

All those with an interest in competition in the market for new connections to electricity distribution networks

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Date: 25 February 2015

Update on next steps for improving the market for new connections to electricity distribution networks

In January 2015 we published the findings of our review of the market for new connections to electricity distribution networks.¹ Because of the problems identified in the market, we proposed to implement a new licence condition and enforceable Code of Practice (CoP) for distribution network operators (DNOs) to follow.

Our January findings publication is consulting on the minimum requirements for that CoP. This consultation closes on **18 March 2015**. Once it closes we will decide on the minimum requirements for the CoP. We expect to make this decision in early May 2015.²

DNOs committing to develop the Code of Practice

Our findings paper explained that we wanted the CoP to be quickly implemented to improve outcomes in the market. To this end we asked that the DNOs, who will be responsible for developing the CoP, start this process at the earliest opportunity. On 17 February 2015 we received the attached letter from the Energy Networks Association (ENA). This letter explains the DNOs' commitment and approach to working together to develop the CoP in consultation with interested parties.

This is an encouraging start to implementing the regulatory remedy. We are particularly pleased to note the DNO's commitment to work together with interested parties to develop the CoP and undertake thorough consultation on the detail of the CoP.

The ENA has noted that the timetable for developing the CoP will be challenging for them. We think that the timeframe we have set out is achievable. Several of the issues are not new and some DNOs are already taking many of the steps required. It is essential that a high quality CoP is delivered quickly to 1) deal with the issues identified through our market review and 2) ensure the adoption of best practice behaviour across all of the DNOs.

The ENA has also noted some concerns about the potential scope of the minimum requirements for the CoP which is still subject to public consultation and may not be confirmed until May. While the minimum requirements may develop from the consultation, DNOs can, ahead of May, begin developing a CoP which –

- 1) Deals with all the issues that have been identified through our review.

¹ See our [findings document](#).

² In our January publication, we had indicated making a decision in April. We have decided to delay a decision until May to avoid making a decision during the UK general election period.

- 2) Ensures that best practice developed through the competition test process is included in the CoP.
- 3) Takes into consideration responses to our findings consultation – which we will make available at the earliest opportunity.
- 4) Takes on board stakeholder feedback through their consultation process.

DNOs already have a very good idea of the problems in the market as a result of the competition tests and from the information we gathered during our review. We look forward to them using this feedback and their consultation process to develop a robust CoP.

A new licence condition

For our part, we have started developing the licence condition which will make the CoP enforceable. We intend to discuss the structure of this draft condition with DNOs in the next few weeks - before undertaking a public consultation in May. Following this public consultation we will launch the statutory consultation on changing the licence in July 2015.

Next steps

Our findings document asks for your views on the details of our remedy by **18 March 2015**. If you have any comments regarding the remedy or our approach to implementing it, please send them to the connections@ofgem.gov.uk mailbox by **18 March 2015**.

Milestone	Date
Remedy consultation closes	18/03/2015
Ofgem decision on code minimum requirements	Early May 2015
Deadline for DNOs to submit CoP to Ofgem	01/06/2015
Decision on acceptability of CoP and possible statutory consultation on licence condition	June and July 2015

Yours faithfully,



James Veaney
Head of Distribution Policy