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Dear Rebecca

Re – Consultation on Electricity North West Limited's Competition Notice

Further to your request for views on ENW's application to earn unregulated margin I have pleasure in outlining our response.

Power On Connections Ltd works wholly within the contestable connections arena and has completed over 1300 schemes, connecting 870MVA of load into the electricity distribution system. We have a reasonable amount of experience within ENW having completed 20 schemes with 17MVA of load.

As an active member within the MCCG, overall we would agree with the observations made by the MCCG regarding the current market place and specifically to ENW's application, in its submission to Ofgem.

We would state that ENW are one of the most co-operative and open DNO's and are certainly a lot further forward than a number of the other DNO's in helping to achieve a competitive market place.

However we do have concerns that we have waited a number of years for various aspects of the competitive market place to be opened to competition and there are still a number of areas which are yet to be completed. These have been detailed in the MCCG response. A number of DNO's have now started the path towards achieving these needs unilaterally and this we believe is due to the incentive of obtaining unregulated margin within Ofgem's current regime.

Whilst ENW are further down this path than most, we believe Ofgem currently holds the clear incentive to ensure ENW achieve all aspects to allow competition to flourish prior to granting unregulated margin. We would have concern that whilst this progress would not stop, it may well have a reduced focus should their application be accepted by Ofgem.

ENW still has significant market share and are still the most dominant organisation within the region. We do not believe there is enough competition in all market segments to allow competition alone to set the price. If ENW has the ability to set unlimited margin or zero, how will Ofgem ensure ENW's dominance does not lead to significant fluctuations in ENW's margin setting where limited or no competition truly exists.



“the people behind the power”

Competitors have had to wait years for the barriers to competition to be removed and some still exist. In gas these barriers have been fully removed but in electricity a number of well documented barriers still exist. We therefore feel that Ofgem should not grant unregulated margin to any DNO until the DNO can categorically prove it has removed all such barriers.

In summary we welcome ENW's approach and would ask they spend further effort in removing the remaining barriers to competition. At which point we would fully support ENW's application to earn unregulated margin.

However should Ofgem be minded to grant ENW's application now, then we believe Ofgem has a responsibility to the market to ensure all the areas identified within the MCCG outstanding issues and the MCCG's recent submission to ENW's application have clear timescales and actions placed upon ENW to achieve them. Should they not achieve them within these timescales Ofgem would be able to remove their future ability to set unregulated margin.

We hope this helps Ofgem in the process of making the final decision on ENW's application.

Yours Sincerely

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