



To Distribution Network Operators and  
all interested parties

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*Promoting choice and value for  
all gas and electricity customers*

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Date: 8 July 2010

### **Notice of the requirement on DNOs to establish a DG Connections Guide and DG Information Strategy**

In the Final Proposals for the 5<sup>th</sup> Distribution Price Control Review<sup>1</sup> we set out a requirement for DNOs to produce:

- a guide to assist people who wished to connect generation to a distribution network, the DG Connections Guide; and
- a wider overall strategy for information provision which shall set out the actions and tools DNOs are committed to implement in order to support their customers during the connection decision process.

This requirement is detailed in the provisions of paragraph 25A.10 of the Electricity Distribution Licence granted or treated as granted to under section 6(1)(c) of the Electricity Act 1989, and in accordance with these provisions we enclose a formal notice in respect of two directions that the Authority proposes to make under its powers provided for in condition 25A<sup>2</sup>.

Annex 3 to the Notice sets out the reasons why the Authority proposes to make these directions.

If the enclosed draft directions have to be revised following this consultation, the necessary amendments will be made. Ofgem's response to representations will be given, including reasons why the enclosed draft directions have been amended or not.

You will note that any representations which you might wish to make in respect of the notice must be received by us no later than 4 August. Responses may be published unless clearly marked as confidential and not for publication.

Representations should be sent to:

Gareth Evans  
Ofgem  
9 Millbank  
London  
SW1P 3GE

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<sup>1</sup>

[http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/FP\\_2\\_Incentives%20and%20Obligations%20FINAL.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/FP_2_Incentives%20and%20Obligations%20FINAL.pdf)

<sup>2</sup> Condition 25A of the electricity distribution licence has applied since 1 April 2010 and was developed as a result of the DPCR5 consultation process and Final Proposals.

**The Office of Gas and Electricity Markets**

9 Millbank London SW1P 3GE Tel 020 7901 7000 Fax 020 7901 7066 [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

or by email to [gareth.evans@ofgem.gov.uk](mailto:gareth.evans@ofgem.gov.uk)

Please do not hesitate to contact me on 020 7901 7194 if you have any queries regarding this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', is placed over a light grey rectangular background.

Rachel Fletcher  
**Partner - Distribution**

**To: The Company Secretary**  
**[Licensee name]**  
**[Licensee address]**

**NOTICE UNDER PARAGRAPH 25A.10 OF CONDITION 25A OF THE ELECTRICITY DISTRIBUTION LICENCE**

**The Gas and Electricity Markets Authority (“the Authority”) hereby gives notice as follows pursuant to paragraph 25A.10 of condition 25 of the distribution licence (“the Licence”) granted or treated as granted to [licensee] (“the Licensee”) under section 6(1)(c) of the Electricity Act 1989:**

1. The Authority intends to give directions in accordance with:
  - (i) Paragraph 25A.2 of condition 25A of the Licence, which provides for the DG Connections Guide; and
  - (ii) Paragraph 25A.5 of condition 25A of the Licence, which provides for the Licensee’s DG Information Strategy.
2. The proposed contents of the directions are set out in Annexes 1 and 2 hereto.
3. The reasons why the Authority intends to make the directions are set out in Annex 3 hereto.
4. Each of the directions is proposed to take effect on 11 August.
5. Any representations with respect to the proposed directions may be made to the Authority on or before 4 August and sent to:

Gareth Evans  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Or by email to [gareth.evans@ofgem.gov.uk](mailto:gareth.evans@ofgem.gov.uk)

**Dated: 8 July 2010**

**Rachel Fletcher**  
**Partner - Distribution**

**Duly authorised by the Authority**

## **Annex 1 – Draft direction pursuant to paragraph 25A.2**

### **DIRECTION ISSUED PURSUANT TO PARAGRAPH 25A.2 OF CONDITION 25A OF THE ELECTRICITY DISTRIBUTION LICENCE**

Whereas:

- (i) [Licensee] (“the Licensee”) 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”).
- (ii) In accordance with paragraph 25A.10 of the Licence the Gas and Electricity Markets Authority (“the Authority”) on 8 July 2010 gave notice to the Licensee (“the Notice”) and set out the proposed contents of this direction.
- (iii) The Authority has considered all representations which were made and not withdrawn, and had regard to all relevant information and circumstances.

Now, for the reasons specified in Annex 3 to the Notice, the Authority directs under paragraph 25A.2 of the Licence that the Licensee must work collectively with the licensees listed in Addendum A to this direction (“the relevant licensees”) to prepare a common set of documents to be known as the DG Connections Guide<sup>1</sup>, which must be in the form specified in Addendum B to this direction.

In accordance with paragraph 25A.4(a) of the Licence, the Licensee must, together with the relevant licensees, issue the DG Connection Guide, as approved by the Authority, within a period of three months after the date of this direction.

Annex 3 to the Notice constitutes the notice which is required pursuant to section 49A of the Act.

**Dated: 11 August 2010**

**Rachel Fletcher**  
**Partner - Distribution**

**Duly authorised by the Authority**

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<sup>1</sup> Pursuant to condition 25A.16, “DG” is to be read as a reference to “Distributed Generation”, which has the meaning given in Charge Restriction Condition 2 (Definitions for the Charge Restriction Conditions)

**Annex 1 – Draft direction pursuant to paragraph 25A.2 (Addendum A)**

**LEFT BLANK IN DRAFT: TO BE COMPLETED IN THE FINAL VERSION WITH THE NAMES OF THE OTHER LICENSEES WHO ARE ALSO SUBJECT TO A DIRECTION IN THESE TERMS (“THE RELEVANT LICENSEES”).**

## **Annex 1 – Draft direction pursuant to paragraph 25A.2 (Addendum B)**

### **Form of DG Connections Guide**

The DG Connections Guide (“the Guide”) should comprise a set of documents, each one targeted to a different customer group as defined by the Licensee and the relevant licensees, which provides guidance on the connection process for DG.

The overall purpose of the guide is to help DG users to understand how to connect to the network – the process they need to follow in applying for a connection, the factors that might impact the cost of connection and what to do when problems are encountered.

### **General principles**

- The Guide should be written in plain English. Where technical terms are used, these should be clearly defined in a glossary.
- The Guide should be accessible and easy to use for a range of users from domestic to industrial, dealing with DG connections at all voltage levels of a distribution system. The Guide should therefore be written in a way that is helpful to users having very different levels of knowledge.
- Each section of the Guide should be written in a way that is appropriate to the likely reader of that section. Different language may therefore be appropriate in different sections.
- The use of flow charts and check lists to clarify information should be considered.

### **Structure**

The broad structure of the Guide is at the discretion of the Licensee and the relevant licensees, providing that it meets the following requirements:

- The Guide should be designed so that the information is segregated according to the needs of the different customer groups which have been identified.
- Consequently the Guide should be ‘menu driven’ so that an inquirer is taken to the appropriate information based on easy to understand questions about generator size, technology and perhaps location.

### **Content**

Paragraph 25A.3 of the Licence sets out the matters which are to be addressed by the Guide. The Authority sets these out below for completeness and, where it considers appropriate, expands upon them. The Guide should therefore address (without limitation) the following:

***Pursuant to paragraph 25A.3(a) of the Licence***, details of the statutory and regulatory framework (including health and safety considerations) that applies to DG connections, including:

- An explanation of the way in which the electricity system works and the role that DG can play.

## **Annex 1 – Draft direction pursuant to paragraph 25A.2 (Addendum B)**

- Guidance on the need for a generation licence.

***Pursuant to paragraph 25A.3(b) of the Licence***, the likely costs, charges and timescales (with a link to the relevant licence obligations) involved in the application process typically operated by Electricity Distributors in respect of DG connections, including:

- The process and timescale for obtaining a connection offer from an Electricity Distributor.
- Guidance on how to get an estimate of the costs of connection and, where appropriate, for use of a DNO's network (Use of System charges).

***Pursuant to paragraph 25A.3(c) of the Licence***, details of the arrangements and opportunities available for competitive activity in the provision or procurement of DG connections.

***Pursuant to paragraph 25A.3(d) of the Licence***, information relating to engineering and other technical matters relevant to the commissioning, energisation, and maintenance of DG connections.

Furthermore, the Guide should also include:

- Links to other relevant sources of information (e.g. Feed-in-tariffs and Renewable Obligations Certificates).
- Advice about the opportunities to trade any exported electricity, and the metering required.
- The process for dealing with disputes which might arise in the process of obtaining an offer for connection.
- A glossary of relevant technical terms.

## **Annex 2 – Draft direction pursuant to paragraph 25A.5**

### **DIRECTION ISSUED PURSUANT TO PARAGRAPH 25A.5 OF CONDITION 25A OF THE ELECTRICITY DISTRIBUTION LICENCE**

Whereas:

- (i) [Licensee] (“the Licensee”) 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”).
- (ii) In accordance with paragraph 25A.10 of the Licence the Gas and Electricity Markets Authority (“the Authority”) on 8 July 2010 gave notice to the Licensee (“the Notice”) and set out the proposed contents of this direction.
- (iii) The Authority has considered all representations which were made and not withdrawn, and had regard to all relevant information and circumstances.

Now, for the reasons specified in Annex 3 to the Notice, the Authority directs under paragraph 25A.5 of the Licence that the Licensee must prepare a DG Information Strategy<sup>2</sup> which sets out how the Licensee intends to ensure that all existing and potential users of its Distribution System are able to receive an adequate level of information and a satisfactory standard of service in relation to the DG connections process and matters relevant to it.

The requirements as to the scope and contents of the DG Information Strategy are set out in paragraph 25A.7 of the Licence.

The Licensee must submit the DG Information Strategy for the approval of the Authority by 10 September.

Annex 3 to the Notice constitutes the notice which is required pursuant to section 49A of the Act.

**Dated: 11 August 2010**

**Rachel Fletcher**  
**Partner - Distribution**

**Duly authorised by the Authority**

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<sup>2</sup> Pursuant to condition 25A.16, “DG” is to be read as a reference to “Distributed Generation”, which has the meaning given in Charge Restriction Condition 2 (Definitions for the Charge Restriction Conditions)

## **Annex 3 – Reasons**

### **THE AUTHORITY'S REASONS FOR GIVING DIRECTIONS PURSUANT TO PARAGRAPHS 25A.2 AND 25A.5 OF THE LICENCE**

During the development of the fifth Distribution Price Control Review (DPCR5), particular attention was paid to the needs of parties who may wish to connect generation to electricity distribution networks. A particular objective was to make it easier for parties to obtain a connection subject always to ensuring the safety and integrity of the networks.

A DG Connection Guide had been published in February 2004 but had not been updated since. There was a general consensus that such a guide, suitably developed, was of value to network users. The proposal to require the DNOs to produce such a guide was consulted on and included in DPCR5 Final Proposals<sup>3</sup>.

We recognised that the DG Connection Guide would not address all the information needs of network users and so we also consulted on a higher level obligation to require licensees to develop an information strategy to address any gaps in information provision based on the specific needs of a DNO's network users. This requirement, now referred to as the DG Information Strategy, was also captured in DPCR5 Final Proposals<sup>4</sup> which set out a requirement for DNOs to develop an overall strategy for information provision.

This annex constitutes the notice which is required in accordance with section 49A of the Electricity Act 1989.

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<sup>3</sup> See page 15 at:

[http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/FP\\_2\\_Incentives%20and%20Obligations%20FINAL.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/FP_2_Incentives%20and%20Obligations%20FINAL.pdf)

<sup>4</sup> See page 16 at:

[http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/FP\\_2\\_Incentives%20and%20Obligations%20FINAL.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/FP_2_Incentives%20and%20Obligations%20FINAL.pdf)