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Dear Rebecca

Electricity North West's Competition Notice

We welcome this opportunity to reiterate the points we made in our letter to ENW that they included in their Competition Notice and to respond to the questions raised in your consultation.

We have answered each of your specific questions below but would reiterate our view that ENW are the best DNO to deal with and that there is effective competition in the north west. As ENW have played their part in facilitating competition we support their application for unregulated margin.

Yours sincerely

Brian Cutler

Aptus Utilities Ltd



CHAPTER 3

Question 1: Do interested parties agree with the assertions made by ENWL in its analysis of the level of competition in its area in each RMS? In particular, do interested parties consider that the data provided by ENWL gives a clear indication of the current level of competitive activity in each RMS?

Based on these figures and our knowledge of the markets we operate in we would consider that there is clear levels of competition in all market segments in ENW's area. Even in those areas where they do not seem to have lost market share the same processes and procedures apply so that there are no barriers to them being competitive.

Question 2: Considering the market share currently retained by ENWL and the number of ICPs currently active in each RMS, do interested parties consider that competition in each RMS is at a level that in itself indicates that effective competition exists?

Aptus Utilities has won over 20 new housing projects in the ENWL area in its first year of trading. We are also particularly active in the unmetered supplies market. We have a current contract with Cumbria CC and we have recently been tendering for work from a collaboration of Greater Manchester local authorities. This tendering process suggests to us that there is effective competition in ENW's area for unmetered supplies.

CHAPTER 4

Question 1: For each RMS, do existing/potential competitors agree with the statements made by ENWL regarding the number of competitors active (and the ease at which new entrants can operate) in their area?

As a new entrant in unmetered supplies and as stated in our letter to ENW, we agree that it easy for new entrants to enter markets in ENW's area.

Question 2: For each RMS, how do existing/potential competitors consider ENWL's organisational structure, procedures and policies, compare to those encountered elsewhere in the gas and electricity markets or other industries? In particular, do you consider that they reflect best practice, or are there areas where ENWL fall short of this?

Having recently started to operate in their area we would consider ENW approach to be best practice. ENW are responsive and are keen to resolve any issues and make improvements to their processes.

Question 3: For each RMS, do existing/potential competitors consider that barriers exist that:

- a) prevent existing competitors from competing effectively with ENWL?
- b) obstruct or delay connection providers entering ENWL's area?
- c) obstruct or delay connection providers currently working in ENWL's area in one or more RMSs, starting to compete in another RMS in ENWL's area?

We do not consider that there are any barriers in existence in ENW's area.

Question 4: If you do consider that barriers exist, please explain: what you consider the impact of the barrier to be? Whether the issue has been addressed by ENWL or whether it is outside of their control? What you would like to be changed to allow competitors to compete on a level playing field/facilitate market entry?

Not applicable.

Question 5: For each RMS, what are existing/potential competitors' views of ENWL's efforts to extend contestability? In particular, do ENWL engage with stakeholders to develop procedures that promote competition? Do you consider that the extension of contestability is likely to stimulate further competition?

As far as we are concerned ENW are setting the pace. For unmetered supplies, the extension of contestability to allow jointing to mains is key and significantly changes the ability for competition to flourish. It is to ENW's credit that they have made such progress in this area and we are actively involved in these trials.

Question 6: For each RMS in ENWL's area, do existing/potential competitors consider that they will enter new RMSs/expand in the RMSs they already compete in, within the next 5 years. What factors do they expect to influence their decision? Eg, economic conditions, ENWL's margin regulation being lifted, etc.

Economic conditions clearly have impacted on the market. With the high degree of competition this has made things more challenging for ICPs in general as there a number chasing the available work.

Question 7: Do existing/potential competitors consider that there are any types of connections in any of the RMSs, or geographic locations in ENWL's area, that by their nature, are not attractive to competition?

The one off new housing market is not attractive to competition because of the cost of opening notices for the work. The DNO has a massive financial advantage because it can use section 74 notices.

However where opening notices are not charged as in metered connections for local authorities there is competition. We are currently active doing unmetered work in the Lakes which may considered to by some to be an area both in work type and geography that would be unattractive. The fact we are successful in these areas we would not consider any areas that are not attractive.

CHAPTER 6

Question 1: For each RMS, do customers consider that there is currently effective choice for customers? In particular, do customers feel that levels of choice, value and service will be protected and improve if the restriction on ENWL's ability to earn a margin is removed?

We do not consider ENW being able to earn an unregulated margin detrimental to customers. If they put their prices up there are plenty of competitors to respond to customers' needs.

Question 2: For each RMS, do existing/potential competitors consider that there is scope for existing competitors to grow their market share (for example, if ENWL put up its prices or if its quality dropped), or are there factors constraining this?

We would expect the existing level of competition would constrain ENW's ability to significantly raise their prices. We hope they do as it will make it easier for us to win work!

Question 3: For each RMS, do existing/potential competitors consider that there is scope/appetite for new participants to enter the market? Do competitors consider that they would be able to provide similar or better services than existing participants or are there factors constraining this?

This is already happening and why we successfully win work!

Question 4: For each RMS, given your overall view of ENWL, do you consider that we can have confidence in them to operate appropriately in the circumstance that price regulation were lifted?

The levels of competition in ENW's area are sufficient that we believe ENW will act appropriately.

Question 5: For each RMS, do you consider that there are factors not addressed in this consultation that should be taken into consideration in determining whether price regulation should be lifted in ENWL's area.

No.