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**Monday 18th Jan 2010**

Dear Rebecca

**Consultation on Electricity North West Limited's  
Competition Notice**

E.ON Highways Lighting has been working as an ICP in the Electricity North West region for the past 18 months. During this time we have carried out work on our Street Lighting PFI's in Blackpool and Oldham and Rochdale, and also carried unmetered asset replacements for Wigan Council. A key aspect of us being successful in these works has been the ability to jointing under ENWL's Live Jointing Trials.

We have found the regime in Electricity North West to be very workable and have offered a pragmatic approach in the consultation and implementation of processes and procedures. In particular we would wish to highlight the appetite of Electricity North West Limited to support competition in connections through extending contestability by trailing live jointing on existing mains.

E.ON Highways Lighting would like to pay tribute to the Electricity North West who have been working with us to make these trails happen. For the unmetered market, this has the potential to make a significant contribution to the competitiveness of this market and it is to Electricity North West's credit that they are at the forefront of making this happen. We have found Electricity North West Limited to be the most forward thinking DNO that we currently deal with in offering extension in competition in

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competitions and continue to support additional areas that may fall into scope such as mains extensions.

Below is our answers to some of the questions posed in the competition notice:

**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?*

From E.ON Highways Lighting perspective it is considered that ENWL are giving an accurate indication of the level of competitive activity in the unmetered connections RMS.

**CHAPTER 4 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?*

In our experience ENWL’s organisational structure processes and policies are robust, fair, and workable. In comparison to other areas they are one of, if not the most pragmatic and probably reflect the best practice in the RMS we work in.

From our point of view the data provided by ENWL is reflective of the current level of competition within the North West area.

**CHAPTER 3 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?*

From our experience in recent tenders there is evidence that effective competition exists within ENWL’s DNO area.

**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 the question above there is evidence that there are a number of competitors out there and there doesn’t appear to be any undue restrictions.

**CHAPTER 4 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? Consultation on Electricity North West Limited's Competition Notice 33**

- a) From E.ON Highways Lighting's perspective there has been nothing to prevent us competing effectively with ENWL.
- b) We have had no delays or obstructions in entering into competition in connection s in ENWL area.
- c) E.ON Highways Lighting has only requested to work in the unmetered connection market segment to date.

**CHAPTER 4 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?**

We have experienced the desire of ENWL to engage with us when we approached them with regards to extending contestability to include extending mains for the purpose of connecting unmetered supplies to be included in our scope. This approach obviously has the potential to stimulate further competition.

**CHAPTER 4 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.**

Dependant on the economic climate and opportunities that arise E.ON Highways Lighting will be considering expanding in the existing Relevant Market Segment and may be entering into additional Relevant Market Segments.

**CHAPTER 6 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?**

There is potential for our market share to grow.

**CHAPTER 6 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?*

There is no doubt that there is potential for new participants to enter the market.

**CHAPTER 6 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?*

There is no reason to doubt that ENWL would operate appropriately in the circumstance that price regulation were lifted

**CHAPTER 6 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

To summarise Electricity North West have been very proactive in facilitating the extension of competition in connections and introducing effective competition into the market with in the North West. We would support their application for unregulated margin.

If you require any clarification to the comments made and answers to your questions please do not hesitate to contact me.

Yours sincerely



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