

UKPN

Appendix

1. What do you consider to be the pros/cons of IDNOs connecting EHV customers embedded within distribution networks?

Pros include:

- Customer choice, creating a liquid market promoting efficiency and innovation.
- With the use of asset discounting, potentially a lower cost connection for the end-customer – however this needs to be assessed for fairness and overall cost to the wider customer base.

Cons include:

- Segmentation of capacity allowance between IDNO and DNO, which if striving for efficient use of the whole system, drives increased operational complexity and/or additional assets to ensure operational flexibility.
- Less regulation around use-of-system charging for EHV connected parties within IDNO networks risks higher charging of these customers once connected, as no protection for customers is currently built in from the existing charging approach.
- Lastly, as locational charging or time-based use-of-system charging is adopted more commonly to drive flexibility and minimise net zero transition costs, care needs to be taken to ensure that IDNO customers are not excluded from these arrangements – again, an additional complication.

2. What do you consider to be the pros/cons of IDNOs connecting directly to the transmission network?

Pros include:

- Increase in customer choice in terms of provider for a wider range of types of connection.
- Potentially more options for point of connection location, which may result in a lower cost connection for the end-customer.

Cons include:

- Lack of a host DNO, so very little regulatory controls over pricing all the way down to LV.
- Charges will be calculated via a different methodology; therefore potential for two similar customers facing two very different charges on broadly the same part of the wider network. This would feature all the way down to the LV level.
- Exacerbates the lack of performance and regulatory obligations that IDNOs are subject to relative to those which apply to DNOs.