



Making a positive difference  
for energy consumers

## All connection stakeholders

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Dear Stakeholders

### **Consultation on getting an electricity connection when the network is constrained**

One of the most important obligations that a distribution network operator (DNO) has is the duty to offer new customers a connection to the electricity network. Connecting customers not only delivers benefits for individuals but also to society more widely. It enables new businesses to begin trading, generators to be able to export energy and new housing to be habitable.

The service that DNOs provide should meet the needs of their connection customers. We therefore introduced a new Incentive on Connections Engagement (ICE) which requires DNOs to engage effectively with their customers. To prove they are doing so they must produce plans that set out the actions they intend to carry out in order to meet their customers' requirements. They then have to prove that they have delivered these plans. Failure to do so may result in financial penalties for the DNO.

DNOs submitted their ICE plans for 2015-2016 to us on 31 May 2015. We asked for views on these in our open letter of 7 July 2015 and the responses we received informed our assessment of each DNO's submission.

We are now asking for further views from stakeholders on how effective each DNO has been at engaging with customers and in developing plans to deal with constraints on their network.

### **Why are we asking for additional views?**

When customers seek a connection in a region where the network has lots of spare capacity, the process should be reasonably straightforward. Where the network has limited capacity it can be more difficult to get connected. In some instances the additional time and cost of connecting in a constrained area can make it virtually impossible to proceed. We expect DNOs to take efficient steps to try to avoid this happening.

Although we have previously invited views on the DNOs' ICE plans, we have not heard directly from stakeholders on how well they feel DNOs are responding to this particular issue.

Network constraints can affect all types of customers requiring a connection, from large new industrial or housing developments through to renewable generators seeking to export energy onto the grid. Recent years have seen dramatic growth in the number of generators seeking to connect to the distribution networks. In some instances this growth was well in excess of what was anticipated in the DNOs' plans to develop their network.<sup>1</sup>

We are aware that this growth is fast consuming spare capacity on parts of the network. In some cases, this is driving up connection costs and increasing connection times. Sometimes customers are able to move to another location nearby where there is more capacity and it is easier to connect. We encourage this as it means the network is being used more efficiently, which reduces costs for everyone. However, this is not always possible and in some cases customers may have to abandon their project or relocate to another DNO region. While this may sometimes be unavoidable, we expect that this should only ever occur once the DNO has taken all of the steps that are within its gift.

DNOs have the funding they require to develop their networks and fulfil their obligation to offer connections. This means that if their network is full and customers can no longer connect, then DNOs should be taking action to better support the economic and efficient management of their networks.

### **What we expect from DNOs**

Firstly, we want DNOs to make best use of the capacity that remains and to try to find smarter, more flexible ways of connecting customers without having to build new network capacity. This requires a more innovative approach. In the last few years through our regulatory framework for networks we've funded several trials on how this can be achieved. These have the potential to make a real difference. There is now an increasing menu of options for DNOs and we expect all DNOs to make use of such arrangements (such as offering customers non-firm, commercially viable connections) as part of their 'business as usual' operation.

These options may not defer indefinitely the need for new capacity, but we'd expect to see these (and in future others) fully explored before new investment is made. Investing in new infrastructure can be challenging as it is hard to forecast where and when new connections will be required. We expect DNOs to manage this uncertainty by engaging with stakeholders to get a better understanding of possible future connections so they can plan accordingly, including for uncertainty. Scenario based planning should enable DNOs to be able to respond to the needs of its customers, irrespective of the energy mix. We also expect them to explore with stakeholders different ways in which the costs and risks of this type of investment can be shared. In our consultation on Quicker, More Efficient Connections<sup>2</sup> we have provided DNOs with an opportunity to come forward with trials to explore options for making anticipatory investment.

All of this requires DNOs to engage closely with customers that may require a connection to their network. We want to know if this is happening.

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<sup>1</sup> DNOs submitted their business plans to us for the RIIO-ED1 price control period. These plans included forecasts of Low Carbon Technology uptake on their networks and plans to reinforce where necessary.

<sup>2</sup> Our Quicker and more efficient distribution connections consultation document can be found at: <https://www.ofgem.gov.uk/publications-and-updates/quicker-and-more-efficient-distribution-connections>

## Specific areas where we are seeking views

While we are keen to hear your thoughts on any aspect of each DNO's engagement with connection customers, we specifically welcome views on the following issues -

1. Do you consider there are constraints on the network in this DNO's region?

**If there are no constraints please do not answer the following questions.**

2. What impact have these constraints had on your ability to get connected to the network?
3. To what extent has the DNO tried to find ways to help you get connected in constrained areas? For example:
  - a. To what extent has the DNO offered you more flexible and alternative connection arrangements alongside conventional firm connections? If not, then have they explained why not?
  - b. If the DNO does offer alternative arrangements, is the information provided sufficient to decide whether or not to go forward with the connection?
  - c. If the DNO does offer alternative arrangements, do you find the associated terms (eg. level of potential curtailment and certainty around maximum curtailment levels) acceptable?
4. What information has the DNO shared with you on its work plan of activities designed to help enable connections in these areas?
  - a. How comprehensive has this information been?
  - b. To what extent has the DNO provided information on associated delivery dates of its work plan of activities?
  - c. Are you aware if the DNO is forecasting future levels of growth in the type of connections you require?
  - d. Are you aware of any plans the DNO has to invest in new network capacity where the network is constrained, to enable further customer connections? Have you been consulted on these plans? Has the DNO explored with you ways in which this could be funded?
5. Please give details of any other activities you would expect the DNO to be undertaking to deal with constraints on their network.

## Next steps

We will use the responses we receive to this consultation to inform our assessment of how well DNOs have engaged with stakeholders in 2015-2016 and whether their plans for 2016-2017 address any issues raised.

To help capture your views, we have designed a response template for you to complete (see Annex 1). Please complete the Word version of the questionnaire [here](#).

Please submit your completed response template to [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk) by 29 April 2016. Unless clearly marked as confidential, we will publish responses on our website.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Veaney', written in a cursive style.

James Veaney  
**Head of Connections and Constraint Management**

## **Annex 1 – Consultation on getting an electricity connection responses and questions**

- 1.1. We would like to hear the views of interested parties in relation to any of the issues set out in our consultation.
- 1.2. We would especially welcome responses to the specific questions which we have set out in our consultation and are replicated below.
- 1.3. If you have any questions on this document please contact:

James Veaney  
Head of Connections and Constraint Management  
Ofgem, 9 Millbank, London, SW1P 3GE  
0207 901 1861  
[Connections@Ofgem.gov.uk](mailto:Connections@Ofgem.gov.uk)

- 1.4. **Responses should be sent, preferably by e-mail by 29 April 2016 to the address above.**
- 1.5. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- 1.6. Respondents who wish to have their responses kept confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. Respondents are asked to put any confidential material in the appendices to their responses.
- 1.7. Next steps: We will consider the responses to this consultation and these will be used alongside other evidence for our assessment of the ICE plans.
- 1.8. *Each of the questions asked by this consultation is set out in the template below.*  
**Note that an editable version of this response template is available on our website as an associated document to this consultation.**
- 1.9. *Please ensure that you indicate the DNO to which your experiences relate.*
- 1.10. *When considering your responses to these questions, please consider your experiences, the actions that the DNO has undertaken or committed to undertake, and the actions that you consider it could reasonably undertake.*

## Response template

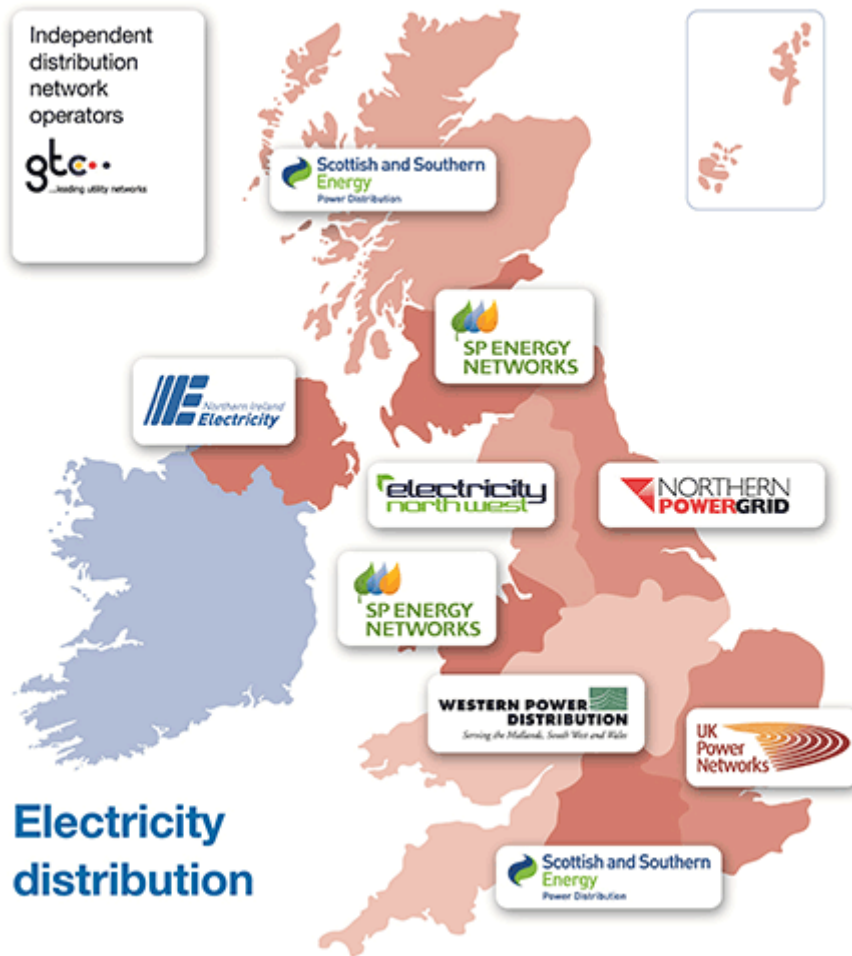
Question	Response																								
<b>About you and your work</b>																									
1. What is the name of your company?																									
2. In which DNO's region do you generally operate (see Annex 2 for DNO map)? If you operate in more than one DNO's region please indicate which DNO your responses to the following questions refer to.																									
3. What type of connection do you generally require? And for each type of connection, how many connection applications, including total MVA (Mega Volt Ampere) of connections have you made in the past year?	<table border="1"> <thead> <tr> <th data-bbox="808 620 1368 676">Type of connection</th> <th data-bbox="1368 620 1610 676">Total number of connections</th> <th data-bbox="1610 620 1843 676">Total MVA of connections</th> </tr> </thead> <tbody> <tr> <td data-bbox="808 676 1021 871" rowspan="4"><b>Metered Demand Connections</b></td> <td data-bbox="1021 676 1368 724">Low Voltage (LV) Work</td> <td data-bbox="1368 676 1610 724"></td> </tr> <tr> <td data-bbox="1021 724 1368 772">High Voltage (HV) Work</td> <td data-bbox="1368 724 1610 772"></td> </tr> <tr> <td data-bbox="1021 772 1368 836">HV and Extra High Voltage (EHV) Work</td> <td data-bbox="1368 772 1610 836"></td> </tr> <tr> <td data-bbox="1021 836 1368 871">EHV work and above</td> <td data-bbox="1368 836 1610 871"></td> </tr> <tr> <td data-bbox="808 871 1021 991" rowspan="2"><b>Metered Distributed Generation (DG)</b></td> <td data-bbox="1021 871 1368 935">LV work</td> <td data-bbox="1368 871 1610 935"></td> </tr> <tr> <td data-bbox="1021 935 1368 991">HV and EHV work</td> <td data-bbox="1368 935 1610 991"></td> </tr> <tr> <td data-bbox="808 991 1021 1126" rowspan="3"><b>Unmetered Connections</b></td> <td data-bbox="1021 991 1368 1038">Local Authority (LA) work</td> <td data-bbox="1368 991 1610 1038"></td> </tr> <tr> <td data-bbox="1021 1038 1368 1086">Private finance initiatives (PFI) Work</td> <td data-bbox="1368 1038 1610 1086"></td> </tr> <tr> <td data-bbox="1021 1086 1368 1126">Other work</td> <td data-bbox="1368 1086 1610 1126"></td> </tr> </tbody> </table>	Type of connection	Total number of connections	Total MVA of connections	<b>Metered Demand Connections</b>	Low Voltage (LV) Work		High Voltage (HV) Work		HV and Extra High Voltage (EHV) Work		EHV work and above		<b>Metered Distributed Generation (DG)</b>	LV work		HV and EHV work		<b>Unmetered Connections</b>	Local Authority (LA) work		Private finance initiatives (PFI) Work		Other work	
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## Annex 2 - Map showing DNO licensee areas<sup>3</sup>



<sup>3</sup> Image from Electricity Networks Association (ENA)