

IDNOs and AAVs Explained.

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



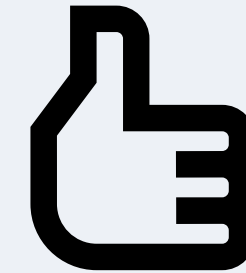
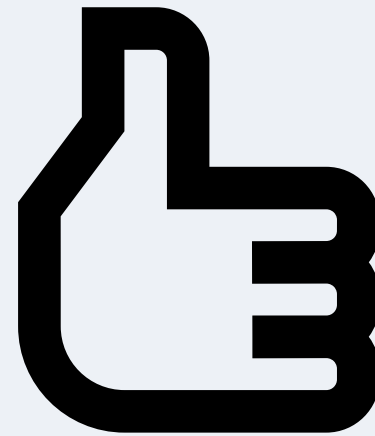
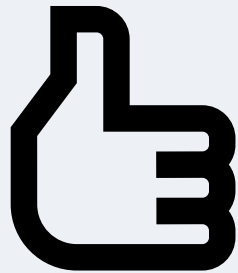
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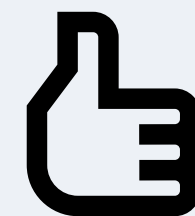
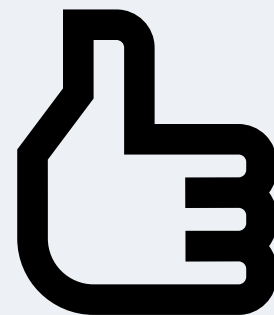
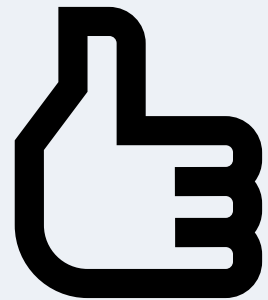
Distribution Network Operators (DNOs) are companies that are licensed, by OFGEM, to distribute electricity in specific areas of Great Britain.

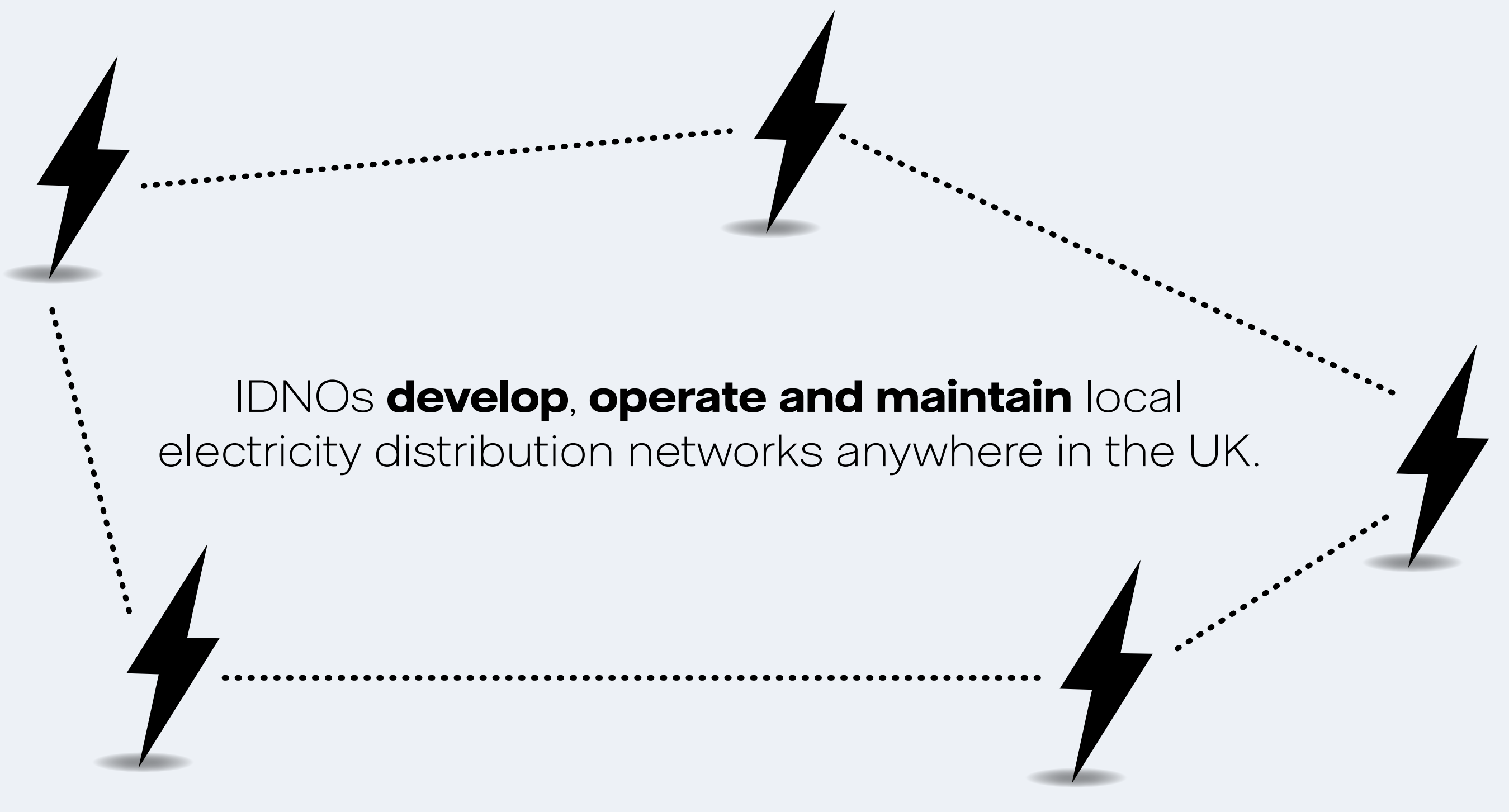


These DNOs distribute electricity from the transmission grid to homes and businesses in fourteen geographical areas throughout Great Britain.

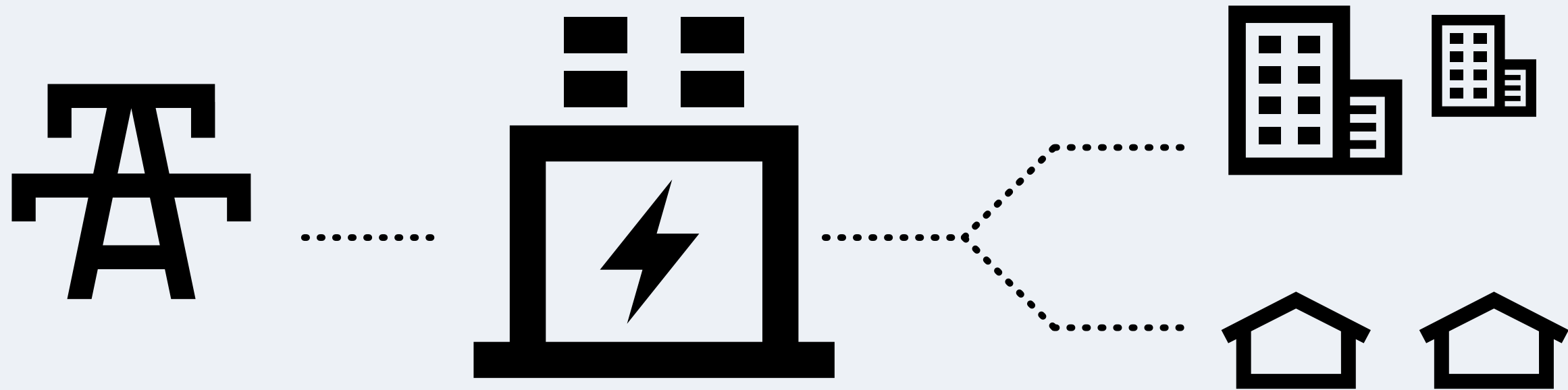


In order to increase competition in the electricity distribution market,
and offer a better deal for the consumer, Ofgem now licenses
Independent Distribution Network Operators (IDNOs).



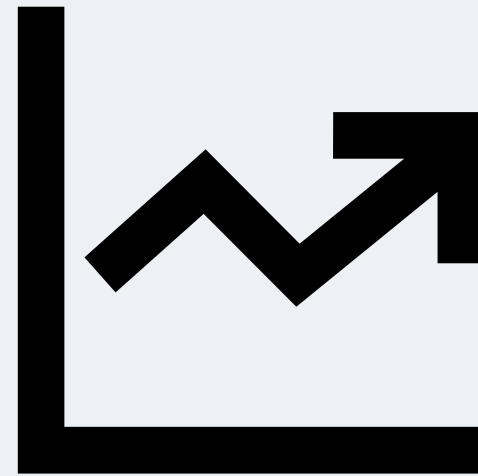


IDNOs **develop, operate and maintain** local electricity distribution networks anywhere in the UK.



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

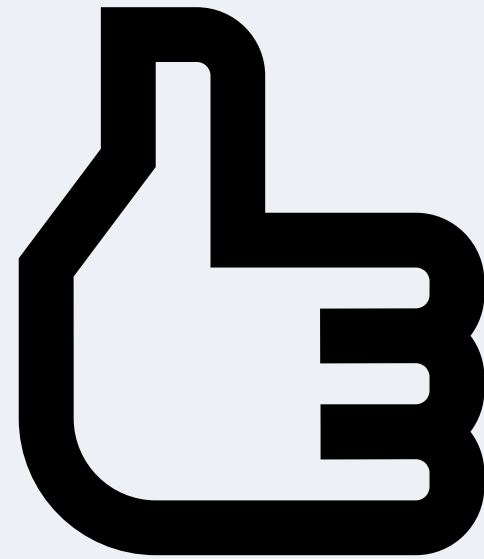
IDNOs are responsible for managing and operating their local networks, including **future maintenance and fault repairs**.



IDNOs have the same obligations and performance standards as DNOs.



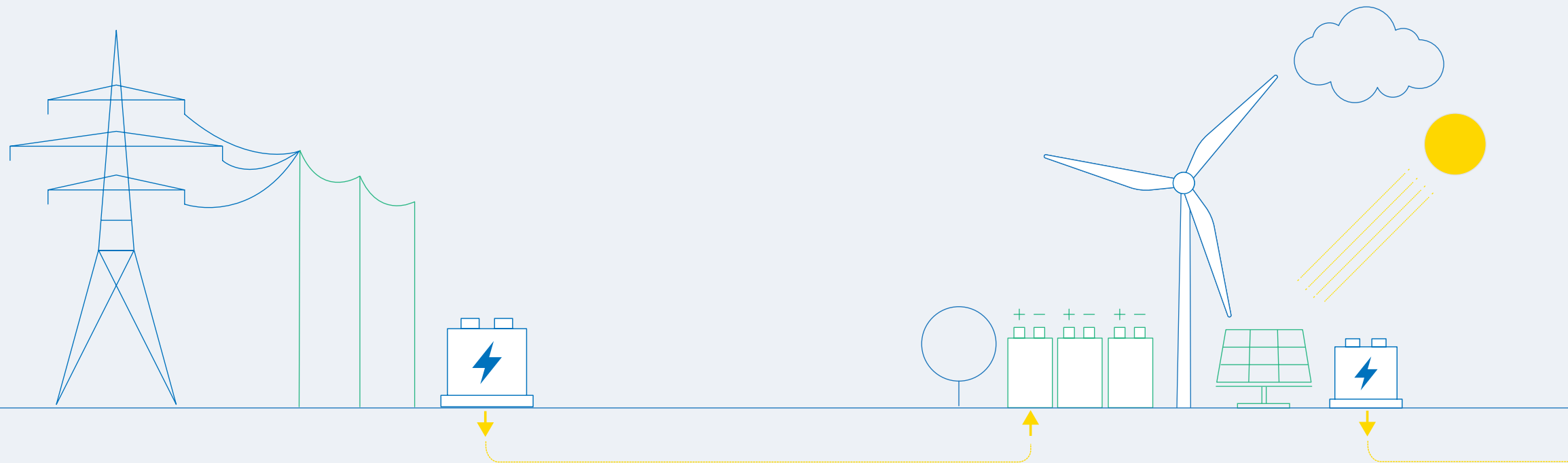
IDNOs are regulated by OFGEM on how much they can charge customers for using their networks under **‘Relative Price Control’**.



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

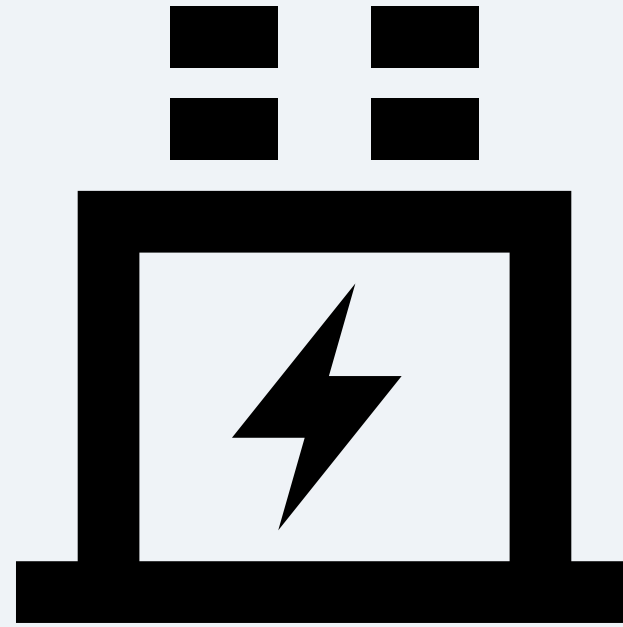


Non-contestable works:

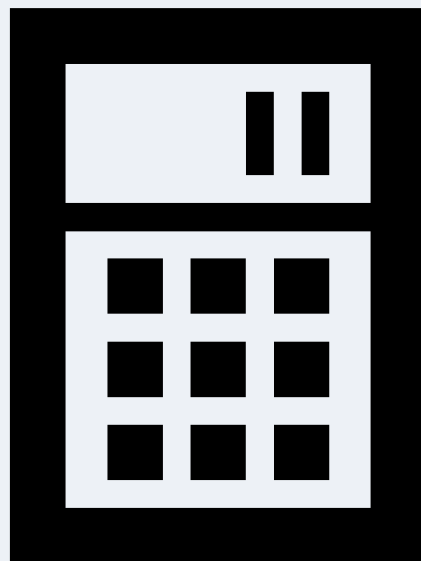
Work that can ONLY be carried out by the DNO, such as the connection to the DNO network.

Contestable works:

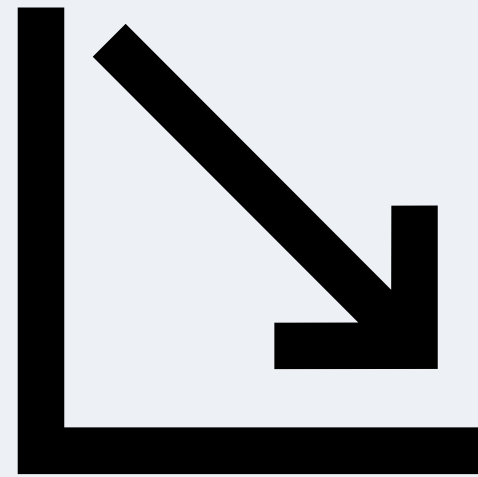
Work that can be carried out by an ICP, such as the design and build of HV / LV networks.



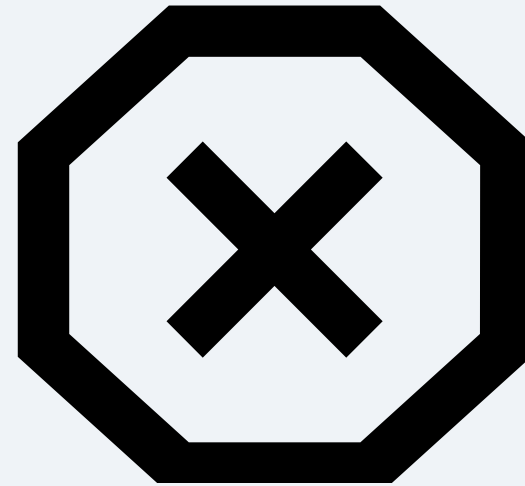
Once a network is built it must be
‘adopted’ by the local DNO or an IDNO
who owns and operates the network for its lifetime.



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

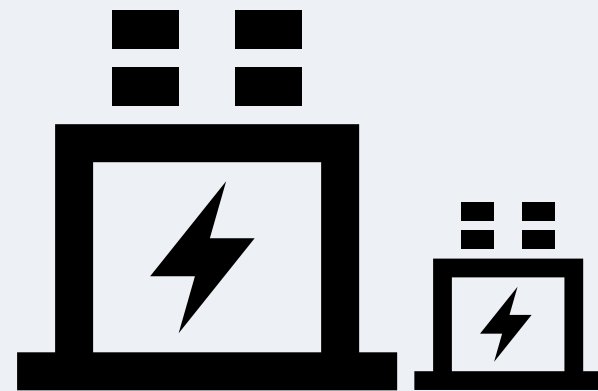


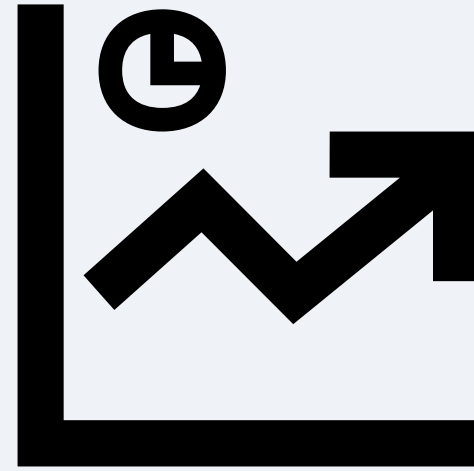
Asset Adoption Value payments can be very attractive to developers by **reducing the total capital cost** of designing and building new power networks.



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.

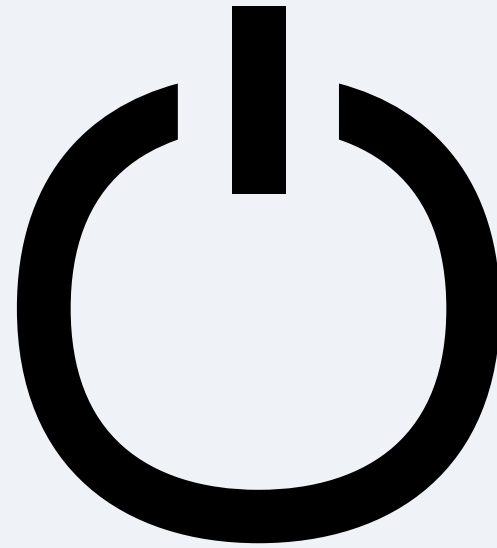




**AAVs comes from the future revenues
the IDNO expects to earn over time.**

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!

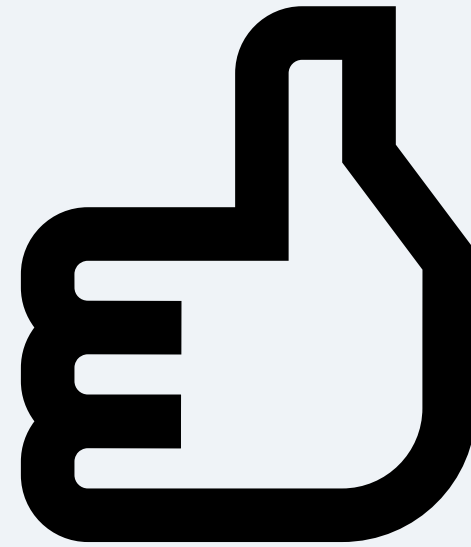
But are usually paid after energisation, once the IDNO has inspected and adopted the network assets.



DNO adopts the network:

No AAV rebate is paid

(All costs fall on the business owner or developer)



IDNO adopts the network:

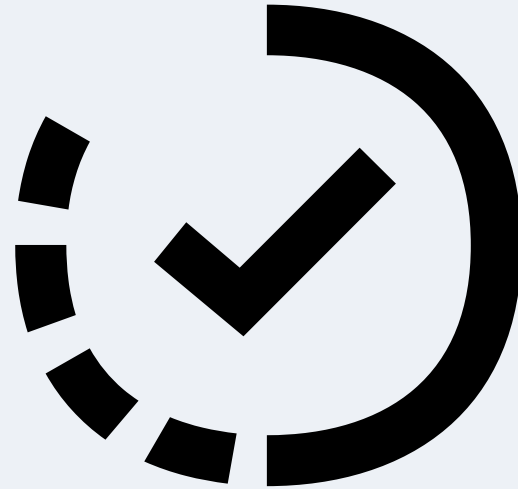
**Business owner or developer
receives an AAV rebate from the IDNO.**



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

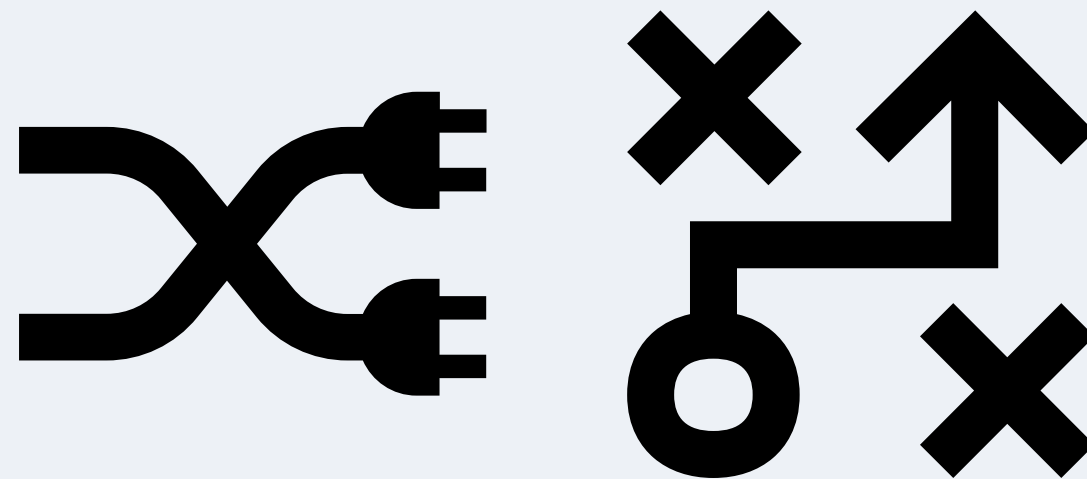
free money to reinvest in your business.

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



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