

Dear Ofgem

Response to Ofgem RIIO-ED2 Draft Determinations

Electricity North West's Sustainability Advisory Panel is a panel of external experts in a broad range of disciplines which impact on our sustainability agenda, who provide advice, guidance and challenge on ENWL's sustainability performance. As stakeholders we have been closely involved in the development of the ENWL's RIIO-ED2 sustainability and net zero proposals, deliverables and benefits.

We are pleased to see that Ofgem is proposing to approve ENWL's planned expansion of its Smart Street technology which will both reduce customer bills and provide additional capacity for the connection of low carbon technologies. We are also pleased that Ofgem is proposing to accept ENWL's Environmental Action Plan although we are concerned that Ofgem's proposed funding allowance will not enable ENWL to deliver its stakeholder-driven commitments.

We are however very disappointed to note that Ofgem has rejected ENWL's proposals for net zero funding to enable local area energy plan support (via an NZARD allowance), the launch of a Decarbonisation Advice Service to help business and domestic customers on their journeys to net zero (Benefit 31), and the expansion of its hugely successful (and over-subscribed) Community Energy Fund (Benefit 29).

All of these services have significant customer and stakeholder support, including from the Sustainability Advisory Panel. While we have started to see businesses in the North West making initial steps on their journeys to net zero, an acceleration in progress is now needed. It is becoming increasingly clear that, without a major step change in business decarbonisation, the UK will fail to meet Government's 2030 and 2035 carbon reduction targets, and ultimately the goal to reach net zero by 2050. As you will be aware the North West's net zero targets are more ambitious than this, at 2038 for Greater Manchester, 2037 for Cumbria and 2030 for Lancashire and ENWL's proposed Decarbonisation Advice Service would help businesses to make the significant steps required on their journey to net zero. Ofgem's rejection of ENWL's proposed Net Zero Fund (NZARD) also means that vital DNO support to local authorities' development of their Local Area Energy Plans will be curtailed, imposing a further barrier to net zero progress. The rejection of the community energy fund proposal will limit the ability of communities across the north west to achieve their net-zero ambitions and play their full role in the energy transition.

Recognising that we all agree that networks must not be a barrier to achieving Net Zero targets, we consider that it is both contradictory and completely inappropriate to apply a cost cap to the load uncertainty mechanism despite the proposed midpoint review.

We hope that Ofgem reconsiders its rejection of these key proposals as part of its Final Determination to ensure that ENWL's RIIO-ED2 business plan continues to reflect the ambition and views of its customers and stakeholders.

Yours faithfully,

Todd Holden
Independent Chair of the ENWL Sustainability Advisory Panel

Panel members represented:

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<i>Clair Knox</i>	<i>Carbon Co-op</i>
<i>Alastair Dalzel-Job</i>	<i>Growth Company</i>
<i>Chris Dyson</i>	<i>Lancashire County Council</i>
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<i>Joe Martin</i>	<i>Britain's Energy Coast (BEC)</i>
<i>Karen Mitchell</i>	<i>Cumbria Action for Sustainability (CAfS)</i>
<i>Chris Matthews</i>	<i>United Utilities</i>
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