

Future System Operation Team  
Ofgem  
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London  
E14 4PU

By email only to: [FSO@ofgem.gov.uk](mailto:FSO@ofgem.gov.uk)

20 October 2023

Dear Sir/Madam

### **Future System Operator Draft Licences Consultation**

Thank you for the opportunity to respond to the above consultation dated 19 September. This response is on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. We are Great Britain's largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.5 million homes and businesses.

We have set out a small number of items of feedback in the appendix to this letter.

If you have further questions, please let Paul Measday know in the first instance.

Yours faithfully



James Hope  
Head of Regulation & Regulatory Finance  
UK Power Networks

Copy: Paul Measday, Regulatory Reporting & Compliance Manager, UK Power Networks

## Appendix

Document name – Future System Operator (FSO) Draft Licences Consultation Document

1. We seek clarity in respect of paragraph 3.1 as to why Ofgem intends to have separate ESO and GSP licences if the same entity is providing the service. This is particularly important mindful of paragraph 3.13 which clarifies that there is no need to differentiate between Standard and Special conditions for the FSO's ESO and GSP licences.
2. We understand the rationale for the removal of business separation obligations stated in paragraph 3.5 but there will be an inherent risk of potential bias towards the former employer (i.e. National Grid) and we believe that this should be guarded against in the licence. This could be in a simple non-discrimination obligation or a requirement to treat other licensees on a fair and equitable basis.
3. Condition D2 will give ISOP (Independent System Operator and Planner i.e. FSO) the power to request information from regulated parties such as ourselves and we will need to comply with these as if the request was from GEMA. With this in mind we believe that before the ISOP seeks Ofgem approval of a statement regarding the process it will use to make such requests, it should have consulted with all licensees to ensure the process it proposes is workable for all parties.

General feedback

4. The DNOs and Ofgem's RIIO-ED2 team have recently undertaken a significant piece of work in respect of the distribution licence. This is expected to be consulted upon later this month but learnings from this should be applied to make the FSO licence a more accessible document. This includes:
  - a. each condition's paragraph is numbered with the condition number e.g. B1.1 is paragraph one of condition B1.
  - b. Each condition starts on a new page.
  - c. Each condition has a non-operative introduction section explaining in simple terms what the condition sets out.
5. We support the housekeeping which has been proposed as part of this consultation e.g. removal of references to creating a document as the document now exists – this has rightly been replaced with an obligation to maintain the document.