

James Hill,
Ofgem,
10 South Colonnade,
Canary Wharf,
London,
E14 4PU

03 August 2022

Dear James,

Statutory Consultation on Modification to Licence held by National Grid Electricity System Operator in relation to Business Separation

We note your statutory consultation regarding modifications to the electricity transmission licence held by National Grid Electricity System Operator (NGESO), issued on Thursday 21st July, proposing a licence change as a result of NGESO recently purchasing the group of electricity distribution licensees previously known as Western Power Distribution (WPD).

SSEN welcomes your intention to modify the licence so that it covers the acquired group of licensees, specifically the extension of NGESO's existing business separation obligations to the licensees. We also welcome the inclusion of wording explicitly preventing NGESO from exhibiting any undue preferential or discriminatory behaviours towards any of the distribution licensees. Coordination between the ESO and DNOs performing DSO functions will be fundamental for smart grid evolution and flexibility market facilitation. As a result, ensuring a level playing field for initiatives such as Regional Development Plans or joint ESO-DNO innovation will be critical, particularly to reflect the full range of licence topologies.

Equally, as a key stakeholder, NGESO will be providing feedback on DNOs performance as a DSO, particularly around network planning and network operation. This feedback may influence our performance under stakeholder led DSO incentives in ED2 (still to be designed). Therefore, stringent measures are required to ensure NGESO treats all DNOs fairly in providing feedback which may have financial consequences for its subsidiary companies and other DNOs.

If you have any questions regarding the information provided above, please do not hesitate to contact me.

Yours sincerely,

Mark Askew
Head of Distribution Regulation SSEN