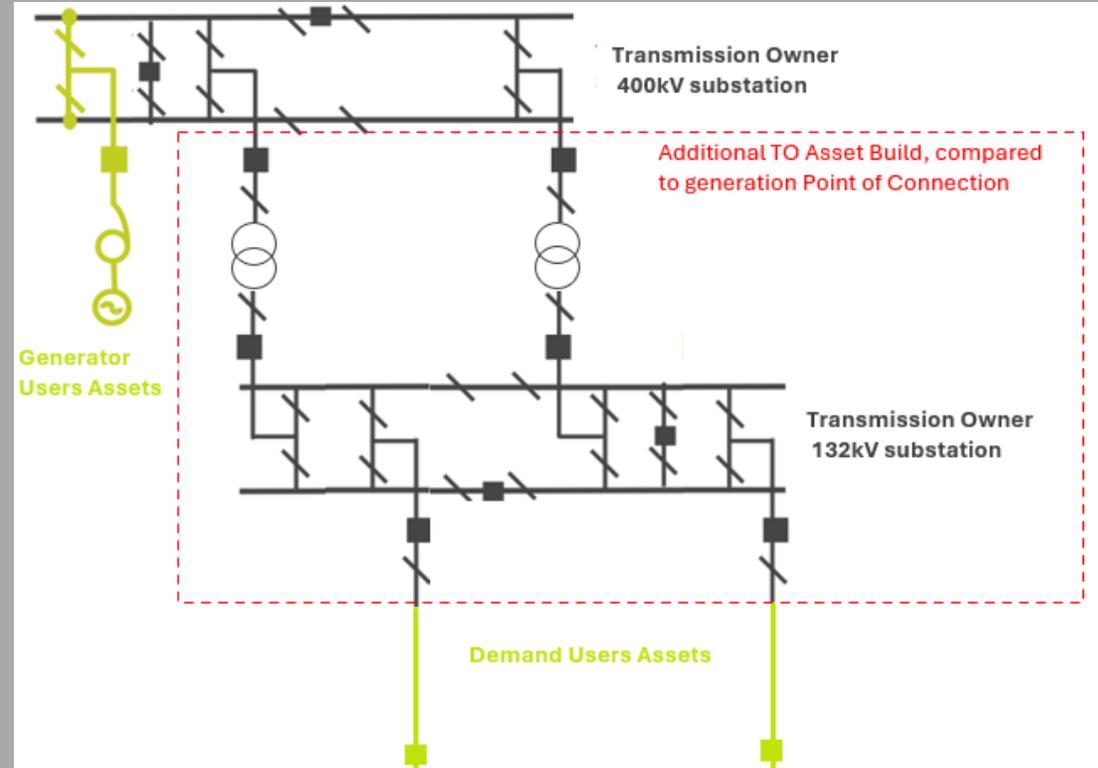
Generation vs Demand Typical Ownership Boundaries

Generation – England & Wales typical ownership:



- Generator responsible for “populating” bay at NGET substation, cabling back to generation site and all transformers and switchgear on generator site.
- Generator typically seeks consents for cable route as part of planning submission for generating station.
- Generator has flexibility to decide on the level of redundancy required for User Assets.

Demand – England & Wales typical ownership:



- TO undertakes all works down to non-transmission voltage (132kV in England & Wales). *Or user self-builds and TO adopts.*
- Design must be SQSS compliant.
- Demand customer responsible for cabling back to site at 132kV – can involve large numbers of cables!

Aligning Ownership Boundaries for Demand and Generation

Datacentre and large demand operators appear keen to align on the generation ownership boundary arrangements:

- Allows demand users to procure and build out their own 400kV/275kV assets
- Allows more efficient engineering solutions for large connections (e.g. cabling at 400kV not multiple 132kV circuits)
- Wider choice of connection points (can be offered 400kV bay, not limited to new 132kV substations)

Multiple transmission schemes have already started to investigate and prepare individual Section 5 Transmission Licence Exemption requests, to allow them to own and operate the 400kV assets relating to their connection.

Without an exemption, operating these assets would require a Transmission License.

This includes **data centre projects** but also **energy-park style generation projects** where multiple ownership of sub-projects also cause issues under the current licensing rules.

Proposal: A new Class Exemption

Problem: Bespoke exemption requests require high levels of resource, both by applicant and DESNZ. They do not provide wider industry certainty.

Proposal: A new Class Exemption could be a more efficient solution and would make it clear to all parties who was eligible to build, own and operate their own transmission assets.

The intention is to outline a set of conditions for a Class Exemption that would:

- Allow a broad range of demand and generation projects to deliver and own the sole use transmission assets for their connections
- Not change existing licensing requirements for existing Licensed Transmitters (e.g TOs and OFTOs)
- Ensure no material impact on the market activities of licensed parties.

Draft Text

Would cover:

- Datacentre or other large demand user.
- Energy Park with Demand and Generation under a single BCA.
- Energy Park with multiple generators sharing a grid connection under a single BCA.

“**Qualifying Group**” meaning two or more users who are on the same site or are connected via private wires
(same concept as in other license exemptions)

Protects against interference with other licensable transmission and distribution activities

DRAFT Class exemption proposal:

Class [X]: **Sole Use Transmission**

Persons (other than licensed transmitters) who own and operate transmission asset(s) which connect a single user to the main interconnected transmission system, where:

- a) The transmission assets do not transmit electricity other than that consumed or generated by a single user, generator or a **qualifying group**, where the user, generator, or group is a holder of a **Non-Embedded Customer** connection agreement OR a **Directly Connected Power Station** connection agreement;

And

- b) The transmission assets are located onshore;

And

- c) The transmission assets do not allow the transmission of electricity to any domestic consumers;

And,

- d) The transmission assets do not allow the transmission of electricity between multiple points on the **Main Interconnected Transmission System**