

# IDNOs and AAVs Explained.

Discover how business owners,  
developers and public sector organisations  
benefit from working with IDNOs  
for new and upgraded grid connections.



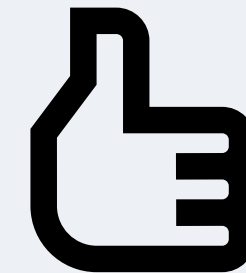
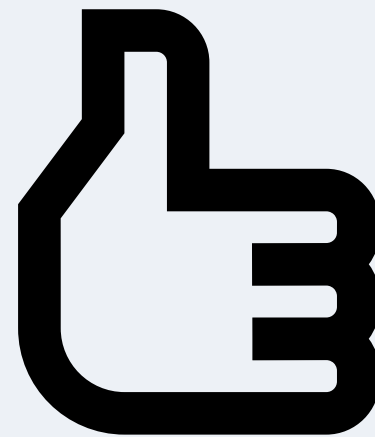
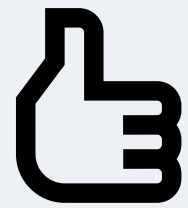
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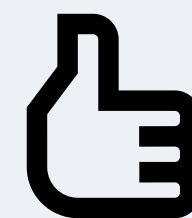
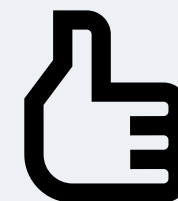
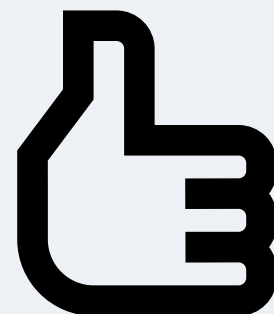
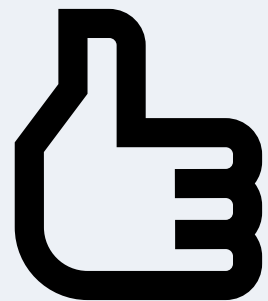
**Distribution Network Operators (DNOs)** are companies that are licensed, by OFGEM, to distribute electricity in specific areas of Great Britain.



**These DNOs distribute electricity** from the transmission grid to homes and businesses in fourteen geographical areas throughout Great Britain.



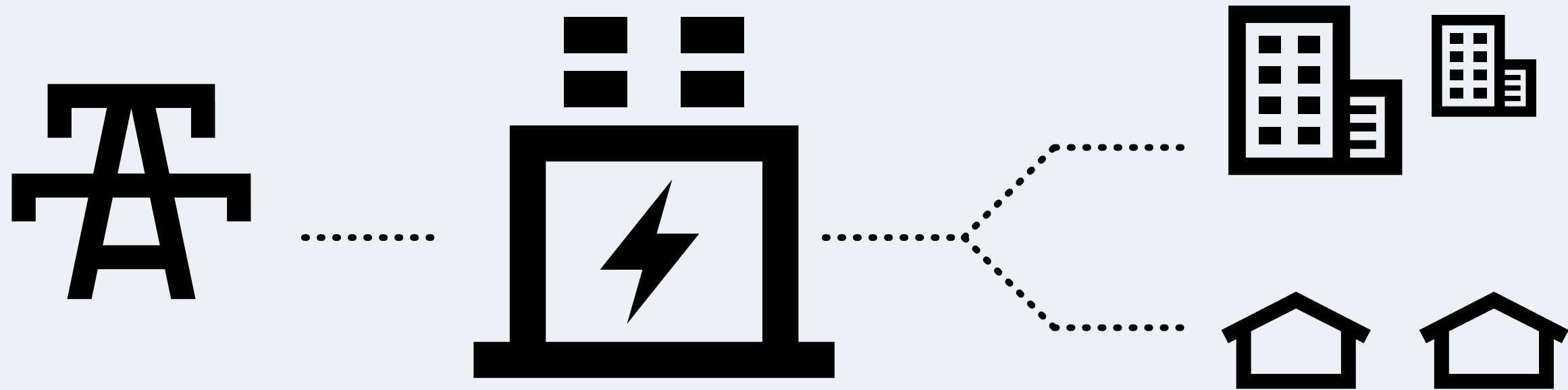
In order to increase competition in the electricity distribution market,  
and offer a better deal for the consumer, Ofgem now licenses  
**Independent Distribution Network Operators (IDNOs).**





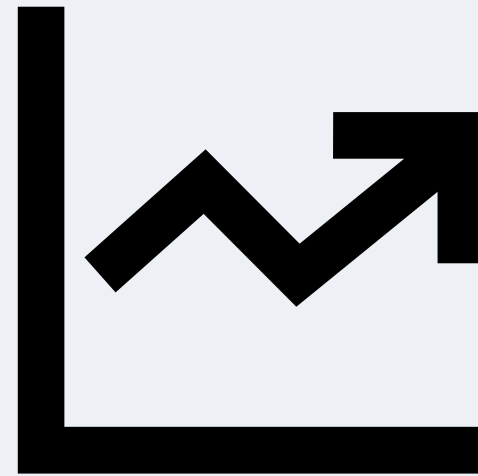


IDNOs **develop, operate and maintain** local electricity distribution networks anywhere in the UK.



IDNO networks are mainly extensions to the DNO networks serving **new housing** and **commercial developments**.

IDNOs are responsible for managing and operating their local networks, including **future maintenance and fault repairs**.



**IDNOs** have the same obligations and performance standards as DNOs.



IDNOs are regulated by OFGEM on how much they can charge customers for using their networks under **‘Relative Price Control’**.

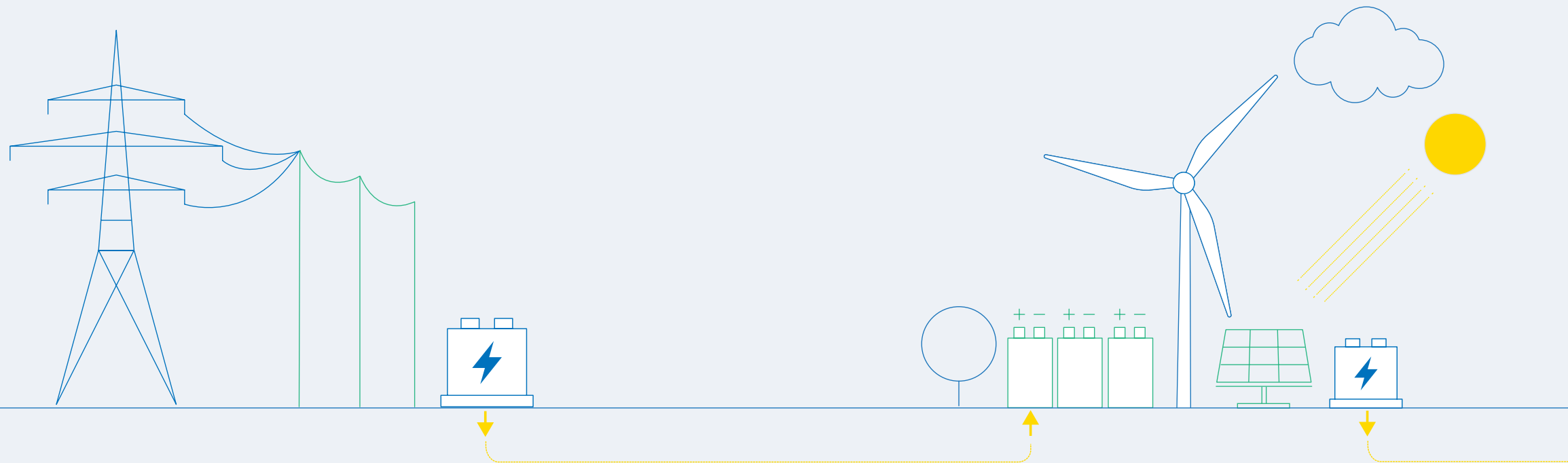




Customers that are connected via an IDNO network are entitled to the  
**same level of service and guarantee of performance**  
as those from a DNO.

# New grid connections

UK Grid connections are split into two components

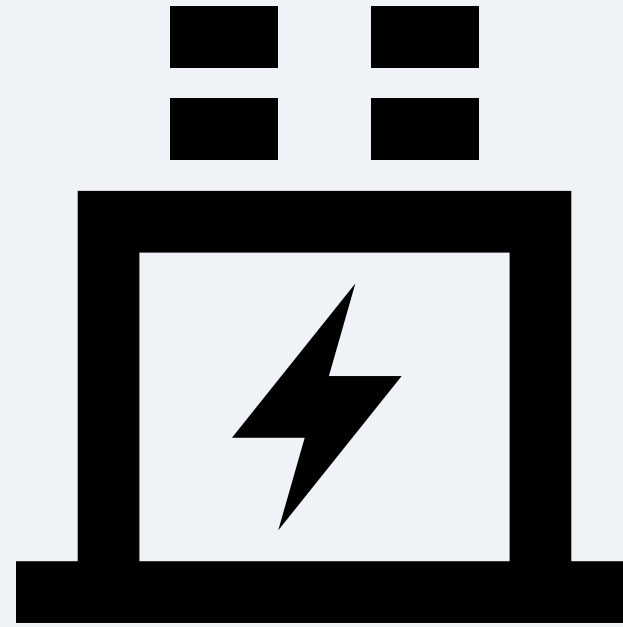


## Non-contestable works:

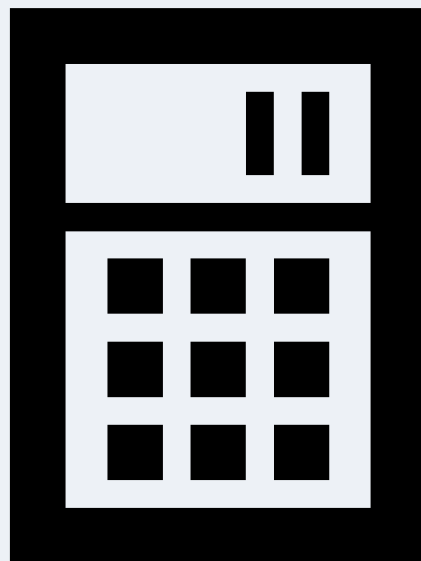
Work that can ONLY be carried out by the DNO, such as the connection to the DNO network.

## Contestable works:

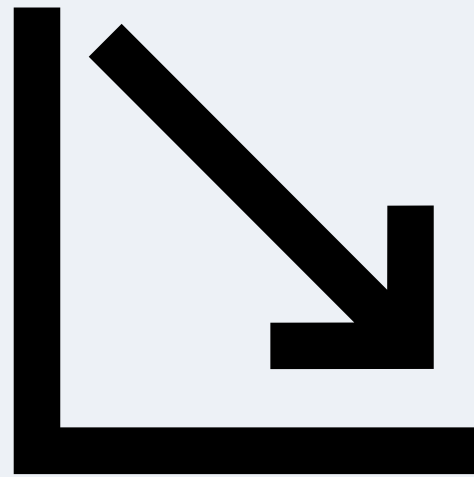
Work that can be carried out by an ICP, such as the design and build of HV / LV networks.



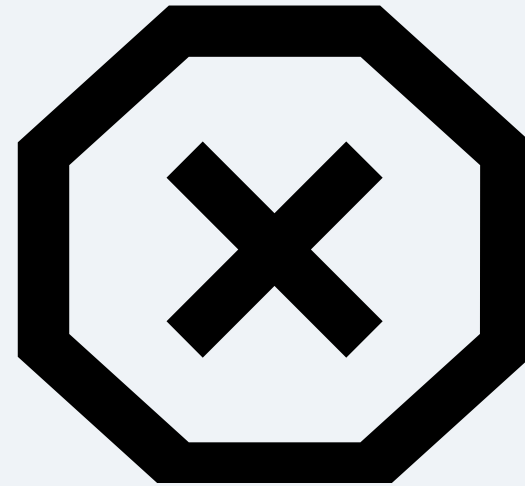
Once a network is built it must be  
**‘adopted’ by the local DNO or an IDNO**  
who owns and operates the network for its lifetime.



If the network is adopted by an IDNO, the IDNO will pay the business owner or developer an  
**Asset Adoption Value.**

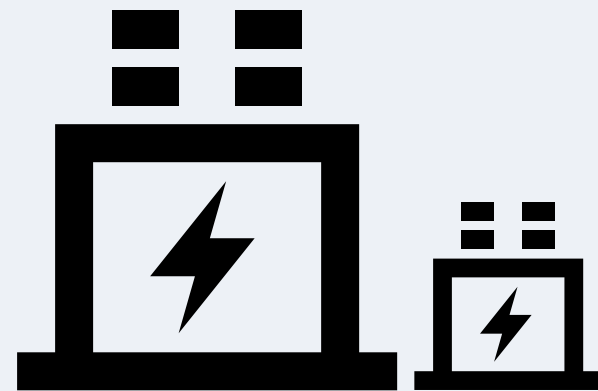


**Asset Adoption Value** payments can be very attractive to developers by **reducing the total capital cost** of designing and building new power networks.

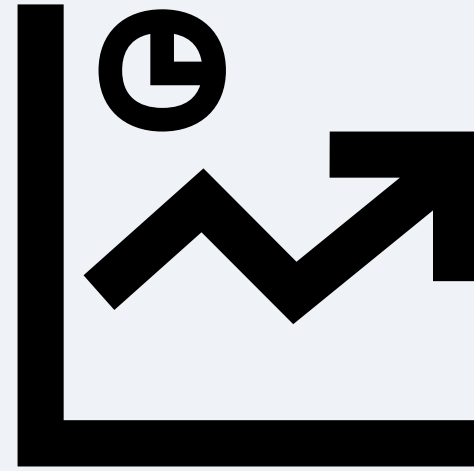


**DNOs do not pay AAV rebates**

**Asset Adoption Values are determined on a case by case basis,**  
depending on several factors, e.g. which charging methodology  
is used; the capacity of the site; the use cases for the load;  
and assets to be adopted.



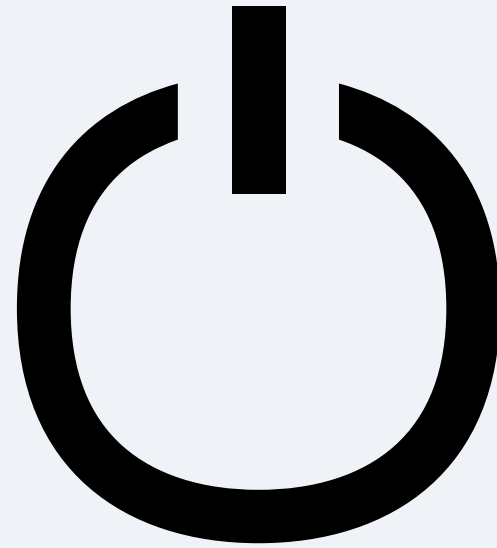




**AAVs comes from the future revenues  
the IDNO expects to earn over time.**

Essentially, the IDNO is saying:

*“If I adopt this new network, I’ll earn a revenue for many years.  
So, I’m willing to pay you now – as a rebate – for adopting it.”*



## **AAVs can even be paid upfront!**

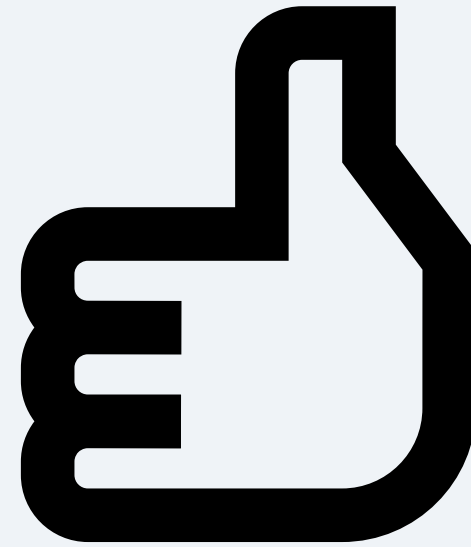
But are usually paid after energisation, once the IDNO has inspected and adopted the network assets.



DNO adopts the network:

**No AAV rebate is paid**

(All costs fall on the business owner or developer)



IDNO adopts the network:

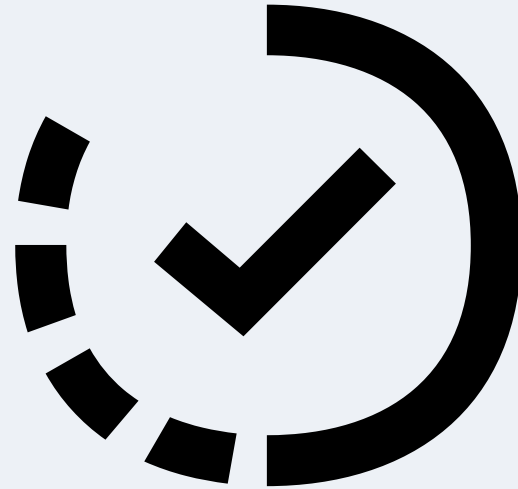
**Business owner or developer  
receives an AAV rebate from the IDNO.**



By choosing an IDNO to adopt your network you are choosing to receive

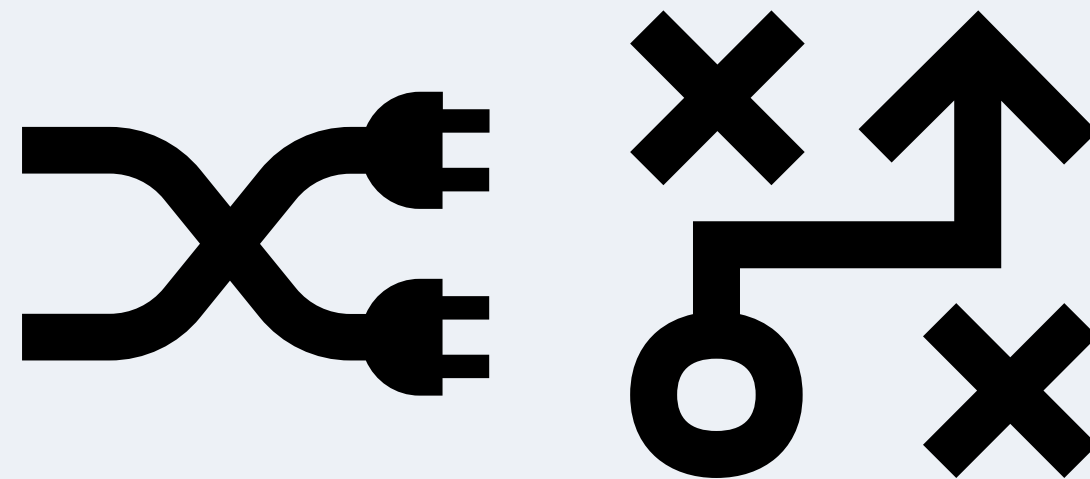
**free money to reinvest in your business.**

Plus, there are other benefits too...



The flexibility of an IDNO means that  
**we are set up to react quicker to customer demands.**

And, by working in combination  
with Independent Connection Providers,  
**our prices and project management are  
by design a challenge to the DNOs.**





**Vattenfall has been  
building and managing distribution  
networks for more than 100 years.**

**Find out how we can help connect your project at [idno.vattenfall.co.uk](https://idno.vattenfall.co.uk)**



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