

## **Distribution Network Operator Cost: Guidance**

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Many Public Sector Decarbonisation Scheme (PSDS) projects will require electrical upgrade works from their Distribution Network Operator (DNO). Due to the nature of this work, **payment upfront may be required to secure any capacity**, prior to the works taking place. Salix acknowledges that this means grant recipients may need to draw down funding prior to these works being carried out.

To help grant recipients secure electrical capacity for their Public Sector Decarbonisation Scheme projects in a timely and efficient manner, grant recipients are able to claim Distribution Network Operator costs prior to the works being completed. Please note this is the **only** exception to the usual payment request process which states that grant recipients can only claim on an evidence of need basis for works that have been carried out. Eligible Distribution Network Operator costs may include:

- Connection charges
- Capacity charges
- Network reinforcement costs,
- Trenching and cabling
- Substation construction and enabling works
- Legal fees

## **How to claim for Distribution Network Operator costs**

If there are any costs associated with connecting the equipment you wish to install, your Distribution Network Operator will send you a formal quotation. To secure any capacity, you may be required to pay a proportion of the costs upfront. You may claim these costs from Salix without the need to provide invoices. You can instead submit a payment claim with the following documents:

- Signed acceptance form letter
- Original quotation from the Distribution Network Operator showing the upgrade works applied for including the value of contestable and noncontestable works
- Proof of payment such as a receipt or redacted bank statement

Grant recipients will be required to provide Salix with the invoices once these are available. Invoices from third party organisations or consultants will only be

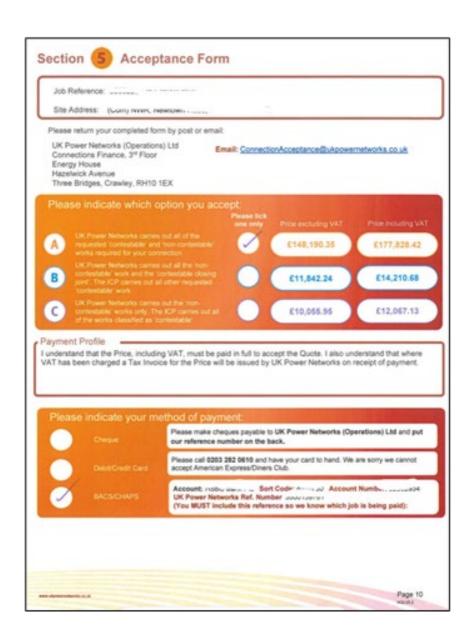


accepted when accompanied by supporting evidence such as the acceptance letter or quotation from the Distribution Network Operator.

Please note Distribution Network Operator payment claims are required to be forecasted and submitted within the usual deadlines. Please see requesting funds from Salix for further information



## **Example Acceptance Form**



## Non-contestable and contestable works

Non-contestable and contestable works refer to the different categories of works associated with the distribution network and electrical connections. When evidencing your payment claim to Salix, the signed acceptance letter should clearly



show whether you have accepted just the non-contestable works, or both the non-contestable and contestable works.

Non-contestable costs are those expenses associated with the design, planning, and management of electrical connections and distribution network services, which must be carried out by the Distribution Network Operator. Payment requests for non-contestable works should be evidenced with an invoice or quotation from the Distribution Network Operator.

Contestable costs are those works which can be carried out by alternative suppliers or service providers, allowing grant recipients to consider different pricing and timescales available. Payment requests for contestable works may be evidenced with invoices from an Independent Distribution Network Operator (IDNO) or Independent Connections Provided (ICP).

For more information please refer to our Distribution Network Operator and FAQ pages.