



Making a positive difference
for energy consumers

All connection stakeholders

Direct Dial: 020 901 1806
Email: connections@ofgem.gov.uk

Date: 7 July 2015

Dear stakeholders,

Open letter consultation on the Incentive on Connections Engagement: Looking Forward reports 2015/16

The Incentive on Connections Engagement (ICE) was introduced as part of the RIIO-ED1 price control. The price control commenced on 1 April 2015 and the DNOs have submitted their first set of ICE Looking Forward submissions. The submissions are intended to give large connection stakeholders exposure to electricity distribution licensees' ("licensees") high-level strategies for connections engagement, work plans of activities and key performance outputs for the forthcoming year.

This letter seeks your views on these submissions. The closing date for responses is 4 August 2015. Responses should be sent to connections@ofgem.gov.uk. We will use responses to this open letter to inform our 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 introduced a specific incentive for large connection customers, the ICE (for customers requiring a smaller connection RIIO-ED1 has separate incentives on customer satisfaction and on the time it takes the DNOs to issue quotes and make connections¹).

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

The DNOs' Looking Forward submissions for 2015-16 are the first for RIIO ED1. In May 2016 DNOs will submit a "Looking Back" report describing how they delivered the strategies, work plans and key performance outputs that are set out in the Looking Forward report.

¹ As set out in chapter 8 of the Strategy decision for the RIIO-ED1 electricity distribution price control Outputs, incentives and innovation, 4 March 2013:
https://www.ofgem.gov.uk/sites/default/files/docs/2013/02/riioed1decoutputsincentives_0.pdf

In April 2015 we published guidance on how the ICE will work and how we will assess the ICE submissions.²

ICE submission publications

The six DNO groups have published their Looking Forward 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

While we are keen to hear your thoughts on any aspect of the DNOs' Looking Forward reports, we specifically welcome views on the following question areas -

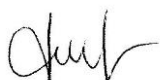
- Are you satisfied that the licensee has a comprehensive and robust strategy for engaging with connection stakeholders and facilitating joint discussions where appropriate?
- Do you agree that the licensee has a comprehensive work plan of activities (with associated delivery dates) that will meet the requirements of its connection stakeholders? If not, has the licensee provided reasonable and well-justified reasons? What other activities should the DNOs do?
- Do you consider that the licensee has set relevant outputs that it will deliver during the regulatory year (eg key performance indicators, targets, etc.)?
- Would you agree that the licensee's proposed strategy, activities and outputs have been informed and endorsed by a broad and inclusive range of connection stakeholders? If they have not been endorsed, has the licensee provided robust evidence that it has pursued this?

Next steps

We will use the responses we receive to this consultation to inform our assessment of the ICE submissions.

Please submit any comments to connections@ofgem.gov.uk by 4 August 2015. Unless clearly marked as confidential, we will publish responses on our website.

Yours sincerely



James Veaney
Head of Distribution Policy

² <https://www.ofgem.gov.uk/ofgem-publications/94371/icequidancedoc010415-pdf>