

Connection Offer Expenses

V1 – APR 2018

Guidance on the implementation of Connection Offer Expenses under the Electricity Regulations 2018 (Formerly known as Assessment and Design fees)

On **6th April 2018** the Electricity (Connection Offer Expenses) Regulations (the 'Regulations') will take effect.

These Regulations will allow Distribution Network Operators (DNOs) such as UKPN, SSE and WPD to recover costs incurred when undertaking assessment and design work even where the customer does not accept the Connection Offer. Until this point, DNOs had only been able to recover these costs directly where the customer had accepted their Connection Offer.

The Regulations have come about following an extended consultation process involving the energy regulator, Ofgem, the Department for Business, Energy & Industry Strategy, DNOs and interested industry stakeholders. The consultation process centred around the fact that not allowing DNOs to charge connection offer expenses to applicants who did not accept a connection offer (often called 'speculative applications') had a detrimental effect on connection customers. It was argued that not being able to charge these applicants for connection offer expenses had contributed to a significant increase in connection applications, requiring DNO resources to process them and adding delay in dealing with non-speculative applications.

In addition, where a DNO issues a quote this has the effect of 'tying up' network capacity until either the quote is accepted, or the quote expires. This capacity could otherwise be allocated to subsequent applicants. The Regulations have sought to reduce the number of speculative applications, direct DNO resources where they are most needed whilst ensuring the customer is protected from incurring unreasonable costs.

Each DNO has developed their own method of introducing the COE's which may result in some clients having to pay the fees to obtain quotes for certain categories of work. Speak to the Premier Energy team to find out more about how these changes may affect your project.



To find out more on these important changes speak to one of our Utility Consultants: **01403 740240**

Summary points of the regulation

The Regulations take effect on 6th April 2018 although DNOs may choose to defer implementation.

- The Regulations apply to any application made under section 16A(1) of the Act. They do therefore impact on all applications for connections including demand, generation, metered and unmetered. They do not apply to recharge only works (diversions), including requests for disconnection.
- The Regulations allow DNOs to recover costs, reasonably incurred whilst undertaking an assessment of the impact of the proposed connection on the network, designing the connection works and preparing the Connection Offer.
- The DNO may not require payment before any connection offer expenses are incurred.
- Before a DNO can obtain payment of the connection offer expenses it must notify the applicant in writing before incurring those expenses. The notice must:
 - a) specify the amount to be paid by the applicant;
 - b) give sufficient information to enable the applicant to understand how the amount has been determined;
 - c) specify when payment must be made and how payment may be made; and
 - d) include a statement of the effect of section 23 of the Act (disputes).

A copy of the Regulations may be viewed on the UK Legislation website:

[Click here](#)