

**To: Electricity North West Ltd (ENWL)**  
**Northern Powergrid (Northeast) Ltd (NPgN)**  
**Northern Powergrid (Yorkshire) plc (NPgY)**  
**London Power Networks plc (LPN)**  
**South Eastern Power Networks plc (SPN)**  
**Eastern Power Networks plc (EPN)**  
**SP Distribution plc (SPD)**  
**SP Manweb plc (SPMW)**  
**Scottish Hydro Electric Power Distribution plc (SSEH)**  
**Southern Electric Power Distribution plc (SSES)**  
**National Grid Electricity Distribution (West Midlands) plc (WMID)**  
**National Grid Electricity Distribution (East Midlands) plc (EMID)**  
**National Grid Electricity Distribution (South Wales) plc (SWALES)**  
**National Grid Electricity Distribution (South West) plc (SWESt)**

**Notice under Part C of Charge Restriction Condition (CRC) 2E (Incentive on Connections Engagement) of the Electricity Distribution Licence to modify the Incentive on Connections Engagement Guidance document**

Each of the companies to whom this document is addressed is the holder of an electricity distribution licence (the 'licence') granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 (the Act).

The Gas and Electricity Markets Authority (the 'Authority')<sup>1</sup> hereby gives Notice pursuant to Part C of Charge Restriction Conditions (CRC) 2E (Incentive on Connections Engagement) as follows:

1. The Authority proposes to modify the Incentive on Connections Engagement Guidance document ('guidance document').

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<sup>1</sup> The terms "the Authority", "we" and "us" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This notice is issued by or on behalf of GEMA.

2. The proposed text of the modified guidance document is attached as an associated document.
3. The reasons why the Authority proposes to modify the guidance document are set out in various documents published on behalf of the Authority, including our decisions for:
  - RIIO-ED2 Sector Specific Methodology<sup>2</sup>;
  - RIIO-ED2 Final Determinations (Core Methodology)<sup>3</sup>; and
  - Outcome of our assessment under the 2021-22 RIIO-ED1 Incentive Connections Engagement<sup>4</sup>.
4. We are proposing to modify the guidance document because:
  - Our final determinations for RIIO-ED2 introduced a new Major Connections Incentive ('MCI') which is going to replace the Incentive on Connections Engagement ('ICE') in the next price control period (2023-28), effective from 1 April 2023.
  - As the ICE will cease to have effect at the end of the current RIIO-ED1 price control period on 31 March 2023, we will not require the companies to whom this notice is addressed (the 'licensees') to submit a Looking Forward section covering 2023-24 as part of their ICE submission for 2022-23.
  - This change in requirements needs to be reflected in the guidance document to have effect in the licence.
5. In particular, we are proposing to amend paragraphs 3.2 and 6.7 of the current guidance document<sup>5</sup> to remove the obligation for the licensees to submit a Looking Forward workplan of activities for 2023-24 by 30 April 2023. For the avoidance of doubt, the licensees are still required to submit a Looking Back report covering 2022-23 by 31 May 2023.
6. The Authority proposes that the modified guidance document should take effect from 1 April 2023.

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<sup>2</sup> <https://www.ofgem.gov.uk/publications/riio-ed2-sector-specific-methodology-decision>

<sup>3</sup> <https://www.ofgem.gov.uk/sites/default/files/2022-11/RIIO-ED2%20Final%20Determinations%20Core%20Methodology.pdf>

<sup>4</sup> This is being published alongside the present notice.

<sup>5</sup> [https://www.ofgem.gov.uk/sites/default/files/docs/2015/02/ice\\_guidance\\_doc\\_revised\\_format\\_0.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2015/02/ice_guidance_doc_revised_format_0.pdf)

7. Any representations must be made on or before 2 May 2023 via email to [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk) or in writing to Amy Freund at Ofgem, 10 South Colonnade, Canary Wharf, London E14 4PU.
8. All representations will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.
9. Any representations received will be duly considered.

**Amy Freund**  
**Head of Electricity Connections**  
**Energy Systems Management and Security**

**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**04 April 2023**