



SP ENERGY NETWORKS

Regulation & Commercial

Rebecca Langford
Distribution Policy
Ofgem
9 Millbank
London
SW1P 3GE

Your ref

Our Ref

Date 6 October 2011

Contact / Extension

Jeremy Blackford
0151 609 2346

Dear Rebecca

Consultation on Electricity North West's Competition Notice

I am writing on behalf of SP Energy Networks in response to the consultation paper that was issued on 12 August 2011. We are responding to the consultation as a DNO licensee with a stake in the Competition Test process, and a licence obligation to make a submission by December 2013.

Our comments mainly relate to the use made of market share data and more generally to the detailed application of the criteria set out in the DPCR5 Final Proposals and summarised in the consultation paper.

Firstly, on the use of market share data, we recognize the point made in the consultation paper (and in ENWL's submission) that historical connection market data, such as in the Connections Industry Review, does not closely match the Relevant Market Segments (RMS). Although adjustments can be made to available data to as far as possible match RMS, this will not be exact, and also it may not be possible in some cases to provide data for each RMS over a period of years. In some cases (such as at EHV) the absolute number of connections may be small, which suggests an additional reason why market share data taken on its own may not be a reliable indicator of competition. Additional factors include

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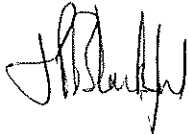
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the time lag between contracts won and connections carried out (the latter measure applying to CIR data). In the decision on the ENWL application it would be helpful to see sufficient detail on the way on which market share data for each segment has been assessed.

Secondly, given that the consultation does not set out a 'minded to' position, we hope that the final decision will set out more fully how the criteria set out in the Final Proposals have been applied. At present it is not clear to us from the paper itself how each of the elements mentioned (such as barriers to competition, awareness of competition, procedures and processes etc.) will be taken into account in relation to each RMS. We think that it would be beneficial to all stakeholders if there was greater clarity on this for the future.

I hope that this is helpful but please contact me if there are any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Blackford', written in a cursive style.

Jeremy Blackford
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SP Energy Networks