



Department for
Energy Security
& Net Zero

Post-Implementation Review of the Electricity (Connection Offer Expenses) Regulations 2018

DESNZ005(PIR)-23-ESN
April 2023



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Contents

Executive summary	5
Introduction	6
Background	6
Implementation of the Regulations	7
Scope of the Post-Implementation Review	7
Limitations	7
Cost benefit analysis	8
Overview and findings of the PIR	8
What were the policy objectives of the measure?	8
What evidence has informed the PIR?	9
DNO Connection Offer Data 2014/15 to 2021/22 – Background Information	10
Connection Customer and Other Stakeholder Survey - Background Information	11
To what extent have the policy objectives been achieved?	12
Results from Distribution Network Operators (DNOs) Survey and Connection Offer Data 2014/15 to 2021/22	12
Responses to whether the objectives are being met and if they remain appropriate	12
Evidence of the Regulations' impact on reducing speculative or multiple applications	12
Reported impacts to customer engagement	15
DNOs' experiences of A&D fee non-payment	16
DNOs' views on whether changes to the Regulations are required	16
Results from Connection Customer (CC) and Other Stakeholder Survey	16
Awareness of Regulations, views on whether the objectives remain appropriate and views on the principle of fairness	16
Reported impacts of the Regulations on connection customers	17
Connection customer and other stakeholders' views on whether the Regulations need to be amended	19
Do the Regulations need to be amended?	20
Cases of non-payment	20
Alignment of charging methodologies and over recovery of fees	21
Availability of data and network modelling	21
Customer service and quality of connection offers	22
Has the evidence identified any opportunities for reducing the burden on business?	22

Were there any unintended consequences? _____	23
Next steps for the Regulations _____	23
Post-Implementation Review recommendations _____	23
Conclusion _____	23
PIR - Summary _____	25
Annex 1: Distribution Network Operator Questionnaire _____	29
Annex 2: Connection customer and other stakeholder questionnaire _____	35
Annex 3: Connection Offer Data 2014/15 to 2021/22 _____	42
Annex 4: Total Connection Offers 2014/15 to 2021/22 for all DNOs per connection type _____	45

Executive summary

The Electricity (Connection Offer Expenses) Regulations 2018¹ or “the Regulations”, allowed, but did not require, Distribution Network Operators (DNOs) to recover the costs incurred in providing connection offers (assessment & design (A&D) costs) from all customers who request a connection offer. Previously, DNOs could only recover such costs from those customers who accepted offers. This was to allow for a fairer allocation of the administrative costs associated with providing connection offers. It was also intended to discourage speculative or multiple connection applications, releasing DNO resources to provide a more efficient connection process.

Under the Regulations, the Department for Energy Security and Net Zero is required to carry out a Post Implementation Review (PIR) within 5 years of them coming into force. A survey was sent to all 6 DNOs (referred to as ‘the DNO survey’), and a separate survey (referred to as ‘the connection customer and other stakeholder survey’) was sent to 176 connection stakeholders, to determine whether the objectives of the Regulations remain appropriate, whether the Regulations have been successful in achieving the objectives, and whether the Regulations could be changed to achieve the objectives more effectively or to reduce the burden on businesses.

In addition to the DNO survey, DNOs were requested to provide annual data on connection offers made (divided into offers accepted and not accepted) from financial year 2014/15 to 2021/22. From this, the acceptance rate of each connection type i.e. demand, generation and voltage level for each DNO could be calculated. This would allow a comparison of applications and acceptance rates before and after the DNOs changed their approach to recovering connection offer expenses (where applicable) under the Regulations.

Across the two surveys, 47 survey responses were received. This included responses from all 6 DNOs. 41 responses were received for the connection customer and other stakeholder survey. In their responses, the DNOs were unanimous in their agreement that the objectives are being achieved and the objective remains appropriate (100% agreement). DNOs reported the Regulations have had at least some positive impact on the efficiency of the connection process. This was supported by the connection application data provided by the DNOs which showed the connection offer acceptance rate increasing when upfront A&D fees are charged to all connection customers. A significant increase was observed for Distributed Generation at Extra High Voltage connections by nearly 35%, where upfront A&D fees are applied universally by DNOs. For other connection types where upfront A&D fees are applied by most, but not all DNOs, such as Distributed Generation at High Voltage and Demand at Extra High Voltage, there was an increase in acceptance rates of 12.6% and 5% respectively. 66% of respondents to the connection customer and other stakeholder survey either strongly agreed or agreed that the Regulations remain appropriate, with 12% disagreeing. Furthermore, 63% of respondents to

¹ <https://www.legislation.gov.uk/uksi/2018/254/contents/made>

the connection customer and other stakeholder survey strongly or tended to agree that it is fairer for connection customers to pay regardless of acceptance, with 18% disagreeing.

Despite the overall positive response from the survey, suggestions for improvements to the Regulations were provided by DNOs and respondents to the connection customer and other stakeholder survey, for instance through alignment of recovering A&D costs between DNOs. We considered these suggestions but do not believe they will achieve the objective more effectively, nor reduce the burden on businesses. The regulatory framework for distribution network connection charges is well-established and it is both consistent and transparent for the charging of assessment & design fees to be covered by this, rather than the Regulations. Other suggestions related to levels of customer service and availability of network data, which were beyond the scope of the PIR. We will pass these views (on an anonymised basis) on to Ofgem and DNOs to consider. Therefore, it is our decision that the Regulations are not amended.

Introduction

Background

Electricity distribution networks play an important role in meeting our energy and economic objectives. In particular, by ensuring industrial, commercial, and domestic demand and generation can connect in a timely and cost-effective manner. Providing an efficient connections service to customers is therefore a key supporting activity for meeting these objectives for DNOs.

DNOs are legally obliged to provide a connection offer to customers.² A&D costs are incurred by DNOs undertaking activities such as desktop studies, drawing plans, network analysis, cost estimates and any site visits in preparing connection offers. Under the previous legal framework, DNOs could only recover the reasonably incurred costs of providing all connection offers (A&D fees) from customers who accepted a connection offer. They were unable to recover costs from those customers that did not accept the offer. Therefore, those customers that did accept, were, in effect, also paying for costs incurred by DNOs in providing offers that were not accepted. Following a call for evidence³ and consultation,⁴ the then Secretary of State (SoS) for Business, Energy and Industrial Strategy made the Electricity (Connection Offer Expenses) Regulations 2018.⁵ The Regulations allowed DNOs to recover these costs from all connection customers.

In making the Regulations, we believed that allowing DNOs to charge upfront A&D fees to connection customers regardless of whether the customer accepts the offer would make them

² Section 16A(1) of the Electricity Act 1989

³ <https://www.gov.uk/government/consultations/assessment-and-design-fees-call-for-evidence>

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/684179/Assessment_Design_fees_Government_Response.pdf

⁵ <https://www.legislation.gov.uk/uksi/2018/254/contents/made>

fairer and more cost reflective. We expected this to lead to a fall in speculative and multiple applications which would help DNOs deliver a more efficient connections process.

Implementation of the Regulations

The Regulations allowed, but did not require, DNOs to recover the costs of providing connection offers from customers who did not accept the offers. Where DNOs decided charge A&D fees, the Regulations required that DNOs inform customers of the charge and to provide the customer with an invoice detailing the A&D fees that they were liable to pay.

Scope of the Post-Implementation Review

In accordance with Regulation 3 of the Regulations, the SoS is required to carry out Post Implementation Reviews (PIRs) of the Regulations at no longer than 5-year intervals, with the first PIR to be published by 6 April 2023. The Department for Energy Security and Net Zero has undertaken a first PIR and this document sets out the conclusions.

Under the Regulations, the PIR must:

- set out the objectives intended to be achieved by the regulatory system established by the Regulations
- assess the extent to which those objectives are achieved
- assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved in a way which involves less onerous regulatory provision.

Limitations

Steps were taken to achieve a broad range of responses from different types of connection customers to minimise potential sampling biases, for example by distributing the survey via multiple stakeholder and trade association groups. However, due to the relatively low number of responses from connection customers (41 responses in total) and the self-selecting group of respondents, findings should be interpreted as indicative of connection customers' views, rather than representative. Due to the large volume of connection applications that have been submitted since 2018 it would be unfeasible to contact all applicants, therefore we believe this approach was proportionate. Whilst this means that we cannot definitively generalise the results to the entire population, the results do act as an indication, allowing us to review whether the policy objective remains appropriate, whether the Regulations have achieved their goal, and whether they should be adapted to better meet their objectives or reduce the burden on business.

It should also be noted that there are additional factors outside the scope of these Regulations which may be influencing the customer experience in applying for a connection, the quantity of

connection applications being received and connection offer acceptance rates. For instance, there has been an increase in deployment of low carbon technologies which may have influenced a higher number of connection applications. Furthermore, external macroeconomic variables may have also had an impact. It is very challenging to determine the exact impact of these variables on application numbers, so whilst it should be noted that they may have had an impact, their exact quantifiable effect on the data have not been defined in this review.

Lastly, the risk of recall bias where participants may not be able to fully recall past events should be noted as a potential limitation of survey results, for example where participants were asked to compare experiences before and after the Regulations were implemented.⁶

Cost benefit analysis

The scope of the financial burden on business because of the Regulations falls short of the de minimis threshold of £5 million per annum, with the calculation of the net cost to businesses in the Impact Assessment⁷ totalling £200,000 per annum. This was due to the additional administration costs for DNOs where they decided to charge upfront fees, through the production of invoices, progressing payments and following up on late payments. In our aim to establish whether the Regulations have met their objectives, and whether there had been any unintended consequences, we have sought to take a proportionate approach to this PIR. The approach to the collection of data and information was designed to achieve the above aims without adding disproportionate burden on industry and other organisations that would respond, e.g. through a particularly onerous and time-intensive data gathering exercise.

Overview and findings of the PIR

What were the policy objectives of the measure?

The policy objectives of Regulations were to:

- Allow a fairer allocation of costs by ensuring that customers who do not accept connection offers contribute to, or entirely pay for, the costs of assessing their applications.
- Support efficiency in the connections process by potentially reducing the number of speculative and multiple connection applications by helping to free up resource in DNOs to improve customer service and quality of connection offers.

⁶ When a DNO began charging upfront A&D fees wholly or partially to all connection customers

⁷ https://www.legislation.gov.uk/ukia/2018/45/pdfs/ukia_20180045_en.pdf

What evidence has informed the PIR?

Between December 2022 and January 2023, the Department for Energy Security and Net Zero ran two industry-facing surveys to inform this Review. One survey was designed for DNOs (referred to as the DNO survey), the second survey was designed for connection customers and other stakeholders (referred to as the connection customer and other stakeholders survey). Connection Customers (CCs) surveyed, included Independent DNOs (IDNOs), Independent Connection Providers (ICPs), consultants, trade associations and project developers. In addition to the surveys, we requested DNOs submit data on connection offers that were accepted and declined for financial years 2014/15 to 2021/22.

The surveys asked respondents to share their views on Regulations against the objectives of improving efficiency of the connection offer process and allowing the fairer recovery of connection offer costs. We also asked wider and more open-ended questions on the impact of Regulations, as well as capturing any unintended consequences (see Annex 1 & 2 for questionnaires). The DNO survey was sent to and completed by all 6 DNOs. We circulated the separate connection customer and other stakeholder survey to 176 stakeholders. To maximise survey participation, we also requested that DNOs shared the connection customer and other stakeholder survey with their customer groups, in addition to requesting that trade associations shared it with their members.

Where suitable, the same questions were repeated across surveys. There were also some questions which were tailored for specific stakeholder groups to capture their perspectives. The questionnaires in Annexes 1 & 2 show where conditions were associated with a particular question (i.e. if participants were excluded based on a previous response). Across the two surveys, 47 survey responses were received. A similar number of responses were experienced with a previous connection-related PIR survey into the Electricity (Connection Charges) Regulations 2017.⁸ This included responses from all six DNOs. 41 responses were received for the connection customer survey and other stakeholder survey.

Stakeholder Group	Number of responses
DNOs	6*
Connection customers (which included IDNOs and ICPs)	37
Other Stakeholder	4**

Table 1: Number of survey responses by stakeholder group.

*This represents 100% of DNOs affected by the Regulations (census of DNOs)

** ¾ participants answering other specified: “consultant”, “Electricity Design House”, and “generator”.

⁸ https://www.legislation.gov.uk/ukxi/2017/106/pdfs/ukxi0d_20170106_en.pdf

DNO Connection Offer Data 2014/15 to 2021/22 – Background Information

In addition to the DNO survey, we requested DNOs submit data on connection offers that were accepted and declined for financial years 2014/15 to 2021/22. All six DNOs provided this data. This was to aid our understanding of the trends of the quantity of multiple or speculative applications before and after the Regulations were implemented, by comparing the proportion of offers sent and offers accepted. This data was to provide granularity to and supplement the survey data on whether the DNOs had experienced a reduction in speculative or multiple applications. The number of applications each year were divided between different connection types to capture variations in how A&D fees were applied by DNOs to each category. For instance, many DNOs do not charge upfront A&D fees for some connection types. For each category and each financial year, the DNOs were asked to identify whether upfront A&D fees were fully applied, partially applied, or not applied. To ensure consistency in understanding and responses, this approach was discussed and agreed with the DNOs prior to the information being requested.

Connection type
Low Voltage (LV) Demand
High Voltage (HV) Demand
Extra High Voltage (EHV) Demand
Distributed Generation involving LV assets only (DG LV)
Generation with highest voltage at HV (DG HV)
Generation with highest voltage at EHV or 132kV (DG EHV)

Table 2: Categories of connection types examined. DNOs categorise connection offers into these segments when reporting to Ofgem.

Differences in the acceptance rates pre implementation and post implementation provided an indicator of whether there had been a reduction in multiple or speculative applications. A lower acceptance rate⁹ in a year demonstrates that there are a greater number of speculative or multiple applications, as this indicates a higher number of applications had been submitted which had a low intention of accepting, and vice versa for higher acceptance rates. Therefore, an increase in acceptance rates after the Regulations were introduced would indicate a reduction in multiple or speculative applications and a decrease would indicate an increase. In the implementation year (2018/19)¹⁰ there would have been multiple applications open from the previous year that had applied when there had been no A&D fees charged for unaccepted offers, that may have accepted in the year when fees had been introduced. Furthermore, some DNOs introduced the fees further into the implementation year rather than from the earliest possible date. Data on acceptance rates from the implementation year therefore does not

⁹ Calculated as a % of those who accepted from the total offers provided.

¹⁰ "Implementation year" is defined in the context of this PIR as the financial year that the Regulations were introduced and therefore when DNOs were able to begin charging A&D fees.

provide an accurate representation of the Regulations’ impact and so was excluded from the formal analysis.

Connection Customer and Other Stakeholder Survey - Background Information

41 respondents completed the survey for connection customers and other stakeholders. 37 respondents classified themselves as connection customers and 4 classified themselves as other stakeholders.¹¹ Due to the low number (4) of respondents classified as “other stakeholders”, their responses could not be analysed separately. Therefore, responses were analysed together for questions that both connection customers and other stakeholders were asked. The respondents answering questions are specified where survey results are discussed in this report.

Connection customer respondents were asked to specify which types of connection customers they represented; they included demand, generation, battery storage, IDNOs and ICPs, consultants, and ‘other’. Multiple options could be selected by each respondent, and there was an even distribution across stakeholder groups, we are therefore confident that the responses weren’t weighed to the perspective of one category of stakeholder (Figure 1).

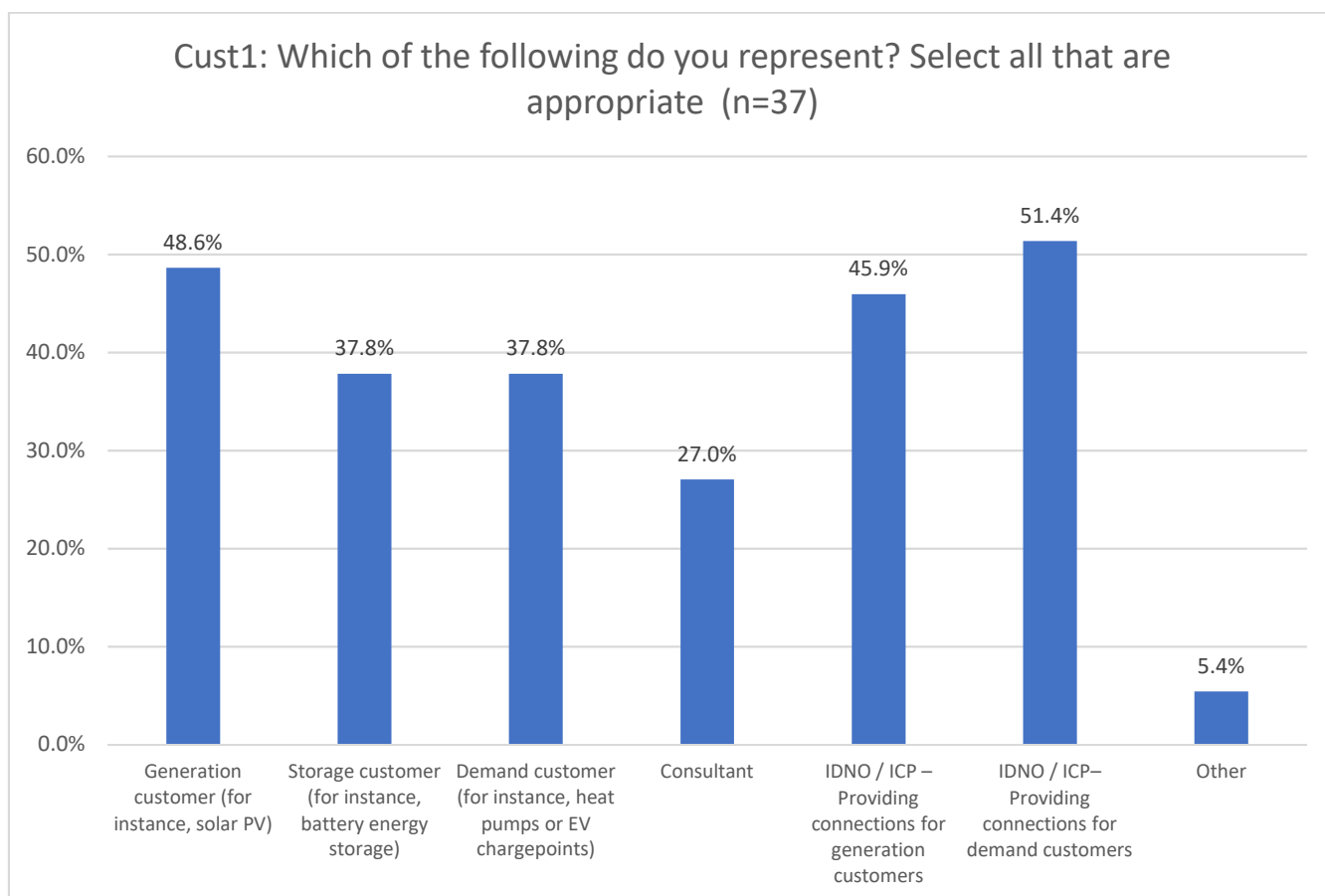


Figure 1: Distribution of connection customer types from connection customer and other stakeholder survey. Participants could select multiple options, so totals are >100%.

¹¹ 3/4 participants answering other specified: “consultant”, “Electricity Design House”, and “generator”.

Connection customers were asked whether they had experience of submitting connection applications before the Regulations were introduced and after, to determine whether they were eligible to answer questions which asked for comparisons before and after Regulations were implemented; 80% of respondents indicated they had this experience. Other stakeholders were not eligible to answer these questions.

To what extent have the policy objectives been achieved?

Results from Distribution Network Operators (DNOs) Survey and Connection Offer Data 2014/15 to 2021/22

Responses to whether the objectives are being met and if they remain appropriate

The survey asked DNOs whether they felt the Regulation's objectives are being achieved. There was unanimous agreement with 67% of DNOs strongly agreed that the Regulations' objectives are being achieved, while 33% tended to agree. The survey also asked DNOs whether they believed the Regulations have had a positive or negative impact on the connections process; half noted the Regulations have had a significantly positive impact and the other half responded that they have had a moderately positive impact.

In an open text follow-up question, some DNOs provided further information supporting their views on the whether the Regulations' objectives are being achieved and whether the Regulations have had a positive impact on the connection process. For example, a DNO noted their view that the Regulations have allowed for a fairer allocation of costs; another reported that due to the broad range of external factors involved in the connections process, they felt it is difficult to assess the true impact of the Regulations.

DNOs were asked whether they felt the Regulations remain appropriate. All DNOs agreed that the Regulations remain appropriate, with 83% strongly agreeing and 17% somewhat agreeing. In the open text follow-up responses DNOs elaborated on why they felt the Regulations remained appropriate. DNOs discussed how they felt the Regulations helped to ensure more efficient use of their time, and that the objectives are becoming increasingly important, with access to the network being critical to achieving net zero targets and focusing on applications that have a greater likelihood of connecting will make best use of available resources and skilled staff.

Evidence of the Regulations' impact on reducing speculative or multiple applications

The survey asked DNOs whether the Regulations have changed the number of speculative or multiple applications that have been submitted. All DNOs reported that they had seen some level of reduction, with 33% noting a significant reduction, and 67% noting some reduction in these applications.

To cross-reference and to provide greater granularity to DNOs' survey responses to this question, a separate data request from DNOs was issued. This asked DNOs for the number of total, accepted and rejected connection offers from years 2014/15 to 2021/22, to calculate

changes in acceptance rates. By comparing the change in acceptance rate between each connection type pre & post 2018/2019 it can be understood whether the data supports their answers.¹² Figure 2 shows the change in acceptance rate between each connection type pre & post 2018/2019. Changes in acceptance rates have increased significantly for DG EHV max connections to nearly 35% and DG LV max and HV max have increased by 14.3% and 12.6% respectively. The acceptance rates for HV and EHV demand have increased only slightly, by 1.2% and 5% respectively, with the rate for LV demand decreasing by -4.2%.

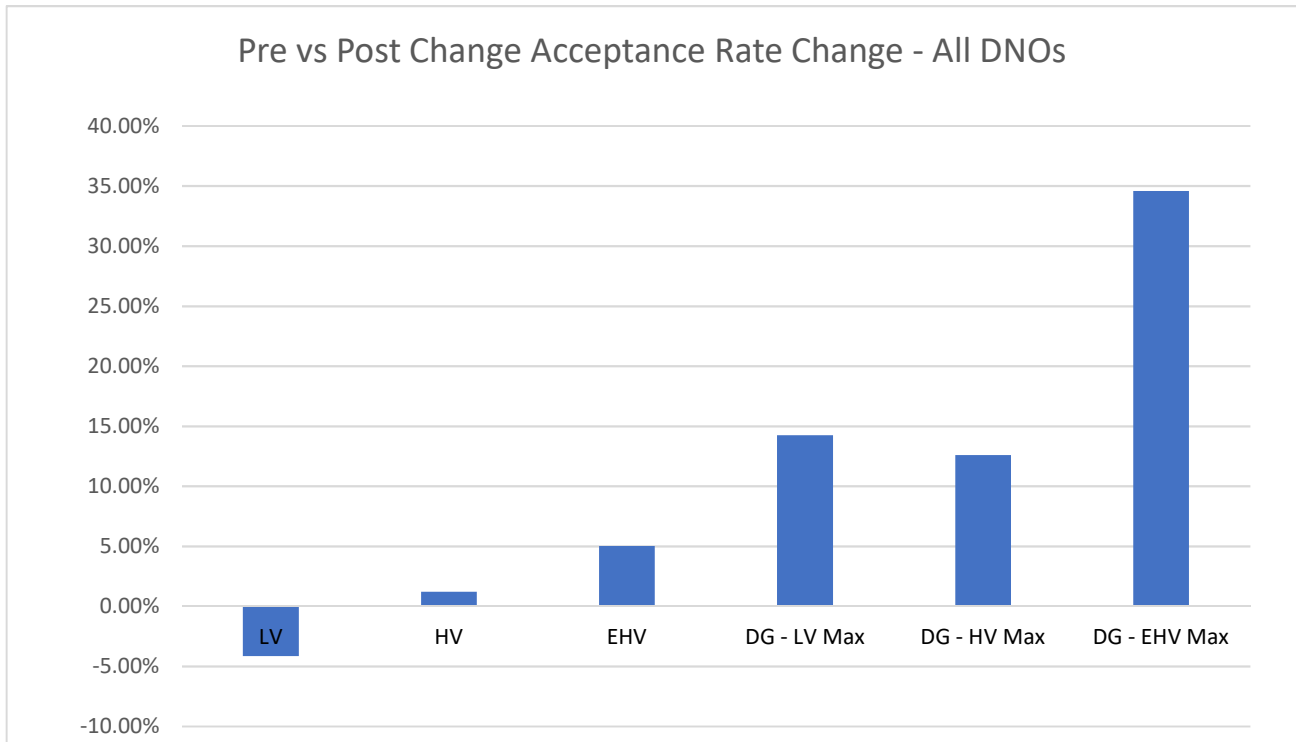


Figure 2: Pre vs Post 2018/2019 Change in Acceptance Rate across all DNOs

However, variation in how DNOs charge A&D fees depending on connection types must be taken into consideration when analysing this data. Only one DNO applies full upfront costs across all voltage levels for demand and generation. In many other cases, for instance for LV demand, A&D fees are not applied upfront and therefore such DNOs do not charge those who do not accept the offer. In other cases, DNOs may apply a portion of the charge upfront, then integrate the remainder of the charge into the overall offer. This was described as “partial” upfront charges. Table 3 below illustrates the differences between DNOs when they charge upfront A&D fees.

¹² See DNO Connection Offer Data 2014/15 to 2021/22 – Background Information for why changes in acceptance rate was analysed as an indicator of whether multiple or speculative applications have reduced.

Upfront Fees Implementation 2021/2022						
	DNO1	DNO2	DNO3	DNO4	DNO5	DNO6
LV	No upfront	No upfront	Full upfront	No upfront	No upfront	No upfront
HV	No upfront	No upfront	Full upfront	Partial upfront [2]	No upfront	No upfront
EHV	Partial upfront	No upfront	Full upfront	Partial upfront	No upfront	Full upfront
DG – LV Max	No upfront	No upfront	Full upfront	No upfront	No upfront	No upfront
DG – HV Max	Partial upfront [1]	Partial upfront	Full upfront	Partial upfront	Full upfront	No upfront
DG – EHV Max	Partial upfront	Partial upfront	Full upfront	Partial upfront	Full upfront	Full upfront
<p>[1] Proportion applied to: Applications >1MW (~33%)</p> <p>[2] Applies to projects >250 kVA</p>						

Table 3 – Upfront fees by DNO and voltage level 2021/2022

Full upfront or partial upfront A&D fees have been applied unanimously for DG EHV which explains why there has been a considerable increase in acceptance rates. DG HV also saw increases in acceptance rates, where upfront A&D fees are applied commonly. These sectors attract a higher rate of speculative or multiple applications, which explains why there is a greater increase in acceptance rates and support the assertion that the Regulations' have had the desired impact. Reasoning as to why the acceptance rate for DG LV increased is unknown, as upfront A&D fees are only applied to this connection type by one DNO. There could be additional external variables such as changes to support schemes for solar PV or other macroeconomic factors.

When examining demand connections, upfront A&D fees were much more commonly applied to EHV which explains the greater increase in acceptance rate compared to LV and HV. On examination of the acceptance rate for the only DNO that applies full upfront A&D fees to LV and HV demand connection types, the change in acceptance is more positive, with LV and HV demand at 1.7% & 7.8% respectively. Comparing this to the demand LV & HV acceptance rates for all DNOs suggests that when powers under the Regulations are applied, they have the desired effect. The more moderate changes in acceptance rates for demand compared to DG reflect the fact that DG attracts a greater number of multiple or speculative applications.

The acceptance rates generally increase in the implementation year (2018/19) where upfront A&D fees are most commonly applied (demand EHV, DG HV & DG EHV), compared to rates in

the previous years for these connection types. Stronger positive changes are observed in the years after, reflecting that the Regulations would have had some impact on reducing multiple or speculative applications in the implementation year, but it was only after this year when A&D fees had been fully introduced to these connection types where the Regulations has had a stronger impact on increasing the acceptance rate, and so reduced the number of speculative or multiple applications.¹³

Examining the total number of connections offers provides further evidence of the Regulations' impact. The total number of applications issued have varied considerably from 2014/15 to 2021/22 for all connection types. However, upon examination for DG EHV connections where A&D fees are applied upfront (either full or partially) by all DNOs, there is a strong reduction in the total number of offers issued between 2017/18 and 2019/20 followed by a gradual year on year increase (See Annex 4, Figure 10). The increase can be explained by multiple variables, including increased installation of low carbon technologies as the market matured and costs decreased. In 2019/20, these variables were less prevalent, thereby explaining the strong reduction in applications received and offers issued. Crucially, although the number of connection offers issued increased, the acceptance rate did not decrease, demonstrating that the applications being submitted were not speculative. When looking at DG HV and demand EHV, where upfront fees are commonly but not universally applied, a similar trend of initial reduction in total offers provided near to the implementation year, followed by an increase in total offers but no decrease in acceptance rate is observed. There was no clear trend in total offers issued for connection types where upfront fees are not commonly applied.

Reported impacts to customer engagement

The survey asked DNOs for their views on whether their engagement with customers had been impacted since the Regulations were implemented. Customer engagement indicators included in the survey included the number of customers engaging with the DNOs, the number of positive customer engagements, and the number of customers engaging earlier.

Overall, DNOs reported that they experienced some positive impacts on their engagement with customers. No DNOs reported reductions in the positive customer engagement indicators included in the survey, although up to 33% reported they did not know across these questions. 50% said there had been more positive engagements since the Regulations were introduced. With regards to the number of customers engaging with the DNOs, 67% of the DNOs said that more customers have engaged with them since the Regulations were introduced, and the remaining 33% answered "don't know". There were no responses indicating that the DNOs were seeing less engagement with customers since the Regulations were implemented. The largest impact reported was on timing of customer engagement; 83% of DNOs reported that more customers were engaging with them earlier than prior to the implementation of the Regulations.

¹³ See "DNO Connection Offer Data 2014/15 to 2021/22 – Background Information" for reasoning why the implementation year was excluded from the formal analysis.

DNOs' experiences of A&D fee non-payment

The Impact Assessment for the Regulations assumed that 1% of all applications where A&D fees are applied to all connection customers would not be paid in the first instance, and of this 1%, 50% would then go unpaid after the DNO followed up on non-payment. This assumption was tested in the survey, where DNOs were first asked whether the 1% of initial non-payment assumption was accurate. Only one DNO (17%) said this was roughly correct, with 67% reporting initial non-payment assumptions were too low and one DNO (17%) saying they did not know. For the follow up question that asked if the assumption that 50% of initial non-payment would never be paid, 17% of the DNOs said this was actually higher, 33% said that it was actually lower, and 50% did not know.

DNOs' views on whether changes to the Regulations are required

In the survey DNOs were asked whether they believed the Regulations should be changed to achieve the policy objectives more effectively. 33% of DNOs did think they could be changed to increase effectiveness, 50% did not believe a need for change and 17% did not know. Of those who suggested changes, one noted that consistency across DNOs may ensure a more effective application. One comment counter to this from a DNO who did not believe the Regulations needed to be changed, suggested that they thought that it was important that each DNO has the flexibility to modify its own A&D fee charging methodology to better reflect challenges faced by individual DNOs. One DNO who believed changes could be made to the Regulations, suggested that the Regulations should be amended to provide DNOs with greater powers for dealing with non-paying customers and recovering unpaid fees.

DNOs were given the opportunity to provide additional comments on the Regulations, with two responses indicating further affirmation of their support for the Regulations, noting reduction in speculative applications and the freeing up of resource to support customers. Another reiterated that they would like greater powers to recover fees from non-paying customers.

Results from Connection Customer (CC) and Other Stakeholder Survey

Awareness of Regulations, views on whether the objectives remain appropriate and views on the principle of fairness

Respondents to the CC and Other Stakeholder survey reported high awareness of the Regulations, with 88% having at least "a little knowledge". Additionally, two thirds (66%) of those surveyed agreed that the Regulations' objectives remain appropriate, with only 13% disagreeing. A reason provided by a CC who disagreed that objectives remain appropriate was that as an alternative to the Regulations, DNOs could provide more data in the public domain that would allow for CCs to self-assess the most appropriate connection point. One respondent provided their view that the Regulations could have a disproportionate cost impact on smaller scale ICPs and those looking to connect LV at demand and DG.

Most respondents (63%) either strongly agreed or tended to agree with the principle that it is fairer for CCs to pay A&D fees regardless of acceptance, with open text responses including references to the need to prevent multiple or speculative applications and the fairness of

customers paying for work they have triggered. 19% strongly disagreed and 3% tended to disagree, however the open text answers provided limited evidence as to why.

Reported impacts of the Regulations on connection customers

CCs participating in the survey were asked several questions to capture their views of the impacts of the Regulations. This covered perceived impacts of the Regulations on the number of connection applications they submitted, when they engaged with DNOs, their views on DNOs' customer service and the quality of connection offers provided by DNOs. "Other stakeholders" were not eligible to answer these questions.

Customer service and quality of connection offers

Among the CCs surveyed, roughly one third (35%) reported a decrease in applications they were submitting as a result of the Regulations, with the majority (58%) reporting there had been no numerical change.¹⁴ CCs who reported a decrease who responded to the open text follow-up question said that the additional charge was passed through to customers who did not always want to pay. Those who reported no change and responded to the open text follow-up question referenced factors such as the market that their business operates in did not submit speculative developments anyway, so the introduction of upfront A&D fees had little impact. Additionally, it was reported other factors beyond A&D fees such as how soon a connection is needed influence how many applications are submitted.

CCs were asked questions about any changes they may have experienced to DNOs' customer service and quality of connection offers since the introduction of the Regulations.¹⁵ Responses from CCs surveyed suggests no clear relationship between the introduction of the Regulations and changes in the quality of connection offers or customer service experienced by CCs. When asked about changes to customer service and the quality of connection offers, 46% and 42% respectively said it was "about the same", which was the most common answer (Figure 3 outlines responses to these questions). When asked to provide additional thoughts in the open text follow-up questions, the presence of quality engineering resource was cited as a greater driver of customer service and quality of connection offers, with some reporting a deterioration in DNO resources and a reliance on contractors to provide offers. Variations between different DNOs were also reported.

¹⁴ Connection customers without experience of submitting connection applications before April 2018 were not eligible to answer this question.

¹⁵ Connection customers without experience of submitting connection applications before April 2018 were not eligible to answer these questions.

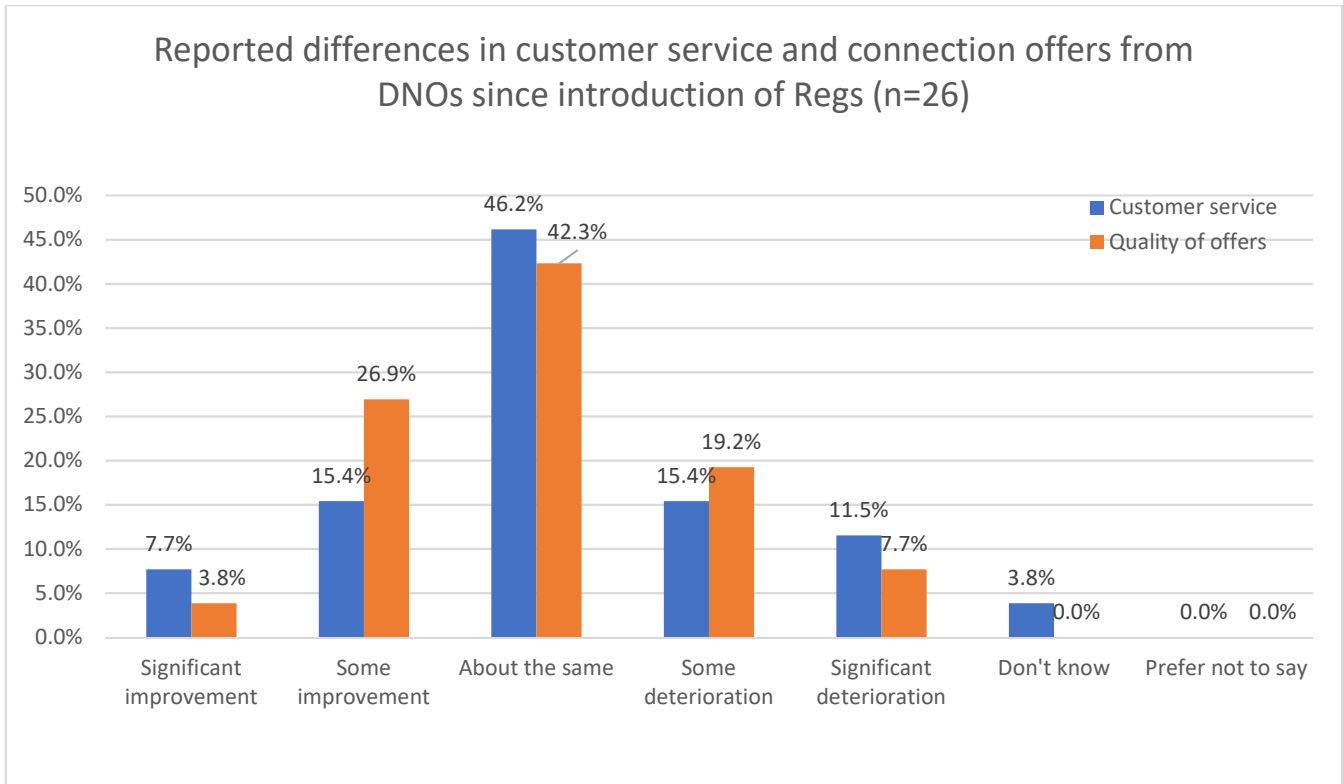


Figure 3: Graph showing survey results of connection customers' reported differences in customer service and connection offers experienced from DNOs since the introduction of the Regulations. Connection customers without experience of submitting connection applications before April 2018 were not eligible to answer these questions. ¹⁶

Budget estimates and connection timeframes

CCs were asked whether the Regulations had led them to change when they engage with DNOs for budget estimates and connection timeframes. Roughly one third of CC respondents (37%) reported that should they request a budget estimate, the Regulations have meant they engage earlier than they otherwise would without upfront A&D fees, with an equal number (37%) reporting no change in when they engage (Figure 4 outlines responses to these questions). CCs who reported no change and answered the follow-up question provided several reasons for this which included the view that they did not always trust budget estimates provided, and that only accepting a connection offer can reserve a place in the queue therefore the timing of a budget estimate is immaterial. Others who reported no change suggested that the Regulations had no impact as they were already engaging as early as possible. One respondent noted that there were other ways to engage, for instance through connections clinics which they found more helpful than a budget estimate.

Most CCs surveyed (57%) said that the Regulations had no impact on when they engage with DNOs on connection timeframes (Figure 4 outlines responses to these questions). Reasons provided by those reporting no impact who responded to the open text follow up question

¹⁶ Source questions: "Have you noticed a difference in customer service from DNOs since Assessment and Design fees, regardless of whether you accept the connection offer were introduced?" (n=26); "Have you noticed a difference in quality of connection offers from DNOs since Assessment and Design fees, regardless of whether you accept the connection offer were introduced?" (n=26).

included the opinion that timeframes are dictated by network upgrades or planning Regulations. Similar to the responses to the question on when respondents would engage on budget estimates, multiple CCs who reported no changes to connection timeframe engagement stated that engaging as early as possible was their common practice anyway. Reasons provided by CCs who said they engaged earlier included that this was because of internal procedures such as now having to raise a purchase order. A comment from a CC respondent who reported they engage later due to the Regulations said this was because they have to cover costs upfront, which means prolonged negotiations with their customers before they submit an application.

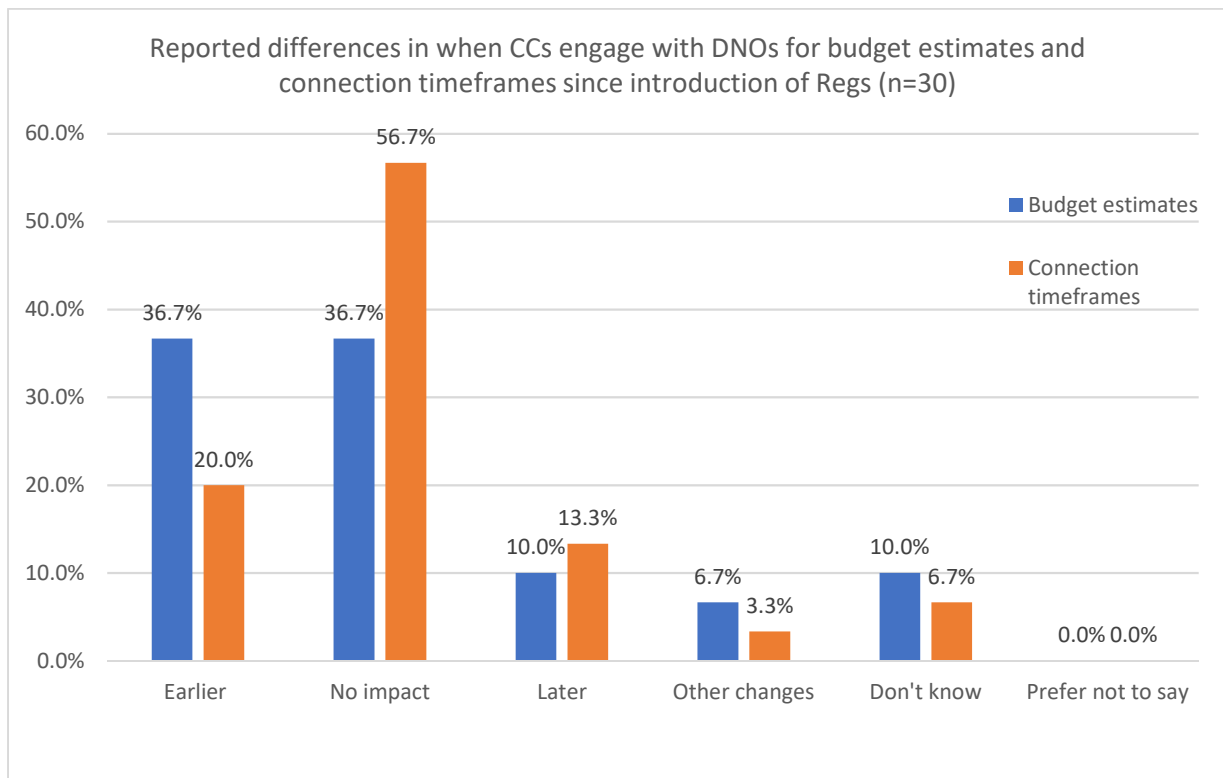


Figure 4: Graph showing survey results of reported differences in when connection customers engage with DNOs for budget estimates and connection timeframes since introduction of Regulations.¹⁷

Connection customer and other stakeholders' views on whether the Regulations need to be amended

All respondents to the connection customer and other stakeholder survey were asked for their views on changes to the Regulations. Half of the respondents (50%) reported that they thought the Regulations could be changed to achieve the objectives more effectively. Suggested changes included making DNOs align charging methodologies. Experiences of poor customer service was raised by multiple respondents and suggestions were made that the Regulations could be changed to force DNOs to recruit additional staff. Additionally, it was suggested that the Regulations could be changed to force DNOs to publish data on their network capacity to

¹⁷ Source questions: "Has the requirement to pay Assessment and Design fees, regardless of whether you accept the connection offer, led to you engaging with the DNO ahead of applications for budget estimates?" (n=30); "Has the requirement to pay Assessment and Design fees, regardless of whether you accept the connection offer, led to you engaging with the DNO ahead of applications for connection timeframes?" (n=30)

allow for customers to self-serve. One respondent felt that DNO charges for feasibility studies and connection offers did not accurately represent the costs incurred by DNOs. They believed that the DNO work on feasibility studies was also carried out on connection offers, so could be an element of 'double-charging'. Another concern held by a respondent related to instances where a connection application is in an area where there was an existing connection; they felt DNOs may have already completed the bulk of the A&D work for the initial connection request and argued that subsequent connection offers should be subject to lower A&D fees.

When provided with the opportunity to share additional thoughts on the Regulations, 3 respondents repeated claims of poor customer service and the same number repeated the desire for charging methodologies to be aligned between different DNOs. Responses reiterating support for the Regulations were also provided.

Do the Regulations need to be amended?

Although there was significant support for the Regulations, respondents raised several suggestions as to how they could be improved or changed to achieve the objectives more effectively, which will be discussed in this section.

Cases of non-payment

Rates of non-payment were reported in the DNO survey to be higher than the 1% assumed in the IA for many DNOs. This can be explained by the way in which each DNO implements their charging regime for A&D fees. Rates of non-payment in the IA assumed that *"...in the vast majority of cases the customer will only receive the connection offer once the A&D fee has been paid. As a result, the IA only assumes a small amount (1%) of non-payment occurs, of which half will be unsuccessfully recovered."*¹⁸ However, through follow up discussions with DNOs, it is now understood that most DNOs do not require payment of A&D fees before issuing a connection offer. This could explain why some DNOs have reported higher than expected non-payment rates.

It was also discovered through follow up discussions with DNOs that there is variation between the rates of non-payment experienced. This can be explained by multiple factors, for instance some DNOs only charge upfront A&D fees to larger projects for whom the fee is relatively small compared to the overall cost of the project. Additionally, some DNOs may have applied the fees more effectively through better practice. This could have been through more effective communication with stakeholders at customer forums about how they would apply the fees and recover debt. We also understand that some DNOs may withhold a connection offer from a customer until they have paid any outstanding A&D fees from previous applications.

It was suggested by some DNOs that they should be provided with greater powers to recover unpaid A&D fees. However, these factors demonstrate that the issues relating to non-payment

¹⁸ <https://www.legislation.gov.uk/ukxi/2018/254/impacts>

rates and their variation between DNOs is not a legislative issue but rather one of implementation. We have therefore shared our findings with Ofgem and DNOs to consider.

Alignment of charging methodologies and over recovery of fees

It was suggested that DNOs should align their charging methodologies so there was a consistent approach to charging A&D fees across all connection categories. Without this, it was argued, some customers pay more for a connection offer than others depending on what licence area they are in. Additionally, a very small number of CCs surveyed felt the charges from some DNOs do not always accurately reflect the work undertaken to provide offers, specifically where feasibility studies for the same connection have been undertaken or where a proportion of the assessment and design work may be common to other connection applications submitted at the same time. This would constitute an over recovery of charges.

Standard fees and protection against the over recovery of fees by DNOs were considered when the Regulations were drafted. Instead of setting standard fees, Regulation 2 stipulates that the fees must meet what is “reasonably incurred” by the DNO, which were defined in the Regulations¹⁹ and set out in the Government response to the consultation.²⁰ This was to allow flexibility to ensure that A&D fees could be levied in the appropriate manner, taking into consideration advancements in technologies and processes. Additionally, permitting the DNOs flexibility, overseen by Ofgem, allows them to address unforeseen surges in speculative applications. Therefore, it was concluded that it would not be appropriate to implement a standardisation of charges in the Regulations.

It was Government’s view that, in addition to defining the costs as reasonably incurred in Regulation 2, utilising existing licence requirements for charging methodologies and on self-determination on point of connection would provide sufficient protection against over recovery of charges. The methodology for calculating charges was most appropriately determined by industry and Ofgem, as the regulatory framework for network connection charging was already well established through the Connection Charging Statements (CCS) Connection Charging Methodology (CCM). These are approved by Ofgem and is published to ensure transparency.

We are confident, therefore, that the necessary safeguards are in place to prevent over-recovery of A&D fees by DNOs. In addition, if a customer does not believe the DNO is charging A&D fees in accordance with the CCS & CCM, then they have the right to appeal to Ofgem.

Availability of data and network modelling

Multiple CCs suggested that it would be more effective and less onerous on the customer if the Regulations instead forced DNOs to be more transparent with network modelling data. They reasoned that it would allow customers to self-assess their point of connection, instead of submitting a connection application and paying A&D fees. These suggestions are customer service and information access issues, therefore are not legislative. However, we note that

¹⁹ <https://www.legislation.gov.uk/ukxi/2018/254/made>

²⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/684179/Assessment_Design_fees_Government_Response.pdf

DNOs have delivered a continual improvement in digital services and heat maps since 2018 in tandem with the Regulations. The desire to rely on data to guide connection decisions will be passed on in an anonymised format to Ofgem and the DNOs to consider, noting commercial sensitivities may restrict what can be made available by DNOs in the public domain.

Customer service and quality of connection offers

The IA assumed that not having to provide offers to multiple or speculative applications would free up resource for DNOs which would allow them to improve the quality of connection offers and customer service generally. Despite this, either deterioration (27%) in DNO customer service or no change (46%) to customer service was reported by 73% of CCs surveyed, with responses suggesting variation between DNOs. A similar trend is observed with reports of the quality of connection offers. The total number of offers being issued by DNOs for many connection types did indeed initially drop, so in theory this should have allowed DNOs to devote more resource to improving customer service, however as noted previously, more recently the number of offers issued has increased for many connection types even if they are not speculative.

It must be noted though that there are other factors outside the scope of this review which could have contributed to this view of customer service, such as DNO resourcing and customer expectations. Additionally, as reported in the limitations, there may be elements of recall bias when asking survey participants to make comparisons between present day and 5+ years ago.

Quality of customer service and connection offers are matter for Ofgem and the DNOs through the regulatory framework and beyond the scope of the Regulations and the PIR. We have therefore provided anonymised responses to Ofgem and the DNOs to consider further.

Has the evidence identified any opportunities for reducing the burden on business?

The results did not show there to be opportunities to reduce burden on business further than has already been provided via the implementation of the Regulations. As set out in the impact assessment for the Regulations, the net cost to business per year was £0.2m when both costs and benefits of the Regulations were considered. This was entirely attributed to the costs incurred by DNOs in introducing upfront A&D fees including one-off costs such as changes to IT billing systems, changes to the common connection charging methodology, website changes and training staff. Ongoing costs were also identified and include additional invoicing and payment processing.

However, as discussed earlier in the report, DNOs and CCs agreed that the Regulations are achieving their objectives and increasing efficiency in the connection applications process.

Were there any unintended consequences?

Our evidence did not suggest that the Regulations had any unintended consequences. Results from the survey and from the accompanying quantitative data from DNOs suggested that the Regulations are largely achieving their objectives and there had been nothing raised that would lead us to believe that there had been any unintended consequences inconsistent with the policy objectives.

Next steps for the Regulations

Post-Implementation Review recommendations

We have analysed all responses to the surveys and the data on connection offers between 2014/15 to 2021/22 and recommend that the Regulations are not amended.

As discussed in this report, there has been broad agreement that the Regulations are achieving their objectives and remain appropriate. Despite some opinions of issues raised, there is evidence that the Regulations are supporting a more efficient and effective connections application process while maintaining fairness. The issues identified, such as customer service and variations in the charging of A&D fees are out of scope of the Regulations, however we have provided information from the PIR to Ofgem and the DNOs to consider further.

In accordance with the Regulations, another review will be carried out and published no later than 6 April 2028.

Conclusion

The Regulations were designed to allow for a fairer allocation of costs incurred by DNOs by ensuring that customers who do not accept connection offers contribute to, or entirely pay for, the costs of assessing their applications. Another objective of the Regulations was to improve efficiency in the connections market by potentially reducing the number non-accepted/potentially speculative connection applications.

In our analysis of the responses received from all six DNOs via our survey, we have found broad support for the Regulations, and that the Regulations are working as intended, as set out in the policy objectives. The majority of those responding to the connection customer and other stakeholder survey felt that the objectives of the Regulations remain appropriate. Respondents cited the need to reduce the burden of speculative and multiple applications on DNOs, and that without the Regulations the costs incurred in providing non-accepted offers would be unfairly allocated to those who did.

This, in conjunction with the data on total and accepted offers, has provided evidence that that the Regulations are having their intended effect with no unintended consequences, while noting

that for many aspects there are external factors that make it difficult to quantify the exact impact of the Regulations.

We have noted the suggestions as to how the Regulations could be improved and concerns respondents raised, particularly CCs in relation to customer service, quality of connection offers, inconsistencies between DNOs and concerns regarding A&D fee recovery. Additionally, the PIR has identified that some DNOs have experienced a higher rate of non-payment of A&D fees than what was assumed in the IA. However, these issues are not legislative and relate to the implementation of the Regulations. Therefore, we will inform Ofgem and the DNOs of these issues to consider.

PIR - Summary

<p>Title: Electricity (Connection Offer Expenses) Regulations 2018</p> <p>PIR No: DESNZ005(PIR)-23-ESN</p> <p>Original IA/RPC No: BEIS034(F)-17-ESNM</p> <p>Lead department or agency: Department for Energy security and Net Zero</p> <p>Other departments or agencies: N/A</p> <p>Contact for enquiries: Freddie Saunders, freddie.saunders@beis.gov.uk</p>	Post Implementation Review
	Date: 06/04/2023
	Type of regulation: Domestic
	Type of review: Statutory
	Date measure came into force: 06/04/2018
	Recommendation: Keep
	RPC Opinion: Green

1. What were the policy objectives of the measure? (Maximum 5 lines)

- Allow a fairer allocation of costs by ensuring that customers who do not accept connection offers contribute to, or entirely pay for, the costs of assessing their applications
- Support efficiency in the connections process by potentially reducing the number of speculative and multiple connection applications by helping to free up resource in Distribution Network Operators (DNOs) to improve customer service and quality of connection offers.

2. What evidence has informed the PIR? (Maximum 5 lines)

A survey was sent to DNOs, Connection Customers (including IDNOs, ICPs, consultants, trade associations and project developers) to inform the PIR. This asked respondents to share their views on the Regulations against the above objectives. We also asked wider and more open-ended questions on the impact of the Regulations more generally. We also asked DNOs to submit data on connection offers that were accepted and declined for financial years 2014/15 to 2021/22 as evidence to support whether there has been a reduction in speculative and multiple connection applications because of the Regulations.

3. To what extent have the policy objectives been achieved? (Maximum 5 lines)

Our analysis of responses to the survey and of the data received from all DNOs has provided evidence that the Regulations are having their intended effect with no unintended consequences, while noting that for many aspects there are external factors that make it difficult to quantify the exact impact of the Regulations. Any issues raised related to the implementation of the Regulations, which we have passed onto Ofgem and the DNOs to consider further.

Sign-off for Post Implementation Review: Head of Analysis and Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: Nat Martin, Energy Infrastructure and Markets Analysis

Date: 23/03/2023

Signed: Andrew Bowie MP, Minister for Nuclear and Networks

Date: 05/04/2023

Further information sheet

Please provide additional evidence in subsequent sheets, as required.

4. What were the original assumptions? (Maximum 5 lines)

The assumptions made within the Impact Assessment of these Regulations were made from information provided by DNOs, Ofgem and information taken from Ofgem's *Connections Reporting Pack*.

The key assumptions were:

- Implementation and administration costs to DNOs
- Number of connection offers going forward under the Impact Assessment's Do Nothing & the Policy Option
- Cost of providing connection offers for different projects

The Impact assessment also made assumptions of the rates of A&D fee non-payment.

5. Were there any unintended consequences? (Maximum 5 lines)

Results from the survey and accompanying qualitative data from DNOs suggest that the Regulations are largely achieving their objectives, and nothing had been raised to lead us to believe there had been any unintended consequences inconsistent with the policy objectives.

6. Has the evidence identified any opportunities for reducing the burden on business? (Maximum 5 lines)

The results from the PIR did not show there to be opportunities to reduce burden on business further than has already been provided by the implementation of the Regulations. As set out in the IA, the net costs to business per year was £0.2m when both costs and benefits were considered. This was entirely attributable to the costs incurred by the DNOs in introducing upfront A&D fees such as IT changes and training staff.

7. How does the UK approach compare with the implementation of similar measures internationally, including how EU member states implemented EU requirements that are comparable or now form part of retained EU law, or how other countries have implemented international agreements? (Maximum 5 lines)

This is a domestic measure not derived from EU legislation nor any international agreements.

We are not aware of any similar Regulations in other countries or EU member states.

Annex 1: Distribution Network Operator Questionnaire

DNO - The Electricity (Connection Offer Expenses) Regulations (Assessment and Design fees) -

Start of Block: Intro and consent

Intro and consent Post-implementation review survey - The Electricity (Connection Offer Expenses) Regulations (Assessment and Design fees)

BEIS welcomes your views as part of a statutory post-implementation review of The Electricity (Connection Offer Expenses) Regulations 2018. The Regulations came into force on 6 April 2018.

Distribution network operators (DNOs) are legally obliged to provide a connection offer upon receiving a formal application and necessary information. In doing so, DNOs incur costs. This includes assessing impacts on the network, designing solutions and, in some cases, site visits.

Under the Electricity (Connection Offer Expenses) Regulations 2018, Government allowed DNOs to recover these costs from customers, regardless of whether the connection offer was accepted. We believed this approach should help ensure a fair and cost reflective recovery of expenses incurred by DNOs. In addition, it would bring further benefits in improving the efficiency of the connections process and the service applicants receive.

Regulation 3 of The Electricity (Connection Offer Expenses) Regulations 2018 stipulates that Government must review them and publish a report before 6 April 2023. This survey seeks information from stakeholders to help us assess:

- the extent to which the Regulations' objectives are being achieved;
- whether those objectives remain appropriate; and
- if those objectives remain appropriate, the extent to which they could be achieved with less onerous regulatory provision.

Any information you share with us will be anonymised; neither you nor your organisation will be named in any published outputs. Information will be confidential and stored securely, in accordance with the General Data Protection Regulation (GDPR).

For most respondents, this survey should take no more than 10 minutes to complete.

This survey is to be completed by Distribution Network Operators (DNO). DNOs should complete this survey once on behalf of their organisation.

Please confirm you have understood the information provided and that you consent to participate in this survey.

- Yes, I consent (1)

- No, I do not consent (2)

End of Block: Intro and consent

Start of Block: Participant type

Participant type **Please select the option that best describes your organisation:**

- Distribution Network Operator (1)
 - Connection customer e.g. generator, storage, commercial, housing developer, connections consultant, Independent Distribution Network Operator / Independent Connection Provider (2)
 - Other (please specify) (3)
-

End of Block: Participant type

Start of Block: DNO Route

DNO1a The Electricity (Connection Offer Expenses) Regulations 2018 seek to enable a fairer recovery of Connection Offer Expenses, by allowing DNOs to recover costs they incur in providing connection offers from customers that caused them to be incurred.

To what extent do you feel that this objective is being achieved?

- Strongly agree (1)
- Tend to agree (2)
- Neither agree nor disagree (3)
- Tend to disagree (4)
- Strongly disagree (5)
- Don't know (6)
- Prefer not to say (7)



DNO1b Please briefly outline the reasons (max. 250 words).

Page Break

DNO2a A further objective of introducing The Electricity (Connection Offer Expenses) Regulations was to promote efficiency in the connections market, by potentially reducing speculative and multiple connection applications allowing DNOs to devote resources to improving the connections process.

What impact have the Regulations had on improving the efficiency of the connection process?

- A significantly positive impact (1)
- A moderately positive impact (2)
- No impact at all (3)
- A moderately negative impact (4)
- A significantly negative impact (5)
- Don't know (6)
- Prefer not to say (7)

DNO2b Please briefly outline the reasons (max. 250 words).

Page Break

DNO3a Where your approach has changed to recovering Assessment & Design fees as allowed by the Regulations, to what extent do you feel that this has helped to reduce the numbers of speculative or multiple connection applications?

- There has been a significant reduction in the number of speculative or multiple applications (1)
- There has been some reduction in the number of speculative or multiple applications (2)
- The number of speculative or multiple applications has remained about the same (3)
- There has been somewhat of an increase in the number of speculative or multiple applications (4)
- There has been a significant increase in the number of speculative or multiple applications (5)
- Don't know (6)
- Prefer not to say (7)

DNO3b Please explain your answer (max. 250 words).

Page Break

DNO4a **Have you noticed any of the following changes to customer engagement since the Regulations were introduced?**

	Fewer customers engaging at an early stage (1)	About the same (2)	More customers engaging at an early stage (3)	Don't know (4)	Prefer not to say (5)
When customers engage in the process (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

DNO4b

	Fewer customers engaging (1)	About the same (2)	More customers engaging (3)	Don't know (4)	Prefer not to say (5)
Number of customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

engaging
with your
organisati
on (1)

DNO4c

	Fewer positive customer engagements (1)	About the same (2)	More positive customer engagements (3)	Don't know (4)	Prefer not to say (5)
Positive customer engagements (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

DNO4d What, if any, other changes have you noticed in customer engagement since the regulations were introduced? (max. 250 words)

Page Break

DNO5a In the impact assessment that accompanied the Regulations, an assumption was made that a small amount (1%) of non-payment will occur. This would relate to cases of connection offers that are not accepted but Assessment and Design fees have been invoiced.

Was this assumption correct (not including late payments)?

- That assumption was roughly correct (1)
- No - it is higher than 1% (2)
- No - it is lower than 1% (3)
- Don't know (4)
- Prefer not to say (5)

Display This Question:

If In the impact assessment that accompanied the Regulations, an assumption was made that a small am... = No - it is higher than 1%

Or In the impact assessment that accompanied the Regulations, an assumption was made that a small am... = No - it is lower than 1%



DNO5b In your previous answer you said the assumption that non-payment would occur in 1% of cases was incorrect.

Roughly what percentage of non-payment have your organisation experienced since the Regulations came into force?

Page Break

Page Break

DNO6a The regulatory impact assessment also assumed that in 50% of all non-paid cases (i.e. the 1% of cases referred to in the previous question), the DNO would be unable to recover some or all of the outstanding Assessment and Design fees.

Was this assumption correct (not including late payments)?

- That assumption was roughly correct (1)
- No - it is higher than 50% (2)
- No - it is lower than 50% (3)
- Don't know (4)
- Prefer not to say (5)

Display This Question:

If The regulatory impact assessment also assumed that in 50% of all non-paid cases (i.e. the 1% of c... = No - it is higher than 50%

Or The regulatory impact assessment also assumed that in 50% of all non-paid cases (i.e. the 1% of c... = No - it is lower than 50%



DNO6b In your previous answer you said the assumption that in 50% of all non-paid cases, the DNO would be unable to recover some or all of the outstanding Assessment and Design fees was incorrect.

In roughly what percentage of cases has your organisation been unable to recover non-paid Assessment and Design fees since the Regulations came into force?

Page Break

DNO6c Please provide any additional information or data regarding non-paid assessment and design fees (250 words max)

Page Break

DNO7a The objective of The Electricity (Connection Offer Expenses) Regulations is to allow for a fairer allocation of Assessment and Design costs, by allowing DNOs to recover them from customers who do not accept connection offers.

To what extent do you feel that this remains appropriate?

- Strongly agree (1)
- Somewhat agree (2)
- Neither agree nor disagree (3)
- Somewhat disagree (4)
- Strongly disagree (5)
- Don't know (6)
- Prefer not to say (7)

DNO7b Please briefly explain your answer (max. 250 words).

Page Break

DNO7c Do you think the Regulations could be changed to achieve the objective of fairer allocation of Assessment and Design costs more effectively?

- Yes (1)
- No (2)
- Don't know (3)
- Prefer not to say (4)

DNO7d Please briefly explain your answer (max. 250 words).

Page Break

DNO8a Please briefly outline any other comments you may have about The Electricity (Connection Offer Expenses) Regulations 2018 (max. 250 words):

End of Block: DNO Route

Annex 2: Connection customer and other stakeholder questionnaire

The Electricity (Connection Offer Expenses) Regulations (Assessment and Design fees) -

Start of Block: Intro and consent

Intro and consent Post-implementation review survey - The Electricity (Connection Offer Expenses) Regulations (Assessment and Design fees)

BEIS welcomes your views as part of a statutory post-implementation review of The Electricity (Connection Offer Expenses) Regulations 2018. The Regulations came into force on 6 April 2018.

Distribution network operators (DNOs) are legally obliged to provide a connection offer upon receiving a formal application and necessary information. In doing so, DNOs incur costs. This includes assessing impacts on the network, designing solutions and, in some cases, site visits.

Under the Electricity (Connection Offer Expenses) Regulations 2018, Government allowed DNOs to recover these costs from customers, regardless of whether the connection offer was accepted. We believed this approach should help ensure a fair and cost reflective recovery of expenses incurred by DNOs. In addition, it would bring further benefits in improving the efficiency of the connections process and the service applicants receive.

Regulation 3 of The Electricity (Connection Offer Expenses) Regulations 2018 stipulates that Government must review them and publish a report before 6 April 2023. This survey seeks information from stakeholders to help us assess:

- the extent to which the Regulations' objectives are being achieved;
- whether those objectives remain appropriate; and
- if those objectives remain appropriate, the extent to which they could be achieved with less onerous regulatory provision.

Any information you share with us will be anonymised; neither you nor your organisation will be named in any published outputs. Information will be confidential and stored securely, in accordance with the General Data Protection Regulation (GDPR).

For most respondents, this survey should take no more than 10 minutes to complete.

Please note that this survey link is not intended for Distribution Network Operators. A separate survey link is available for Distribution Network Operators.

Please confirm you have understood the information provided and that you consent to participate in

this survey.

- Yes, I consent (1)
- No, I do not consent (2)

End of Block: Intro and consent

Start of Block: Participant type

Participant type **Please select the option that best describes your organisation:**

- Distribution Network Operator (1)
 - Connection customer e.g. generator, storage, commercial, housing developer, connections consultant, Independent Distribution Network Operator / Independent Connection Provider (2)
 - Other (please specify) (3)
-

End of Block: Participant type

Start of Block: Customer Route

Cust1 Which of the following do you represent? Select all that are appropriate

- Generation customer (for instance, solar PV) (1)
 - Storage customer (for instance, battery energy storage) (2)
 - Demand customer (for instance, heat pumps or EV chargepoints) (3)
 - Consultant (4)
 - IDNO / ICP – Providing connections for generation customers (5)
 - IDNO / ICP– Providing connections for demand customers (6)
 - Other, please specify (7)
-

Page Break

Cust2 Before today, how much, if anything, did you know about The Electricity (Connection Offer Expenses) Regulations (otherwise known as Assessment and Design fees)?

- Never heard of this (1)
- Hardly anything but I've heard of them (2)
- A little (3)
- A fair amount (4)
- A lot (5)
- Don't know (6)
- Prefer not to say (7)

Page Break

Cust3 Do you/ your organisation have experience of submitting connection applications before April 2018?

- Yes (1)
- No (2)
- Don't know (3)

Display This Question:

*If Do you/ your organisation have experience of submitting connection applications before April 2018? = Yes
Or Do you/ your organisation have experience of submitting connection applications before April 2018? = Don't know*

Cust3b To what extent has the requirement to pay Assessment and Design fees, regardless of whether you accept the connection offer, affected the number of applications you have submitted?

- Significantly increased the number of applications (1)
- Somewhat increased the number of applications (2)
- Neither increased nor decreased the number of applications (3)
- Somewhat decreased the number of applications (4)
- Significantly decreased the number of applications (5)
- Don't know (6)
- Prefer not to say (7)

Display This Question:

*If Do you/ your organisation have experience of submitting connection applications before April 2018? = Yes
Or Do you/ your organisation have experience of submitting connection applications before April 2018? = Don't know*

Cust3c Please briefly explain your answer (max. 250 words).

Page Break

Display This Question:

*If Do you/ your organisation have experience of submitting connection applications before April 2018? = Yes
Or Do you/ your organisation have experience of submitting connection applications before April 2018? = Don't know*

Cust4 Have you noticed a difference in customer service from DNOs since Assessment and Design fees, regardless of whether you accept the connection offer were introduced?

- There has been significant improvement (1)
- There has been some improvement (2)
- About the same (3)
- There has been some deterioration (4)
- There has been a significant deterioration (5)
- Don't know (6)
- Prefer not to say (7)

Display This Question:

*If Do you/ your organisation have experience of submitting connection applications before April 2018? = Yes
Or Do you/ your organisation have experience of submitting connection applications before April 2018? = Don't know*

Cust4a Please briefly explain your answer (max. 250 words).

Page Break

Display This Question:

*If Do you/ your organisation have experience of submitting connection applications before April 2018? = Yes
Or Do you/ your organisation have experience of submitting connection applications before April 2018? = Don't know*

Cust5 Have you noticed a difference in quality of connection offers from DNOs since Assessment and Design fees, regardless of whether you accept the connection offer were introduced?

- There has been significant improvement (1)
- There has been some improvement (2)
- About the same (3)
- There has been some deterioration (4)
- There has been a significant deterioration (5)
- Don't know (6)
- Prefer not to say (7)

Display This Question:

*If Do you/ your organisation have experience of submitting connection applications before April 2018? = Yes
Or Do you/ your organisation have experience of submitting connection applications before April 2018? = Don't know*

Cust5a Please briefly explain your answer (max. 250 words).

Page Break

Cust6 Has the requirement to pay Assessment and Design fees, regardless of whether you accept the connection offer, led to you engaging with the DNO ahead of applications for budget estimates?

- The fees mean I engage earlier than I otherwise would have for budget estimates (1)
- The fees have had no impact on when I would engage for budget estimates (2)
- The fees mean I engage later than I otherwise would have for budget estimates (3)
- Other changes to my engagement for budget estimates (provide more detail in free text) (4) _____
- Don't know (5)
- Prefer not to say (6)

Cust6a Please briefly explain your answer (max. 250 words).

Page Break

Cust7 Has the requirement to pay Assessment and Design fees, regardless of whether you accept the connection offer, led to you engaging with the DNO ahead of applications for connection timeframes?

- The fees mean I have been engaging earlier than I otherwise would have to understand connection timeframes (1)
- The fees have had no impact on when I would engage to understand connection timeframes (2)
- The fees mean I have been engaging later than I otherwise would have to understand connection timeframes (3)
- Other changes to my engagement to understand connection timeframes (provide more detail in free text) (4) _____
- Don't know (5)
- Prefer not to say (6)

Cust7a Please briefly explain your answer (max. 250 words).

Page Break

Cust8 The objective of The Electricity (Connection Offer Expenses) Regulations is to allow for a fairer allocation of Assessment and Design costs, by allowing DNOs to recover them from customers who do not accept connection offers.

To what extent do you feel that this remains appropriate?

- Strongly agree (1)
- Tend to agree (2)
- Neither agree nor disagree (3)
- Tend to disagree (4)
- Strongly disagree (5)
- Don't know (6)
- Prefer not to say (7)

Cust8a Please briefly explain your answer (max. 250 words).

Page Break

Cust9 Do you think the Regulations could be changed to achieve the objective of fairer allocation of Assessment and Design costs more effectively?

- Yes (1)
- No (2)
- Don't know (3)
- Prefer not to say (4)

Cust9a Please briefly explain your answer (max. 250 words).

Page Break

Cust10 To what extent do you feel it is fairer for connection customers to be required to make these payments, regardless of whether they accept the offer?

- Strongly agree (1)
- Tend to agree (2)
- Neither agree nor disagree (3)
- Tend to disagree (4)
- Strongly disagree (5)
- Don't know (6)
- Prefer not to say (7)

Cust10a Please briefly explain your answer (max. 250 words).

Page Break

Cust11 Please briefly outline any other comments you may have about The Electricity (Connection Offer Expenses) Regulations 2018 (max. 250 words):

End of Block: Customer Route

Start of Block: Other block

Oth1 Before today, how much, if anything, did you know about The Electricity (Connection Offer Expenses) Regulations (otherwise known as Assessment and Design fees)?

- Never heard of this (1)
- Hardly anything but I've heard of them (2)
- A little (3)
- A fair amount (4)
- A lot (5)
- Don't know (6)
- Prefer not to say (7)

Page Break

Oth2 The objective of The Electricity (Connection Offer Expenses) Regulations is to allow for a fairer allocation of Assessment and Design costs, by allowing DNOs to recover them from customers who do not accept connection offers.

To what extent do you feel that this remains appropriate?

- Strongly agree (1)
- Tend to agree (2)
- Neither agree nor disagree (3)
- Tend to disagree (4)
- Strongly disagree (5)
- Don't know (6)
- Prefer not to say (7)

Oth2a Please briefly explain your answer (max. 250 words).

Page Break

Oth3 Do you think the Regulations could be changed to achieve the objective of fairer allocation of Assessment and Design costs more effectively?

- Yes (1)

- No (2)
- Don't know (3)
- Prefer not to say (4)

Oth3a Please briefly explain your answer (max. 250 words).

Page Break

Oth4 To what extent do you feel it is fairer for connection customers to be required to make these payments, regardless of whether they accept the offer?

- Strongly agree (1)
- Tend to agree (2)
- Neither agree nor disagree (3)
- Tend to disagree (4)
- Strongly disagree (5)
- Don't know (6)
- Prefer not to say (7)

Oth4a Please briefly explain your answer (max. 250 words).

Page Break

Oth5 Please briefly outline any other comments you may have about The Electricity (Connection Offer Expenses) Regulations 2018 (max. 250 words):

End of Block: Other block

Annex 3: Connection Offer Data 2014/15 to 2021/22

	Pre-Implementation Consolidated Offers					Implemen- tation Year	Post Implementation Consolidated Offers		
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019		2019/2020	2020/2021	2021/2022
LV									
Year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
Accepted Offers:	11945	12189	13824	14045	13420	13032	12678	13931	
Not Accepted Offers:	16712	16185	18178	19396	20605	21949	20068	21827	
Total Offers	28657	28374	32002	33441	34025	34981	32746	35758	
Acceptance Rate	41.68%	42.96%	43.20%	42.00%	39.44%	37.25%	38.72%	38.96%	
HV									
Year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
Accepted Offers:	6140	6330	7609	8066	8160	7509	8364	9611	
Not Accepted Offers:	16016	15863	18401	19671	19627	18632	18320	22816	
Total Offers	22156	22193	26010	27737	27787	26141	26684	32427	
Acceptance Rate	27.71%	28.52%	29.25%	29.08%	29.37%	28.72%	31.34%	29.64%	

Total Offers	11809	6407	2367	2466	2236	1760	1581	2133
Acceptance Rate	21.16%	21.68%	27.12%	21.90%	30.64%	33.13%	32.89%	37.04%
DG - EHV Max								
Year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Accepted Offers:	34	462	489	403	310	345	519	786
Not Accepted Offers:	142	2493	2138	2070	1127	328	493	736
Total Offers	176	2955	2627	2473	1437	673	1012	1522
Acceptance Rate	19.32%	15.63%	18.61%	16.30%	21.57%	51.26%	51.28%	51.64%

Table 4: Accepted connection offers and acceptance rates per year 2014/15 to 2021/22

Annex 4: Total Connection Offers 2014/15 to 2021/22 for all DNOs per connection type

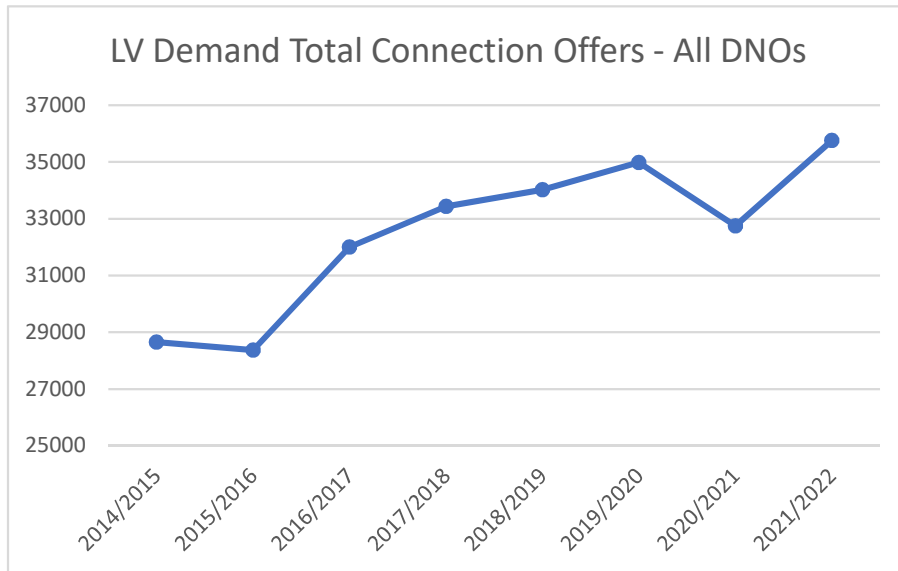


Figure 5: Total connection offers for all DNOs for LV demand

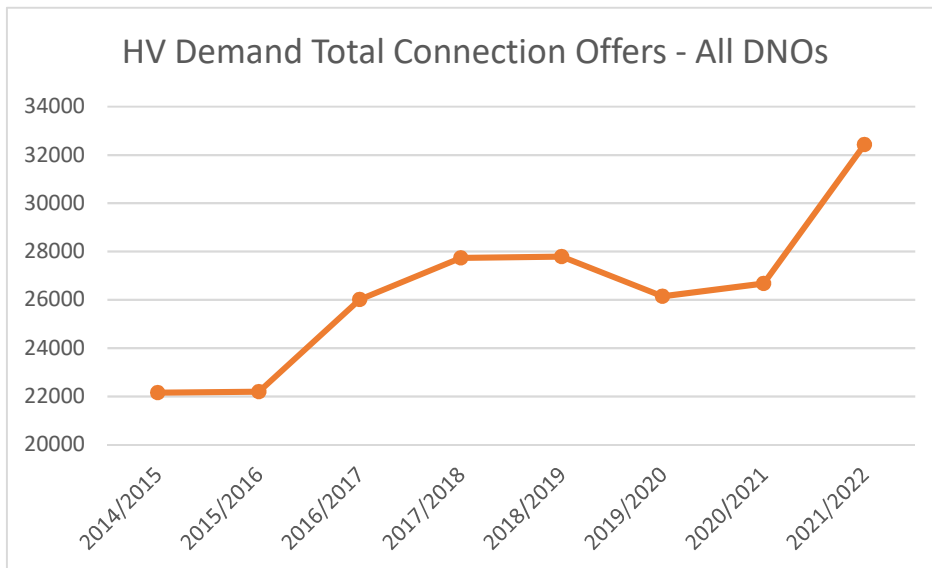


Figure 6: Total connection offers for all DNOs for HV demand

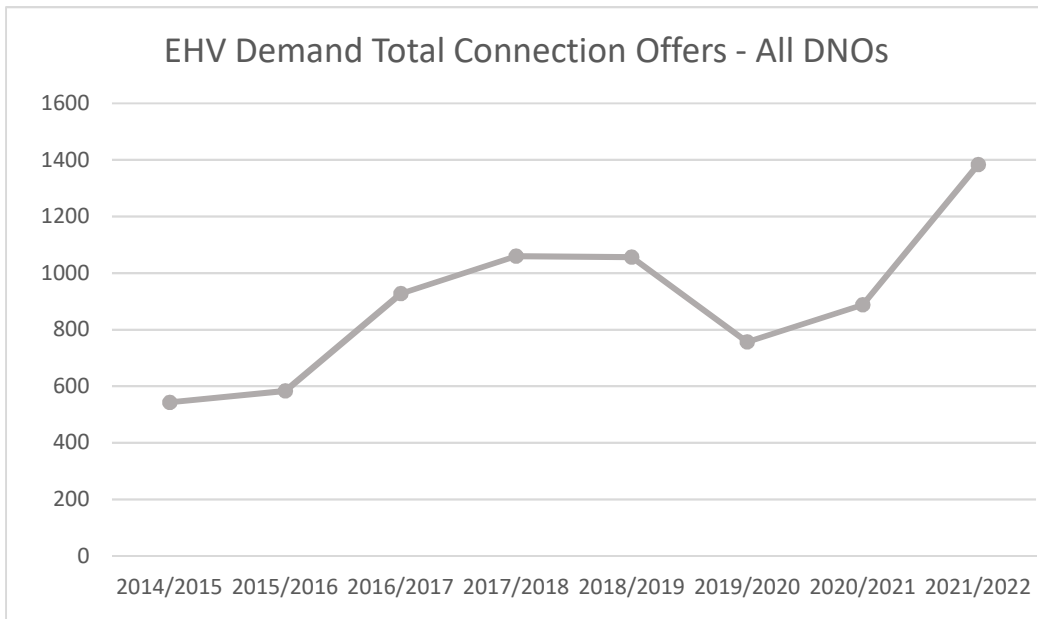


Figure 7: Total connection offers for all DNOs for EHV demand

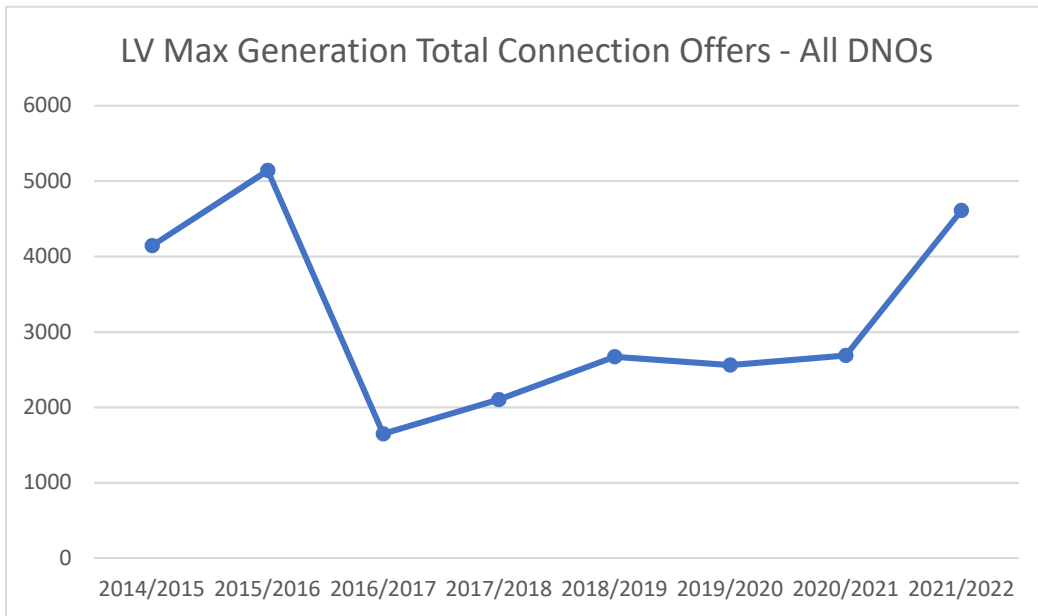


Figure 8: Total connection offers for all DNOs for DG LV

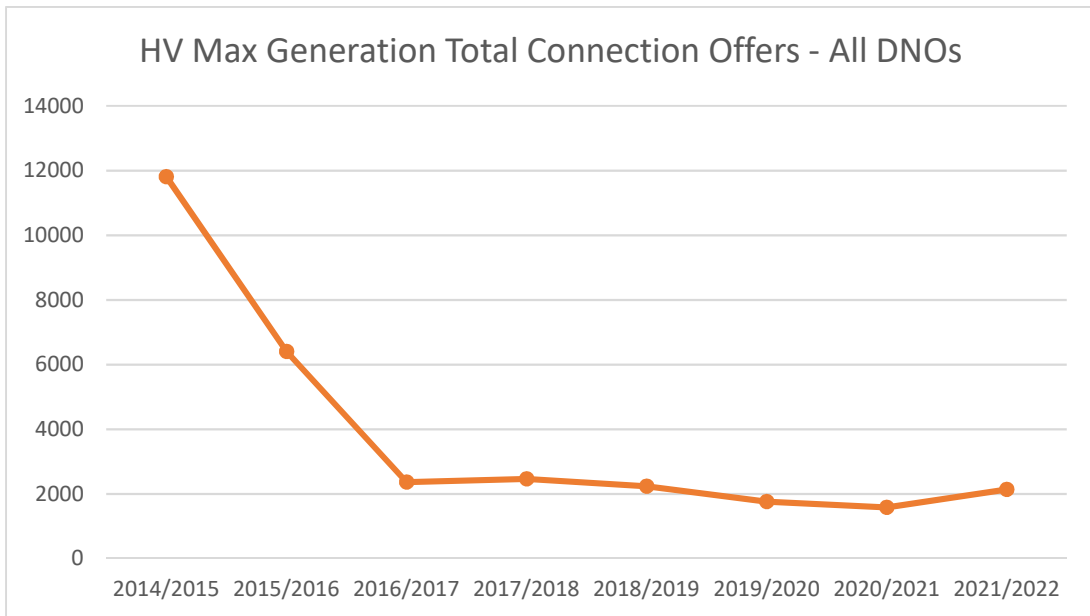


Figure 9: Total connection offers for all DNOs for DG HV

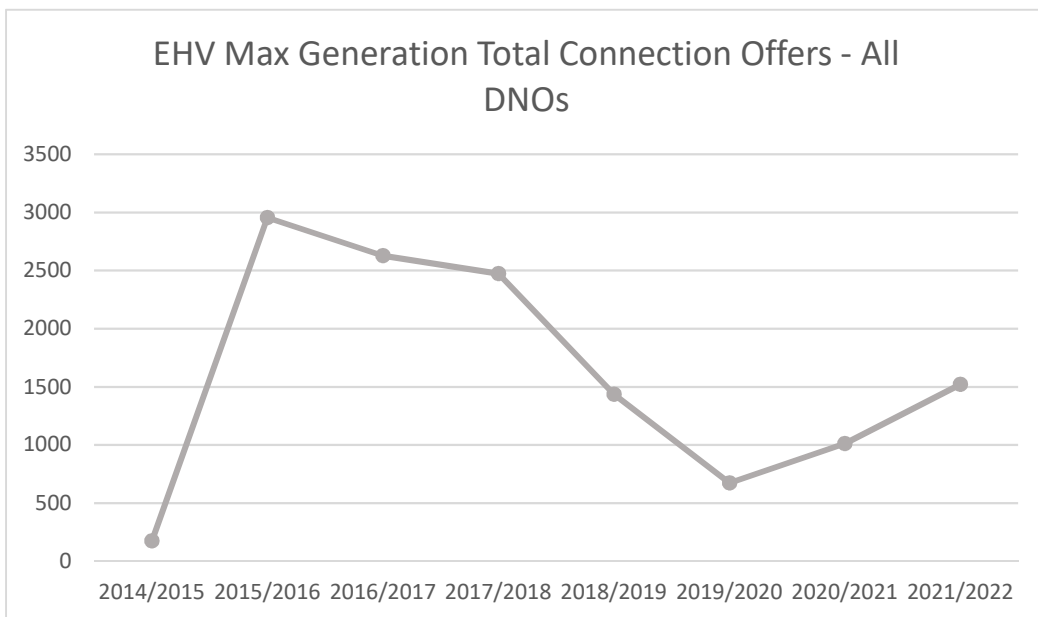


Figure 10: Total connection offers for all DNOs for DG EHV

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