

**The Company Secretaries  
Electricity Distributors**

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24 August 2010

Dear Company Secretary,

**Directions to establish a DG Connections Guide and DG Information Strategy**

On 8 July 2010 we published a notice of our intention to issue two directions pursuant to paragraphs 25A.2 and 25A.5 of the Electricity Distribution Licence granted or treated as granted to Electricity Distributors under section 6(1)(c) of the Electricity Act 1989. Paragraphs 25A.2 and 25A.5 set out requirements on all Electricity Distributors, where the Authority issues directions to do so, 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 Electricity Distributors are committed to implement in order to support their customers during the connection decision process, the DG Information Strategy.

We received five responses to the notice, three of which were supportive while the other two offered minor comments. These comments have been addressed to the satisfaction of the respondents and as a result a minor drafting change has been made the final paragraph of the paragraph 25A.2 direction. All responses will be published on our website.

The paragraph 25A.2 direction is attached to this letter as Annex 1. The paragraph 25A.5 direction is attached as Annex 2. The reasons why the Authority is making these directions are set out in Annex 3.

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

Yours sincerely,



Rachel Fletcher  
**Partner - Distribution**

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

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

Whereas:

- (i) The [Electricity Distributor] (“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- (iii) The Authority has considered all representations which were made and not withdrawn, and had regard to all relevant information and circumstances.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 of reasons for this decision which is required pursuant to section 49A of the Act.

**Dated: 24 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 – Direction pursuant to paragraph 25A.2 (Addendum A)**

### **THE RELEVANT LICENSEES**

The Company Secretary  
Central Networks East Plc (Company No. 2366923)  
Central Networks West Plc (Company No. 3600574)  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG

The Company Secretary  
EDF Energy Networks (EPN) Plc (Company No. 2366906)  
EDF Energy Networks (LPN) Plc (Company No. 3929195)  
EDF Energy Networks (SPN) Plc (Company No. 3043097)  
EDF Energy (IDNO) Limited (Company No. 6489447)  
40 Grosvenor Place  
Victoria  
London  
SW1X 7EN

The Company Secretary  
Electricity North West Limited (Company No. 2366949)  
304 Bridgewater Place  
Birchwood Park  
Warrington  
WA3 6XG

The Company Secretary  
Northern Electric Distribution Limited (Company No. 2906593)  
Yorkshire Electricity Distribution Plc (Company No. 4112320)  
Lloyds Court  
78 Grey Street  
Newcastle-Upon-Tyne  
NE1 6AF

The Company Secretary  
Scottish Hydro Electric Power Distribution Plc (Company No. SC213460)  
Inveralmond House  
200 Dunkeld Road  
Perth  
PH1 3AQ

The Company Secretary  
Southern Electric Power Distribution Plc (Company No. 4094290)  
55 Vastern Road  
Reading  
Berkshire  
RG1 8BU

The Company Secretary  
SP Distribution Limited (Company No. SC189125)  
1 Atlantic Quay  
Robertson Street  
Glasgow  
G2 8SP

## **Annex 1 – Direction pursuant to paragraph 25A.2 (Addendum A)**

The Company Secretary  
SP Manweb Plc (Company No. 2366937)  
3 Prenton Way  
Prenton  
CH43 3ET

The Company Secretary  
Western Power Distribution (South Wales) Plc (Company No. 2366894)  
Western Power Distribution (South West) Plc (Company No. 2366985)  
Avonbank  
Feeder Road  
Bristol  
Avon  
BS2 0TB

ECG (Distribution) Limited (Company No: 5798763)  
Sterling House  
Langston Road  
Loughton  
Essex  
IG10 3FA

The Company Secretary  
Energetics Electricity Limited (Company No: SC234694)  
Silverwells House  
114 Cadzow Street  
Hamilton  
ML3 6HP

The Company Secretary  
ESP Electricity Limited (Company No: 4718806)  
Hazeldean  
Station Road  
Leatherhead  
Surrey  
KT22 7AA

The Company Secretary  
Independent Power Networks Limited (Company No: 4935008)  
Ocean Park House  
East Tyndall Street  
Cardiff  
CF24 5GT

The Company Secretary  
The Electricity Network Company Limited (Company No: 5581824)  
Energy House  
Woolpit Business Park  
Woolpit  
Bury St Edmunds  
Suffolk  
IP30 9UP

## **Annex 1 – 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 – 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 an Electricity Distributor'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 – Direction pursuant to paragraph 25A.5**

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

Whereas:

- (i) The [Electricity Distributor] (“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 the 1<sup>st</sup> of October, 2010.

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

**Dated: 24 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 Electricity Distributors 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 an Electricity Distributor’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 Electricity Distributors 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)