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## Appendix B: About competition in connections

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The figure below shows the six licensed distribution network operators (DNOs) which operate in different regions in the UK. Historically, the distribution of electricity in Great Britain has been a service carried out by these DNOs and so it was their responsibility to provide connections to, maintain, repair and improve the network in 14 discreet licensed areas.

As this is a licensed activity, the charges that a DNO can make are closely monitored and controlled by the Regulator, Ofgem. Electricity distribution businesses have regular price control reviews, where the levels of income and investment are analysed and set by Ofgem for the control period.



Figure B1: Map of DNO Licensed areas

Historically, if a customer wanted a connection they approached their local distribution network operator. Following the introduction of competition in connections, electricity customers in Great

Britain now have the option for their new connection to be provided and operated by service providers independent of the DNO. The works involved that can be provided and operated by others are termed contestable works, with those works that must still be provided and operated by the DNO termed non-contestable. A simple example of the type of work that is contestable or non-contestable is given below.

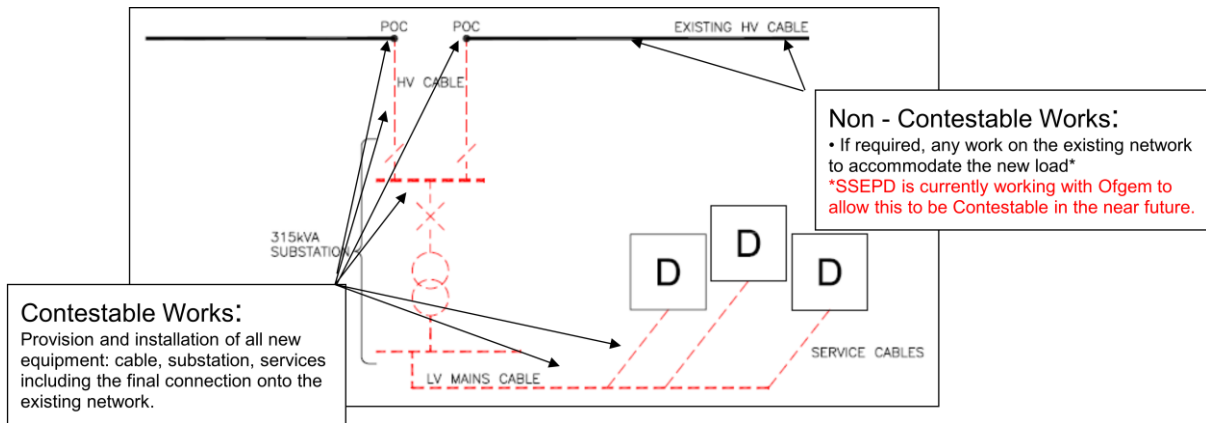


Figure B2: Simple example of contestable /non- contestable works split

The service providers independent of a DNO who can provide these contestable works are called independent connection providers (ICPs) where the ICP will quote, build and connect. The service providers independent of a DNO who can operate the subsequent connections are called independent distribution network operators (IDNOs). IDNOs can own and operate a network. To do this, they need to have a licence and relative price control.

With the advent of competition in connections any customer in Great Britain has the option to have the contestable elements of their new connection constructed either by the local DNO or by an alternative provider. They may also choose for the subsequent connection, once constructed, to be adopted and operated either by an IDNO or the local DNO.