



Making a positive difference
for energy consumers

All connection stakeholders

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Date: 02 May 2014

Dear stakeholders,

Open letter consultation on the Incentive on Connections Engagement (trial): Part One submissions

This year we are trialling the new Incentive on Connections Engagement (ICE) before it goes 'live' for the start of RIIO-ED1. As part of this trial we have published Part One of the DNOs' ICE submissions (links provided on the next page). The submissions should give distributed generation (DG) stakeholders' exposure to electricity distribution licensees' ("licensees") high-level strategies for engagement, work plans of activities and key performance outputs for the forthcoming year.

This letter seeks stakeholder views on these submissions. The closing date for responses is 13 June 2014. Responses should be sent to connections@ofgem.gov.uk. We will use responses to this open letter to inform our trial assessment of DNOs' submissions.

Background

Connecting customers to the electricity network is a critical activity that delivers benefits both to individual customers and to society more broadly.

We know that the requirements of large, commercial connection customers are sometimes very different to the needs of smaller, domestic connections. As part of RIIO-ED1 we are therefore introducing a specific incentive for large connection customers, the ICE.

The ICE aims to replicate the effects of competition by driving licensees to understand and meet the needs of major connections customers (higher voltage metered demand, unmetered, distributed generation).

For 2014-15 we have decided to trial the proposed arrangements for DG customers only. In future years, the incentive will also capture unmetered and high-voltage demand customers.

At the end of June 2014, we are due to receive the licensees' Part Two submissions which will describe how they have performed against the strategies for engagement, work plans of activities and key performance outputs that they set themselves at the start of 2013-

14.¹ We will publish the Part Two submissions and seek stakeholder feedback on whether each licensee has met our assessment criteria.²

ICE submission publications

The six DNO groups have published their ICE submissions at the links below -

- Electricity North West: [LINK](#)
- Northern Powergrid: [LINK](#)
- Scottish Power Energy Networks: [LINK](#)
- Scottish and Southern Power Distribution: [LINK](#)
- UK Power Networks: [LINK](#)
- Western Power Distribution: [LINK](#)

Specific areas where we seek views

Whilst we welcome views on any aspect of the DNOs' Part One submissions, we specifically welcome views on the following -

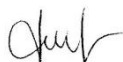
- Does the licensee have a comprehensive and robust strategy for engaging with DG connection stakeholders?
- Does the licensee have a comprehensive work plan of activities (with associated delivery dates) to meet the requirements of their DG connection stakeholders? If not, are the reasons provided reasonable and well justified? What other activities should the DNOs do?
- Does the licensee have relevant outputs that it will deliver during the regulatory year (eg key performance indicators, targets, etc.)?
- Has the licensee's proposed strategy, activities and outputs been informed and endorsed by a broad and inclusive range of DG connection stakeholders? If endorsement is not possible, has the licensee provided robust evidence that they have pursued reasonable endeavours to achieve this?

Next steps

We welcome views on these issues or any other aspects of the DNOs' service to DG customers. We will use the responses to inform our assessment of the ICE submissions.

Please submit any written comments to connections@ofgem.gov.uk by 13 June 2014. Unless clearly marked as confidential, we will publish responses on our website.

Yours sincerely



James Veaney
Head of Distribution Policy

¹ Although DNOs did not publish a Part One ICE submission for 2013-14, all DNOs published a "DG workplan" stating the steps that they will take to improve arrangements for DG customers. We want DNOs to report back on the progress made.

² The draft ICE Guidance document, which includes the assessment criteria, is attached as an associated document to this consultation.