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Mr D Winch
Ofgem
10 South Colonnade
Canary Wharf
London E13 4PU

23 November 2021

Dear Dale

Consultation on minded-to decision for an application for an Electricity Transmission Licence for Mersey Reactive Power Limited (MRPL) for the operation of a shunt reactor

We welcome your minded to position to grant MRPL a transmission licence and thank you for the opportunity to respond to your consultation on it. I respond to your consultation questions below:

Do you agree with our minded-to position to grant the ET Licence in this case?

Yes – the view set out in your minded to position is consistent with our legal advice that operating a shunt reactor as proposed is a licensable activity and is not subject to any exemptions.

Do you have any views on the SLCs we propose to include in the licence?

Yes – we believe that the proposed licence conditions are appropriate for a SME operating in this market. We note that the licence conditions in your minded to position are beyond what we proposed in our application. However, on reflection, we consider the proposed conditions appropriate.

What are your views on the geographical and time limitations we have proposed to include in the licence? Do you have any views on any additional limitations that should apply?

- We consider the geographical restrictions appropriate for the activity to be covered by the licence.
- We consider the certainty that the licence will remain valid for at least the period of the relevant NGESO contract helpful.
- We do not believe that any other limitations should apply.

What impacts on existing and future consumers, if any, do you anticipate from granting a restricted ET Licence in this and similar instances?

Granting this (and similar) transmission licences introduces new competition to elements of electricity transmission – without such a licence it would be illegal for anyone other than an incumbent TO to own and operate a shunt reactor in similar circumstances. Competition will lead to lower prices. Conversely, refusal of a licence at this stage would damage investor confidence.

Do you agree that granting an ET Licence in the proposed manner for the case of MRPL (and potential future similar cases) is unlikely to result in any significant risk to consumers' interests?

Yes – the granting of a licence means that the activity will be undertaken with appropriate regulatory oversight.

Please feel free to get in touch if you would like to discuss these responses or any other aspect of the consultation.

Yours sincerely,



Nick Sillito
Director