This article seeks to investigate the interactions between the policy dimensions of support schemes and network regulation and how they affect distributed generation. Firstly, the incentives of distributed generators and distribution system operators are examined. Frequently there exists a trade-off between the incentives for these two market agents to facilitate the integration of distributed generation. Secondly, the interaction of these policy dimensions is analyzed, including case studies based on five EU Member States. Aspects of operational nature and investments in grid and distributed generation facilities are covered. The question in which policy segment to incorporate locational signals is at the heart of the debate.