

Simon Wilde
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Electricity North West
Hartington Road, Preston,
Lancashire, PR1 8AF

Email: enquiries@enwl.co.uk
Web: www.enwl.co.uk

Direct line: 07879115204

Email: paul.auckland@enwl.co.uk

Thursday 27 January 2021

Sent by email to: RegFinance@ofgem.gov.uk

Dear Simon,

Electricity North West response to the Ofgem consultation on SOLR levies and Third Party finance

Electricity North West is the Distribution Network Operator (DNO) covering the north west of England serving 5 million customers in 2.4 million premises, across a diverse range of locations, from urban Greater Manchester to rural parts of Cumbria, Lancashire and Cheshire.

We are in support of the principle of third-party financing of SOLR levies, as is proposed in the consultation and being enabled through our licence. There are a large number of customers in vulnerable circumstances in our region, who are already struggling to pay their bills in the wider context of a range of cost pressures they are facing. The additional burden of SOLR levies from suppliers which failed in 2021 on top of their wholesale energy cost increases to their usual bill will be too much for many households to manage. We therefore agree with the principle of spreading the cost of these SOLR levies over several future years so that the general short term increase in bills can be minimised.

Whilst introducing third party finance we are pleased that Ofgem has recognised the need to avoid creating any potential additional consumer cost through a network company experiencing a risk or cost transfer as a result of the retail market issues, particularly where this might result in cashflow misalignments. This ensures consumers long term interests are met through continuing to attract patient investment capital.

Actively engaging with Ofgem and relevant parties directly and through the Energy Networks Association has positively contributed to this process, including the licence drafting, moving at pace. The ENA has provided views on Licence Drafting which we support and have not repeated here given the challenging timescales we are all working to. We have chosen not to add repetition to the prodigious range of drafting comments on documents.

We trust this will be helpful, and should you have any questions please do not hesitate to contact me.

Yours sincerely

Paul Auckland
Head of Economic Regulation

c.c. Paul McGimpsey, Energy Networks Association.

