

All large connection stakeholders

Email: connections@ofgem.gov.uk

Date: 24 November 2023

Dear Stakeholders,

Open letter consultation on the Incentive on Connections Engagement: Looking Back Reports 2022-23

Helping new customers connect to the electricity network is one of the most critical services provided by Distribution Network Operators (DNOs). It enables new homes to be built and new businesses to start trading, as well as allowing new low carbon technologies (LCTs) and flexibility services to come on to the system. This will be crucial in helping the UK to decarbonise its economy, and move to a smarter, more flexible energy system.

We expect DNOs to provide a good service to all customers that are seeking a connection, and our Incentive on Connections Engagement (ICE) was designed to encourage this. Under the ICE, DNOs must provide evidence that they have engaged with their large connection customers and responded to their needs.¹ If they fail to do this, they could incur a financial penalty.²

We are seeking views on how well the DNOs have engaged with their large connection customers to ensure they are delivering a service that meets these customers' needs. This includes (but is not limited to) the actions listed in the annex to this letter. We are specifically

¹ For the purposes of ICE, "large" connections are those falling within the Relevant Market Segments of the local connections market. The exact scope of the ICE is confirmed in Table 1 of the ICE Guidance Document, available at:

https://www.ofgem.gov.uk/sites/default/files/docs/2015/03/ice_guidance_doc_010415_0.pdf.

For customers requiring a smaller connection there are separate incentives on DNOs to improve customer satisfaction and the time it takes the DNOs to issue quotes and make connections.

² Electricity Distribution Licence – Charge Restriction Condition 2E (Incentive on Connections Engagement)

https://www.ofgem.gov.uk/sites/default/files/docs/2015/02/crc_slow_track_master_0.pdf

interested in hearing from relatively new types of connection customer categories³ (eg those seeking to connect electric vehicle (EV) charging points, storage facilities or flexible demand users).

How did the ICE work?

The ICE worked by requiring DNOs to submit evidence to us demonstrating that they have engaged effectively with large connection customers to develop and deliver plans that improve their services.⁴

In our RIIO-ED2 final determinations, published on 30 November 2022⁵, we confirmed that we would remove the ICE and replace it with a Major Connections Incentive (MCI), effective from 1 April 2023, DNOs are relieved of any obligations⁶ to submit a Looking Forward plan for year 2023-24, following the removal of ICE from 1 April 2023. Therefore, for the 2023 submission, DNOs were **not expected** to provide a **Looking Forward** plan, and have only submitted their **Looking Back** report on their activities during the previous year demonstrating how they have met the needs of large connection customers.

Using your responses to this open letter, we will assess whether the DNOs have met the needs and reasonable expectations of their large connection customers. Where we do not consider that a DNO has delivered its plan, we will issue a further consultation seeking further evidence on whether a penalty may be warranted and seek responses from each of the DNOs in question.

You can read more about the process on our website [here](#), about last year's consultation [here](#), and further directions to modification to ICE guidance document early this year [here](#).

How to respond

We have provided a template to help structure your response which can be found on the same webpage as this letter (subsidiary document).

We are seeking your views on '**Looking Back report**' and asking specific areas of the DNOs' performance in 2022-23. You can either complete this template for an individual licensee or

³ For ease of readability, in this document we may interchangeably refer to "large connection customers", "connection customers" or "large customers".

⁴ For further information, please read the ICE Guidance Document. See link under footnote 1.

⁵ [RIIO-ED2 Final Determinations | Ofgem](#)

⁶ [Direction to modify the Incentive on Connections Engagement \(ICE\) Guidance Document | Ofgem](#)

for a DNO group as a whole.⁷ However, if you wish to provide comments for more than one DNO group, please use separate templates for each.

Please ensure that you clearly indicate the type of connection you require and which of the DNOs' submissions you are commenting on. The six DNO groups have published their latest Looking Back submissions at the links below:

- Electricity North West Limited: [link](#)
- Northern Powergrid: [link](#)
- Scottish Power Energy Networks: [link](#)
- Scottish and Southern Electricity Networks: [link](#)
- UK Power Networks: [link](#)
- Western Power Distribution: [link](#)

Your initial submissions may feed into other stages of the ICE process, and we may therefore ask you additional questions or request further information.

If you would like your response to be kept confidential, you should mark it as such on the template and outline your reasons for this. Any responses not marked confidential will be published on our website. We ask you to consider this carefully as sharing the comments with the relevant DNO may help improve their performance and ensure a transparent and effective ICE process.

The closing date for responses is **22 December 2023**. You should send your responses to connections@ofgem.gov.uk.

Yours faithfully,

Tessa Hall

**Head of Electricity Connection.
Energy Systems Management & Security**

⁷ There are 14 licensed distribution network operators (DNOs) in Britain and each is responsible for a regional distribution services area. The 14 DNOs are owned by six different groups. For example, Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) Limited are owned by Northern Powergrid (the group).

Annex

We expect DNOs to continue making improvements to the provision of their connection service. Areas of particular interest for the ICE include:

- Supporting large connections customers prior to application by providing accurate, comprehensive and user-friendly information, including:
 - providing access to transparent, up to date and relevant information on where to connect, including - but not limited to - network capacity and design (eg providing network data to EV connection customers to help tailor location of EV chargepoints and maximum demand capacity requirements).
 - communicating the whole connection process clearly.
 - providing clear explanations of the types of connection products available and the information needed for customers to make an application.
 - supporting the development of local area energy planning through alignment of connection requirements (eg, those of Local Authorities or community energy groups) with own strategic network planning.
- Delivering value for large connection customers by ensuring simplicity and transparency throughout the connection process, including:
 - providing good customer service (eg, handling the application process efficiently and providing prompt feedback to customers).
 - offering sufficiently flexibility to accommodate necessary changes in customers' requirements.
 - ensuring that customers fully understand the implications for their connection offer of any changes that can arise, either because of changes in their requirements or because other customers are also seeking to connect in the same area.
- Engaging with connection customers to provide more clarity on how the rules and processes for connections will evolve as a result of future developments like, for example:
 - increasing volume of connections for new forms of LCTs such as storage and EVs.
 - connections reform and accelerating connection times.
- Engaging appropriately with and responding adequately to the needs of large connection customers who are aiming to connect new LCTs, with particular attention to improving processes to support the increasing demand for connections.

- Facilitating the delivery of timely and economical connections by:
 - helping connection customers identify how they could make changes to their connection requirements, that would meet still their needs.
 - promoting certain types of connection customers (such as storage) in a connection queue if doing so will help others connect more quickly and or cheaply.
- Ensuring availability of flexible connections for all large customers and providing more clarity around the conditions and circumstances of current and future curtailment associated with a flexible connection offer.
- Identifying where it would be appropriate for network operators to work together to improve the consistency of the connection processes across Great Britain, including collaborating to keep the approach to Assessment & Design (A&D) fees under review and provide a forum for stakeholders to raise issues.