



## Office of the Chief Executive

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Rachel Fletcher  
Acting Senior Partner, Distribution  
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13 January 2012

Dear Rachel

### **Follow up to Distributed Generation (DG) Forum**

Thank you for your letter of 27 October 2011 regarding the issues raised by stakeholders at the regional Distribution Generation Forums. I am sorry for the slight delay in our response to you but I wanted to take some time to fully understand the current situation within UK Power Networks.

UK Power Networks takes the views expressed by our stakeholders very seriously and is committed to delivering a high quality service to DG customers. In recent years we have seen a significant increase in the level of enquiries, quotations and work acceptances by DG customers. Between the calendar years 2009 and 2011: generation connection enquiries have increased by over 300%; generation connection quotations issued have increased by over 1,000%; and generation quotations accepted by customers have increased by over 900%.

During this significant increase in the number of DG connections we have worked to minimise the impact of this on the average time to connect. Unfortunately this volume increase coupled with the weaknesses that stakeholders have identified in our business processes have resulted in a small increase in the average time to connect. Appendix 1 shows that under the Guaranteed Standards of Performance (GSoP) standards the overall time between customers receiving a quotation and the completion of the works has risen from 64 days to 70.5 days between Quarter 3 2010/11 and Quarter 3 2011/12 as shown in the tables in Appendix 2. Although these timescales are well within the statutory requirements, as shown in the tables in Appendix 2, we do recognise that there are areas that we can improve upon and this letter highlights the main actions that we are already taking to refine our service offering, addressing the issues that you raise in your letter.

- **The application and connection process is long-winded and complicated**

We have briefly discussed our plans to improve our connections processes with James Veaney and Stacy Feldmann and we have arranged for our Connections End-to-End Programme Manager to discuss our programme of work in this arena with Ofgem in detail on 9 February. The End-to-End Programme commenced at the end of 2011 and is looking at improving the customer experience for all customers, including DG customers. The initial phases are focused on understanding our stakeholder requirements better and we expect that the Programme will be completed by the end of 2013. We will initiate stakeholder workshops with our connection customers including the DG

community. Any required changes will be built into our revised DG connections guide that we have undertaken to publish by June 2012.

- **Customers do not feel that there is enough information available to them to understand how best to go about applying for a connection**

Working with other DNOs we have implemented a DG connections guide which has been authorised by Ofgem and is available on the ENA website. This three part document includes decision trees and supporting information to guide DG customers through the connection process. We have also developed a semi-automated process to facilitate a six monthly update of the Long Term Development Statement and this will be available in the new format for the first time in May 2012. This will improve our ability to provide our stakeholders with up-to-date information about our network. Together with the other DG connection process improvements that have taken place, we doubt that our stakeholders would have seen the full benefits of these changes at the time of the forum meetings. We are of course aware that further refinements can be made and we have therefore implemented a full end-to-end review of our connections business to improve our customers' experience.

- **Customers do not feel they get enough detail in connection quotes to allow them to challenge DNO costs**

Our DG customers are issued with a detailed description of the works we plan to undertake as part of the quotation and we also include a plan of the point of connection to our network. We have consistently developed the level of detail in the quotation and associated information in line with customers' and Ofgem's requirements including requirements developed at the Electricity Connections Steering Group (ECSG). We will continue to work to meet our customer expectations in this area and are happy to receive suggestions and ideas for what additional information is required. Additionally we sent our revised DG information strategy to Ofgem on 14 March 2011 and this was approved by Ofgem on 15 April. As part of this information strategy we undertook to develop and implement an initial indicative pricing web tool that enables potential DG customers to get an initial indicative price based upon three simple characteristics: cable length, generating capacity and network connection type. This is now available on our website.

- **There is inconsistency in the approach taken by DNOs, both to the connection process and to the application of technical standards within a DG connection**

Whilst the revised DG connections guide has helped to increase the visibility of the DG connection process we recognise that there are still variations across the DNO groups. Stakeholders have consistently suggested that they would welcome a common industry approach to DG connections which is something that we would be willing to develop with all DNOs. We would suggest that this would be best facilitated through the ENA.

- **The service provided and the efforts made to engage with DG customers falls well below expectations**

UK Power Networks is taking a proactive stance in understanding our customer requirements and putting in place sustainable solutions. The Low Carbon Network Fund Second Tier project in EPN area (Flexible Plug and Play (FPP) for Distributed Generation), is looking specifically at developing new network technologies and techniques that can be used to facilitate the speed of and reduce the cost of DG connections. The knowledge and learning generated from trialling the different FPP project methods will be used to develop a Strategic Investment Model. This will allow all DNOs to quantify for different demand and generation scenarios, the integrated value and benefits of different smart technologies, smart commercial arrangements and smart applications. This model will also determine when it makes best economic and carbon sense to reinforce the network or use smart alternatives ahead of firm customer need. It will be ready for deployment in RIIO-ED1 but we

recognise that there may be a need to look at refinements in the short term to address specific issues that our stakeholders are experiencing at the moment.

We are also reviewing the overall network requirements on an ongoing basis during DPCR5 and the development of the 33kV Network in LPN was specifically designed to facilitate the connection of DG. The network has been designed with sufficient fault level headroom to facilitate the connection of around 30MW of embedded generation to a 120MVA firm substation, which exceeds the Government's Performance and Innovation Unit (PIU) 2020 renewable energy target of 20%. The commissioning of this network is progressing well with the first phase (from the Paternoster to Finsbury Market main substations) to be available to customers from the first quarter of 2012 and the second phase (from City Road to Finsbury Market main substations) to be available to customers from the third quarter of 2013.

Finally, I would like to reiterate our commitment to improve UK Power Networks' customer service as we recognise that our stakeholders are not satisfied with the overall service that they receive as indicated in the trial Broad Measure of Customer Satisfaction. Our initial stakeholder engagement for the development of the RIIO-ED1 business plan also indicates that there are other services that our customers value that are not covered by the limited scope of the existing measures. We are focused upon working with Ofgem to improve the overall customer service that our stakeholders value. We also welcome your suggestion to work with Ofgem to understand whether the socialisation of the costs for DG connections would have merit. We are already in discussion with your team with regards to the potential further enhancement of LPN's infrastructure and we believe that these discussions can be extended to cover both DG and standard connections.

Please do not hesitate to contact me or Keith Hutton (020 7397 7715) if you have any further questions on this or any other topic.

Yours sincerely



**Basil Scarsella**  
**Chief Executive Officer**

Cc James Veaney, Head of Distribution Policy, Ofgem  
Ben Wilson, Director of Strategy & Regulation and CFO, UK Power Networks  
Keith Hutton, Head of Regulation, UK Power Networks

Appendix 1 – Overall DG connection timescales

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Time period	Connection stage	Average No of Days	Quarterly average time to connect
Quarter 3, 2010 / 2011	Average of quotation duration	8.15	64.06
	Average of time to contact duration	1.52	
	Average of schedule duration	41.22	
	Average of completion duration	13.18	
Quarter 3, 2011 / 2012	Average of quotation duration	17.72	70.48
	Average of time to contact duration	2.06	
	Average of schedule duration	37.54	
	Average of completion duration	13.17	

## Appendix 2 GSop Performance for Generation Jobs

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