



Making a positive difference  
for energy consumers

All larger connection  
stakeholders

Direct Dial: 0141 354 5441

Email: [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk)

Date: 3 July 2020

Dear stakeholders,

**Open letter consultation on the Incentive on Connections Engagement: Looking Back Reports 2019-20 and Looking Forward Plans 2020-21**

Helping new customers connect to the electricity network is one of the most critical services provided by Distribution Network Operators (DNOs). It enables new homes to be built and new businesses to start trading, as well as allowing new low carbon technologies (LCTs) and flexibility services to come on to the system. This will be crucial in helping the UK to decarbonise its economy, and move to a smarter, more flexible energy system.

We are seeking views on how well the DNOs engage with their larger connection customers to ensure they are delivering a service that meets these customers' needs. We are specifically interested in hearing from relatively new types of connection customer categories (eg those seeking to connect electric vehicle charging points, storage facilities or flexible demand users).

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 large connection customers and responded to their needs.<sup>1</sup> If they fail to do this, they could incur a financial penalty.<sup>2</sup>

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<sup>1</sup> 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.

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

## How does the ICE work?

The ICE works by requiring DNOs to submit evidence to us demonstrating that they have engaged effectively with connection customers to develop and deliver plans that improve their service.<sup>3</sup> 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 2019-20, meeting the needs and reasonable expectations of their large connections customers. Where we do not consider that a DNO has delivered its plan, we will issue a further consultation seeking further evidence on whether a penalty may be warranted, 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 2020-21 by 31 October 2020 to address any issues or concerns raised.

## What are we looking for in your responses?

We are looking for 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 submitting your response, we invite you to include any comments on the DNOs' performance and plans relating to these areas, as well as any general comments. We have continued work to identify the need for improvements to the network connections process that would benefit all customers and would welcome views on anything in this list in particular:

- providing more clarity on the rules and processes for connections as they evolve, including new forms of LCTs such as storage and electric vehicles, with DNOs engaging with their customers to achieve this;

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<sup>3</sup> 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>

- ensuring that connection customers receive good customer service throughout the connection process;
- 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;
- helping customers understand how relatively small changes to connection requirements could allow them to get connected to the network quicker and cheaper;
- ensuring availability of flexible connections for all customers, and improving the information available to customers about the possible consequences to them of accepting a flexible connection offer;
- identifying where it would be appropriate for the network operators to work together to improve the consistency of the connection processes across GB;
- promoting certain types of customers (such as storage) in a connection queue if doing so will help others connect more quickly or cheaply; and
- ensuring that connection customers who are aiming to connect new LCTs (such as electric vehicle chargepoints) are being appropriately engaged with, and their needs responded to.

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

## **How to respond**

We have provided 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 2019-20.
- ii. In section 2, 'Looking Forward' we seek your views on the plans the DNOs have developed for 2020-21.

You can either complete this template for an individual licensee or for a DNO group as a whole.<sup>4</sup> However, if you wish to provide comments for more than one DNO group, please

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<sup>4</sup> There 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).

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

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

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. We ask you to consider this carefully as sharing the comments with the relevant DNO may help improve their performance and ensure a transparent and effective ICE process.

We are mindful that some customers may be less able to respond as they manage the impact of COVID-19. We are still keen however to hear views on how well DNOs are meeting their large customers' needs. We are therefore extending the consultation period compared to previous years with the closing date for responses on 28 August 2020.

You should send your responses to [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk).

Yours faithfully,

**Jon Parker**  
**Head of Electricity Network Access**