



Making a positive difference
for energy consumers

All larger connection stakeholders

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Date: 21 June 2019

Dear stakeholders,

Open letter consultation on the Incentive on Connections Engagement: Looking Back Reports 2018-19 and Looking Forward Plans 2019-20

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 flexibility services to come onto the system.

We expect DNOs to provide a good service to all customers that are seeking a connection, and our Incentive on Connections Engagement (ICE) is designed to encourage this. Under the ICE, DNOs must provide evidence that they have engaged with their connection stakeholders and responded to their needs.¹ If they fail to do this, they could incur a financial penalty.²

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 service.³ 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.

Using your responses to this open letter, we will assess whether the DNOs delivered their plans for 2018-19, meeting the needs and reasonable expectations of their large

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>

connections customers. Where we do not consider that a DNO has delivered its plan, we will issue a further consultation seeking stakeholders' views and responses from each of the DNOs in question.

We would also like your feedback on the DNOs' Looking Forward plans. We will raise any issues noted in your responses to this open letter with the DNOs, who may submit updated plans for 2019-20 by 31 October 2019 to address any issues or concerns raised.

It is important that if you would like your response to be kept confidential, you should mark it as such on the template and outline your reasons for this. Any responses not marked confidential will be published on our website.

What are we looking for in your responses?

We are looking for your feedback and evidence on how well the DNOs have delivered all the actions outlined in their plans over the past year, and whether their plans for the coming year address your needs.

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.

We have continued work to identify the need for improvements to the network connections process that would benefit all customers. We would in particular welcome views on anything in this list:

- 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 improving the information available to customers about the possible consequences to them of accepting a flexible connection offer; and
- promoting certain types of customers (such as storage) in a connection queue if doing so will help others connect more quickly or cheaply.
- ensuring that connection customers who are aiming to connect new low-carbon technologies (such as electric vehicles) are being appropriately engaged with.

You can read more about the process [here](#).

How to respond

We have a template to help structure your response which can be found on the same webpage as this letter (subsidiary document).

We are seeking your views separately on the two areas:

- (i) In **section 1, 'Looking Back'** we ask about specific areas of the DNOs' performance in 2018-19.
- (ii) In **section 2, 'Looking Forward'** we seek your views on the plans the DNOs have developed for 2019-20.

You can complete this template either for an individual licensee or for a DNO group⁴ as a whole. However, if you wish to provide comments for more than one DNO group, **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.

As mentioned above, 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 22 July 2019. You should send your responses to connections@ofgem.gov.uk.

Yours faithfully,

Jon Parker
Head of Electricity Network Access

⁴There are 14 licensed distribution network operators (DNOs) in Britain and each is responsible for a regional distribution services area. The 14 DNOs are owned by six different groups. For example, Northern Powergrid (Yorkshire) plc and Northern Powergrid (Northeast) Limited are owned by Northern Powergrid (the group).