



Making a positive difference
for energy consumers

All larger connections stakeholders

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Dear stakeholders,

Open letter consultation on the Incentive on Connections Engagement: Looking Back Reports 2017-18 and Looking Forward Reports 2018-19

We are seeking your views on how well the distribution network operators (DNOs) engage with their larger connections stakeholders to ensure they are delivering a service that meets these customers' needs.

Helping new customers connect to the electricity network is one of the most critical services provided by DNOs. It enables new homes to be built and occupied, new businesses to start trading, new forms of generation to produce energy, and new providers to provide services to the energy system.

We expect DNOs to provide a good service to all customers that are seeking a connection. The purpose of the Incentive on Connections Engagement (ICE) is to encourage this. Under the ICE, DNOs must provide evidence that they have engaged with their connection stakeholders and responded to their needs¹. If they fail to do this, they could incur a financial penalty².

How does ICE work?

The ICE works by requiring DNOs to submit evidence to us (by 31 May each year), demonstrating that they have engaged effectively with connection customers to develop and deliver plans that improve their service³. This evidence is provided in two parts:

- (i) a **Looking Back** report on their activities during the previous year demonstrating how they have met the needs of large connection customers;
- (ii) a **Looking Forward** plan for the coming year describing the activities they plan to undertake.

¹ For customers requiring a smaller connection there are separate incentives on DNOs to improve customer satisfaction and the time it takes the DNOs to issue quotes and make connections.

² Electricity Distribution Licence – Charge Restriction Condition 2E (Incentive on Connections Engagement) <https://www.ofgem.gov.uk/ofgem-publications/92964/crcslowtrackmaster.pdf>

³ The exact scope of the Incentive is confirmed in Table 2 of the ICE Guidance Document - <https://www.ofgem.gov.uk/ofgem-publications/94371/iceguidancedoc010415-pdf>

Using your responses to this open letter, we will assess whether the DNOs delivered their plans for 2017-18, meeting the needs and reasonable expectations of their large connections customers. Where we do not consider that the DNOs have delivered this plan, we will issue a further consultation seeking stakeholders' views and responses from each of the DNOs in question.

We will raise any issues noted in your responses to this open letter with the DNOs, who may submit updated Looking Forward plans for 2018-19 by 31 October 2018 to address any issues or concerns raised. At the end of the year, they will each submit a Looking Back report on how well they have delivered their plan.

What are we looking for in your responses?

We outline below our thoughts on what the DNOs should be doing to improve their connections service in two specific areas – meeting the needs of all types of connections customers, and improving the experience of customers connecting when the network is constrained. When answering the questionnaire, we invite you to include any comments on the DNOs' performance and plans relating to these areas, as well as any other comments.

It is important that the connections process enables traditional, demand customers to connect efficiently. Other types of stakeholders also require connections to the network – such as distributed generators or, increasingly, storage operators – to export electricity onto the network or provide energy services. These newer types of customers face new and particular connection challenges. DNOs must provide a connections service that meets the needs of these customers too.

We have continued work to identify the need for improvements to the network connections process that would benefit all customers. This includes;

- providing more clarity on the rules and processes for connections,
- ensuring the connections process is sufficiently flexible to accommodate necessary changes in customers' requirements,
- ensuring that customers fully understand the implications for their connection offer of any changes that can arise, either as a result of changes to their requirements or because of other customers that are also seeking to connect in the same area,
- providing more transparency on where to connect,
- ensuring availability of flexible connections for all customers, including storage; and
- promoting certain types of customers (such as storage) in a connection queue if doing so will help others connect more quickly or cheaply,

Further to the above, there are now more than 100,000 electric vehicles (EVs) in the UK. The growth of EV charging points could lead to many new requests for new or larger connections. DNOs have obligations to engage with stakeholders and facilitate new connections. We would be interested to seek views about whether or not you think the DNOs strategy for engaging with EV connection stakeholders is acceptable.

When responding, we invite you to consider how well the DNOs have delivered all the above mentioned actions over the past year and whether plans for the coming year address these areas.

You can read more about the process [here](#). More information is also available [here](#).

How to respond

We are seeking your views separately on the two separate areas:

- (i) In **section 1, 'Looking Back'** we ask about specific areas of the DNOs' performance in 2017-18.
- (ii) In **section 2, 'Looking Forward'** we seek your views on the plans the DNOs have developed for 2018-19.

We have a template to help structure your response which can be found on the same webpage as this letter (subsidiary document). You can complete this template either for an individual licensee or for a DNO group as a whole. However, if you wish to provide comments for more than one DNO, **please use separate templates for each.**

Please ensure that you clearly indicate the type of connection you generally require and which of the DNOs' submissions you are commenting on. The six DNO groups have published their latest Looking Back and Looking Forward submissions at the links below:

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

Your initial submissions may feed into other stages of the ICE process and we may therefore ask you additional questions or request further information.

You can submit confidential information. However, this must be clearly marked with justification for the confidentiality. Any confidential responses we receive will not be published on our website. We would, however, like to share the response with the relevant DNO. Sharing information with the DNO will ensure a transparent and effective ICE process.

The closing date for responses is 20 July 2018. You should send your responses to connections@ofgem.gov.uk.

Yours sincerely

Chris Brown
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