Guidance on Connection Offer Expenses

Under the Electricity (Connection Offer Expenses) Regulations 2018

Version February 2026

nationalgrid

Background

On 6th April 2018 the Electricity (Connection Offer Expenses) Regulations (the 'Regulations') took effect. These Regulations allow Distribution Network Operators (DNOs) such as National Grid Electricity Distribution (NGED) to recover costs incurred when undertaking assessment and design work even where the customer does not accept the Connection Offer.

Prior to this point, DNOs had only been able to recover these costs directly where the customer had accepted their Connection Offer.

The Regulations came about following an extended consultation process involving the energy regulator, Ofgem, the Department for Business, Energy & Industry Strategy (BEIS), 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 had a significant and growing detrimental effect on connection customers more generally. 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.

Where a DNO needs to provide connection offers for applications that are speculative in nature, this has the effect of 'tying up' network capacity until an applicant responds to the offer. This capacity could otherwise be allocated to subsequent applicants. The Regulations have sought to reduce the number of speculative applications and to direct DNO resources where they are most needed, whilst ensuring the customer is protected from incurring unreasonable costs.

Summary of the Regulations

The following sets out the summary points of the Regulations:

- The Regulations were implemented with effect from 6th April 2018;
- The Regulations apply to any application made under section 16A(1) of the Act. Therefore they impact on all applications for connections including;
    - Demand;
    - Generation;
    - Metered;
    - Unmetered;
    - CIC point of connection requests;
- 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:
    - Specify the amount to be paid by the applicant;
    - Give sufficient information to enable to applicant to understand how the amount has been determined.
    - Specify when payment must be made and how payment may be made; and
    - 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

What it means to you as an NGED Customer

DNOs are able to apply connection offer expenses to cover costs they reasonably incur when assessing the impacts of the proposed connection on the distribution/transmission system, designing the connection (including any reinforcement works) and preparing the Connection Offer. NGED will:

- Charge you ahead of your acceptance for the time we spend preparing the Connection Offer;
- Initially only implement the process for demand and generation schemes that have an element of work at High Voltage (HV) or above. For the avoidance of doubt this includes connections at Low Voltage (LV) where works are required at 11kV, such as the upgrade of an 11kV substation;
- Continue to provide Budget Estimates for up to 2 options within a 6-month period free of charge;
- Require payment even if you do not accept the Connection Offer; and
- Invoice you at the same time as we issue the Connection Offer and you will be required to make payment within 28 days of issue.

What charges will be applied?

The amount we charge will vary according to the complexity of the scheme based upon your requested capacity and the type of assets required to enable the connection. They will also vary according to whether you require a Connection Offer for NGED to undertake all the works or for NGED to undertake only the non-contestable works and you employ and independent connection provider (ICP) to undertake the rest.

The charges we apply can be found in Section 7 of our Statement of Methodology and Charges for Connection to the Distribution System.

Notification of the application of the Connection Offer Expenses

We will contact you shortly after receiving your application to discuss your plans and then let you know the potential for HV works to be required. Please note, if you decide that you no longer want to pursue your application and you notify us in writing within 10 working days of the notification being issued, we will not charge you.

If you cancel after the 10 working days have lapsed, we may charge you for any costs reasonably incurred up to the point you notified your cancellation request.

Queries

If you have any queries regarding the application of the charges please contact the Planner, or Design Engineer, notified to you as being responsible for your application. If, following discussion, you are not satisfied with our response and we cannot resolve the matter, you may escalate it further. Our complaints procedure is available to view on our website.

If you do not feel we have dealt with your complaint satisfactorily you may also refer the matter to the Authority for determination in accordance with section 23 of the Electricity Act 1989.

Frequently Asked Questions

Implementation of the Regulations

Do the Regulations apply to all applications for connection?

No, only for applications for new and augmented generation and demand connections that are categorised as High Voltage (HV). For the avoidance of doubt this includes connections provided at LV but where works are required at HV, such as the upgrade of a Transformer at a substation. This also includes any diversionary or upstream reinforcement works required on the distribution system.

Applications for other connections that require only Low Voltage Works and do not trigger works at HV, are currently exempt, although we will review the success or otherwise of our targeted approach which will inform our decision on the application of Assessment & Design (A&D) Fees in the future.

Do I need to pay the A&D Fees even if I don't accept the Connection Offer?

Yes, if as described above, your requested capacity requires an element of HV work.

Will I have to pay for a Budget Estimate or Feasibility Study?

We will continue to provide budget estimates for up to 2 options within 6 months free of charge but a fee will apply for additional options in excess of this. Feasibility Studies will remain chargeable.

The fees associated with Feasibility Studies and multiple Budget Estimates are in accordance with our Statement of Methodology and Charges for Connection to the Distribution System ("the Statement").

What do the A&D Fees cover?

The A&D Fees cover our costs, reasonably incurred when undertaking an assessment of the impact of the proposed connection on the distribution system, designing the connection works and preparing the Connection Offer.

Will I be liable for any other fees?

Yes, if you accept the Connection Offer and want to progress the scheme we will ask you to make a further payment to secure your connection and cover our immediate costs. This charge will cover things such as: any survey associated with overhead lines, route marking prior to construction, negotiation with third parties and acquisition of consents (including fees associated with wayleaves and easements).

Additional charges may be applied in relation to the effect of the proposed connection on the transmission system. These charges may include cancellation charges should you decide not to progress the scheme, or you reduce your capacity requirements. In these cases you will be required to post some form of security against the cancellation charge.

Multiple Connection Offers

I'm not sure what my capacity requirements are or what generation technology type I might use. If I make multiple applications for the same site, will I be charged for each?

Yes, **we will charge you for each Connection Offer that you request**. However, there are alternatives to requesting a formal Connection Offer. You can request a Budget Estimate for up to 2 options free of charge or a chargeable Feasibility Study if you require more detail or additional options.

Information on our distribution system will help inform you of the viability of your proposed connection. Please visit our Network Information page on our website.

My scheme is in an Active Network Management (ANM) Zone. If I receive both a conventional and an 'Alternative' Connection Offer, will I be charged two sets of A&D Fees?

If your scheme falls within an ANM Zone, we will contact you to discuss your options. You can decide to receive a conventional Connection

Offer or an Alternative Connection Offer in which case you will be charged only one set of A&D Fees. If you would like to receive both a conventional and an Alternative Connection Offer, we will charge you a reduced A&D Fee for the ANM Connection Offer based upon the work involved in preparing your offer.

If NGED receives multiple applications for the same premises, will you charge multiple A&D Fees?

If we receive several applications for the same site, typically where a number of agents such as independent connection providers (ICPs) tender for the same project, we will make an assessment as to the level of A&D Fees to be applied. The first applicant will be required to pay the full A&D Fee. Subsequent applications will be assessed based on the applicant's request. If the connection requirements differ in any significant way and a further investigation is required, we will charge the full A&D Fee. If no further significant assessment is required, a reduced fee will be applied based on the costs reasonably incurred in preparing the Connection Offer.

The Notification Process

How will I know if I will be charged the A&D Fees under the Regulations?

We will contact you to confirm receipt of your application. Once we know works at HV are required we will provide you a written notice, normally via email. The notice will confirm that you will be required to pay the A&D Fee.

If we are unsure if your proposed connection will require works at HV we will notify you as soon as it becomes clear that HV works are required. We will inform you and give you the opportunity to withdraw your application at no cost within 10 working days of our notification being issued.

How much will the A&D Fees be?

The amount we charge will vary according to the complexity of the scheme based upon your requested capacity and the type of assets required to enable the connection. They will also vary according to whether you require a Connection Offer for NGED to undertake all the works or for NGED to undertake only the non-contestable works and you employ an independent connection provider to undertake the rest.

The charges we apply can be found in Section 7 of our Statement of Methodology and Charges for Connection to the Distribution System. You can view our statement on our website.

If I withdraw my application will I still be charged the A&D Fee?

It depends on when you notify us that you wish to withdraw your application. We will implement a 10-working day 'cooling off' period from the point that we first notify you that the A&D Fee will apply. If you inform us within that period, we will not charge you. If you inform us at any time after the 10-day cooling off period we may charge you according to how much time we have spent assessing the application.

If I accept Option 2 of a Dual Offer, will I still be charged the full A&D Fee?

Yes. A&D fees for both options of a Dual offer are identical, as we have undertaken the full assessment for both Option 1 and Option 2.

Pre-Connection Offer amendment requests

If reinforcement works make my scheme unviable and I wish to utilise a lower capacity, will I need to re-apply and will you charge an additional A&D Fee?

It depends on the timing of your request but we will inform you once we identify reinforcement

works are triggered and then discuss the options with you. If you decide a lower capacity still works we can provide a Connection Offer based on your revised requirements. Depending on the timing of your request and the amount of further assessment required we may charge you for additional costs we reasonably incur.

Post-Connection Offer amendment requests

Will I be charged further A&D Fees if I change my scheme requirements?

Our guidance on allowable changes to applications and accepted offers for connection can be found on our website. In accordance with the Guidance document, if your change request is deemed unallowable and a new Connection Offer is required, you will need to re-apply and another A&D Fee will be applied.

If the change request is deemed allowable, we may still issue a new Connection Offer or, where it has already been accepted by you, issue a variation to the Connection Offer. In this instance we will charge for any additional costs we have reasonably incurred. We may invoice you separately for this.

If I am in an interactive queue and I am unsuccessful and wish to re-apply, will I be charged the full A&D Fee again?

Yes. If you are unsuccessful and you wish to re-apply we will need to undertake further

assessment to evaluate the extent of any reinforcement work required and prepare a new Connection Offer.

Payment

When must I pay the A&D Fee?

We will invoice you at the same time as we release the Connection Offer. You must pay the A&D Fee within 28 days of the date of the invoice.

Disputes

What can I do if I think you have applied the A&D Fees incorrectly?

If you have any queries regarding the application of the charges, please contact the NGED person responsible for issuing your Connection Offer in the first instance. If, following discussion, you are not satisfied with our response we will refer the matter to the relevant Manager.

If we still cannot resolve the matter you may escalate it further. Our complaints procedure is available to view on our website.

Further Information

Further information is available on our connections portal.

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