



**The Company Secretaries
Electricity Distribution Licensees**

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

Direct Dial: 020 7901 7194
Email: Rachel.Fletcher@ofgem.gov.uk

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Dear Colleague,

Approval of the DG Connections Guide under condition 25A.4 of the Electricity Distribution Licence

On the 24 August, we issued a Direction¹ to the electricity distribution licensees (the "Licensees") relating to the production of a DG Connections Guide (the "Guide") and a DG Information Strategy (the "Strategy"). The Direction relating to the Guide required the Licensees to work together to produce a single Guide. The Direction relating to the Strategy required each Licensee to produce its own Strategy. This letter therefore relates only to the Guide. We will be responding to the Licensees individually in relation to their Strategy.

We are pleased to see that the Licensees have, in accordance with paragraph 25A.4(a) of the electricity distribution licence and the Direction, worked together to develop and publish the Guide.

The licence sets out a number of criteria that the Guide should meet relating to its form, accessibility, structure and content. These are also detailed in Annex 1 to this letter. Our review of the document has confirmed that these criteria have been met and we are pleased to confirm that the Guide meets the requirements of paragraphs 25A.2 and 25A.3 of the licence. We therefore approve the Guide as required under paragraph 25A.4.

In addition to approving the Guide, we would also like to offer a number of comments that we would ask the Licensees to take into consideration as the Guide is developed further.

Firstly, it will be the users of the Guide that will best be able to judge how useful it is. We would therefore recommend that an easy to use facility be provided for users to feedback their views on the Guide to the Licensees. This is not a requirement under the licence but we do think it should be provided as soon as possible.

Secondly, we note that the Guide only addresses the trading of electricity in relation to Feed in Tariffs² and Renewables Obligation Certificates³. We consider this to be appropriate at this stage. However, there may be a case for expanding this section of the Guide in the future, depending on the needs of users. This should be kept under review.

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=215&refer=Networks/ElecDist/Policy/DistGen>

² <http://www.ofgem.gov.uk/sustainability/environment/fits/Pages/fits.aspx>

³ <http://www.ofgem.gov.uk/Sustainability/Environment/RenewablObl/Pages/RenewablObl.aspx>

Finally, it is clear that generators are going to be connected in ever increasing numbers and will be owned by parties not familiar with such technology. Six times as many connections were made in 2009/10 compared with the previous year. The Guide makes reference to health and safety considerations as recommended by the Health and Safety Executive. This is also an area where more information might be useful to users and should also be kept under review.

We would like to congratulate the licensees on this joint exercise. We are aware that a number of open workshops took place to assist the development of the Guide and that a formal consultation process was also carried out. I believe that the final product reflects the effort that has gone into it. With the benefit of feedback from the Guide's users and the continued commitment of the Licensees and other stakeholders this publication should provide a service to its users of increasing value.

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', with a stylized flourish at the end.

Rachel Fletcher

Partner - Distribution

For and on behalf of the Gas and Electricity Markets Authority

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.

- 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.