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To all interested parties

Open letter: Changes to our Connection Offer Expenses (COE) for providing budget estimates, feasibility studies and connections offers.

Northern Powergrid is the distribution network operator (DNO) responsible for the electricity network that powers everyday life for 8 million customers across 3.9 million homes and businesses in the North East, Yorkshire and northern Lincolnshire.

Connecting customers to our network is one of the most important jobs we do. Every new connection we deliver contributes to the economic growth of our region by enabling new homes to be built, new businesses to start trading and new types of renewable generation to support the wider energy system and help create a greener energy future for our region.

Delivering future connections services

At Northern Powergrid we are committed to providing our customers with a great connections service by making it easy to use, assess and connect to our network. In 2018 all DNOs introduced Connection Offer Expenses (also known as Assessment & Design or A&D fees) to drive efficiencies and ensure fairer allocation of costs. Our COE prices have remained unchanged for more than three years.

We carry out comprehensive reviews of all elements associated with providing our customers with connections offers to ensure our fees remain cost reflective of the services our customers require. This entails looking at everything from the increased levels of customer support and services we provide to the new processes and procedures required to ensure robust regulatory compliance.

Following our review, we had intended to update our fees in spring 2020, however, due to the pandemic and impact on our customers and the communities we serve, we decided to defer any changes and enable our customers to continue to access our services at the fee levels set back in 2018 for a further 15 months.

As the country gradually moves forward, it is now appropriate to implement our changes to our Connection Offer Expenses. These changes, which take effect from **1 July 2021**, reflect the costs of providing connections offers and remain in accordance with regulatory requirements and in line with industry levels. **We continue to only recover costs that we have reasonably incurred for providing these services and we do not make a profit on the fees we charge.**

NORTHERN POWERGRID

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www.northernpowergrid.com

Supporting our customers

We remain fully committed to supporting our customers by holding surgeries where our teams provide upfront advice before making a connection application.

We also have a number of free, online tools, including AutoDesign¹ which enables our customers to quickly generate their own budget estimates for low voltage connections free of charge.

Background to Connection Offer Expenses

In September 2017 the Government's Department for Business, Energy and Industrial Strategy (BEIS) publicly consulted² on the introduction of Connection Offer Expenses, seeking views from stakeholders with an interest in requesting connections from DNOs.

BEIS concluded that allowing DNOs to charge a fee for the design and assessment work carried out when customers request this service would ensure a fairer allocation of costs and improve the overall efficiency of the connection process.

Following consultation with connections stakeholders, Government introduced the Electricity (Connection Offer Expenses) Regulations 2018, which came into effect on 6 April 2018.

What do our updated Connection Offer Expenses mean for customers?

From 1 July 2021, we will be increasing the Connection Offer Expenses fees we charge for providing budget estimates, feasibility studies and connection offers for customers.

The new fees will be applicable to all applications received on or after 1 July 2021. The new fees will also be applied to any requests for re-quotes received on or after 1 July 2021 and will be charged at 75% of the full fees.

We want to reassure our customers that these changes continue to be cost reflective and support our continued delivery of a quality connections service. To ensure this remains the case, we will review our Connections Offer Expenses annually and make information about any future changes publicly available.

What if a customer does not wish to proceed?

When applying for a new connection, our customers will continue to be advised of the requirement to pay a fee shortly after we receive an application, so they can make an informed decision on whether to proceed **before** we start the work.

Our five working day 'cooling off' period will remain in place to enable customers to cancel their application without incurring any fees should they change their mind. It is only once we have completed our work and provided the offer that we will send an invoice for the applicable fee. You can find out more on our website at www.northernpowergrid.com/connection-offer-expenses

Accessing new Connection Offer Expenses information

Our Connections Offer Expenses guide is available on our website [here](#) so customers can easily access information about our new fees. Customers can also contact us on **0800 011 3433** or email us at COE@northernpowergrid.com.

¹ <https://www.northernpowergrid.com/auto-design>

² <https://www.gov.uk/government/consultations/assessment-and-design-fees-consultation-on-draft-regulations>