

Email: RegFinance@ofgem.gov.uk

15th January 2026

Dear Sir/Madam,

Scottish and Southern Electricity Networks (SSEN) Distribution and Transmission response to Ofgem's 'Energy Networks Ring-fence Review' consultation.

- 1.1** Ofgem released its 'Energy Networks Ring-fence Review' consultation on the 12th of November 2025. This document sets out our response on behalf of SSEN Transmission and SSEN Distribution (collectively referred to as SSEN throughout our response) and is endorsed by the SSE plc Group. This is supplementary to the Energy Networks Association's (ENA's) response submitted on behalf of GB electricity DNO and TO members.
- 1.2** SSEN welcomes the opportunity to respond to this consultation and supports Ofgem's objective of periodically reviewing ringfence requirements, especially in light of events - both within the sector and externally - that have raised concerns about companies' resilience. However, several of the proposals outlined in the 'Energy Networks Ring-fence review' consultation raise concerns.
- 1.3** SSEN is concerned that Ofgem's proposed modifications to the ringfence, particularly where those proposals interact with other statutory processes and obligations, introduce risks of ambiguity or conflict with existing requirements. Ofgem should not introduce regulations that conflict with established corporate governance principles and statutory obligations. The proposals introduced will not improve financial resilience controls, however, will introduce potential legal challenges.
- 1.4** Additionally, the proposed requirement for consent in altering any existing capital and reserves is disproportionate and conflicts with Ofgem's established policy that financial arrangements are a matter for shareholders. These issues create regulatory uncertainty, undermining long-term strategic direction.
- 1.5** SSEN do not believe in implementing the proposals highlighted throughout the consultation within RIIO-2. Such a proposal represents a significant alteration to the RIIO-2 price control and would impose significant operational disruption, undermining the predictability that the price control framework is intended to provide. Ultimately, SSEN do not believe that there is a need to significantly alter the ring-fence arrangements during the middle of a price control but would prefer any changes to be brought in at the start of RIIO-3/ED3.
- 1.6** From SSEN's perspective there are already measures in place to ensure strong financial resilience, as a result accurate drafting of ringfence obligations is therefore critical. SSEN believe that there is not a need to make significant changes within the ring-fence and as such the proposed amended licence conditions shared by Ofgem alongside the consultation require considerable improvement before they are to be incorporated into the relevant licences.
- 1.7** To support Ofgem in finalising proportionate and clear ring-fence arrangements, SSEN's specific comments on the proposals are outlined below.

Sufficiently Independent Director (SID) duties

- 2.1** We do not agree with Ofgem’s proposal to mandate the attendance of at least one SID at the licensees remuneration committee (or equivalent) meetings, as this does not reflect the governance structure in which we operate. As part of a larger Group listed on the stock market, we are already subject to strong guidance under the UK Corporate Governance Code, which ensures integrity and transparency in remuneration matters. Ofgem’s involvement in this area indirectly suggests that these existing, well-established rules may be insufficient, which is not the case.
- 2.2** The introduction of this proposal does not fundamentally improve the output of the remuneration committee or support the overarching objective of enhanced financial resilience. The mandate to include SID’s within the remuneration committee does not introduce any new safeguards that would improve decision making or outcomes. SID’s may not necessarily have specialised knowledge or the skillset to assess senior management compensation and performance related bonuses, in our current structure this would be for the wider group. Therefore, without this expertise the involvement of SID’s within the remuneration committee is unlikely to add any meaningful value.
- 2.3** While a remuneration committee exists within the SSEN corporate structure which has full oversight of the network’s businesses, there is no equivalent committee specifically for SSEN Distribution or SSEN Transmission. Establishing separate remuneration committees at distribution, transmission and group level would duplicate oversight without enhancing financial resilience within the organisation. Implementing this proposal would require a redesign of our corporate structure to enable compliance, which would take considerable time. SSEN’s view is that any operator which already has an existing remuneration committee as part of an established corporate structure governed by the UK Corporate Governance Code meets this requirement and as such there would cease to be an alteration to the remuneration committee. Along with this, it would be inappropriate for SID’s to be part of the wider group level discussions, and as such there would be no need for a remuneration committee specifically for separate licensees.
- 2.4** Within the Energy Networks Ring-fence Review consultation, Ofgem have introduced an additional requirement in the draft licence conditions (Appendix A1.7) stating that “SIDs must act in the best interest of the consumer.” This wording directly conflicts with the statutory duties placed on directors under section 172 of the Companies Act 2006, which requires directors to promote the success of the company for the benefit of its members as a whole. Consumers are an important stakeholder group within this broader duty, but they are not the sole or overriding interest that a director must legally prioritise. As drafted, the proposed licence conditions create a clear conflict and could place SIDs in breach of their primary duty to the company. Ofgem should avoid proposing draft licence conditions at the consultation stage where, as in this case, the licence conditions contradict primary legislation and further, introduces confusion regarding the policy intent and the objectives Ofgem is seeking to achieve. Ofgem are arguably acting outside of their powers by introducing new SLCs. Obligations which have a significant impact cannot simply be introduced without clear evidence and supported by primary legislation.
- 2.5** The Companies Act 2006 requires SIDs to act in good faith and to act fairly between the members of the company. This means SIDs must adopt a balanced and impartial approach where competing interests arise. As a result, SIDs may make decisions that they consider to be in the long-term financial or sustainability interests of the organisation, even where these decisions are not aligned with the immediate interests of consumers. Intergenerational fairness should be a core consideration in regulatory decision making. There should be

recognition that actions taken today can have long term effects for consumers in the future. Decisions should balance the interest of present and future consumers rather than short-term decision making.

- 2.6** By implementing the proposed licence condition, SIDs would be required to elevate consumer interests above all other considerations, which could undermine the organisation's long-term strategic direction. We therefore strongly oppose this requirement, as it would conflict with established corporate governance principles and introduce potential legal challenges. We ask Ofgem to reconsider this proposal, as it clearly conflicts with the legally binding Companies Act framework, which is the primary legislation defining the statutory duties of SIDs.
- 2.7** The increased requirement for SIDs to act as signatories on all submissions relating to ring-fence documentation would be challenging and unnecessary. This level of enhanced disclosure is disproportionate and places an unfair administrative burden on licensees. It does not provide any additional reassurance or deliver tangible benefits to consumers, such as enhanced protection or improved confidence.
- 2.8** In particular, requiring SIDs to act as signatories to the asset disposal process is unacceptable and would require further clarity from Ofgem. If Ofgem believes additional evidence or scrutiny is needed, alternative approaches should be considered - such as strengthening internal governance measures - rather than imposing signatory obligations that add limited value and introduce practical difficulties.
- 2.9** We do not support the proposal to introduce a standardised template and checklist requiring SIDs to provide personal information. We consider it highly inappropriate for such information to be collected and circulated, and we have previously challenged similar attempts by Ofgem to require operators to submit this type of data. A key example of this is the Regulatory Financial Performance Reporting (RFPR) pack, in which Ofgem expects operators to report directors' names, salaries and incentive details. We continue to view this level of disclosure as unnecessary and disproportionate.
- 2.10** The UK Corporate Governance Code already requires SSEN to provide the information in relation to the standardised template at a PLC level and as a result is unnecessary at a subsidiary level. Requiring operators to submit the proposed data has no meaningful connection to the improvement and strengthening in the level of controls regarding financial resilience within the energy sector. This proposal will not provide any additional level of protection to consumers' interest or enhanced confidence in the sector.
- 2.11** We have no objection to Ofgem's proposed requirement for at least one SID to be in attendance to reach quorum at board meetings where financial resilience or ring-fence matters are discussed. This is already standard practice within SSEN, as evidenced by the board-attendance sections of each licensee's corporate governance statement. We also hold historic board minutes that demonstrate consistent SID attendance for such matters.

Disposal of relevant assets and restriction on charges

- 3.1** We do not support Ofgem's proposal to extend the timeframe for investigating any contentious issues relating to the disposal or relinquishing of operational control over a relevant asset. No sufficient evidence has been provided to justify altering the current two-month notice period, and Ofgem should therefore set out clear and robust reasoning as to why the existing timeframe is considered inadequate. In addition, Ofgem should explain under what circumstances the extended timeframe would be applied when assessing an operator's intention to dispose of a relevant asset.

- 3.2** If this proposal is implemented, Ofgem will need to provide a clear breakdown of the extended timeframe and the rationale behind it so that we can manage stakeholder expectations appropriately. Ofgem therefore needs to specify which types of disposals the extension would apply to. To maintain operational efficiency, we recommend introducing a materiality threshold to prevent unnecessary extensions for all asset disposals. Such a threshold would support consistency and avoid delays that could adversely impact business operations. We propose that any asset valued below audit materiality should not be subject to the extended timeframe.
- 3.3** We agree that the sector should align with International Financial Reporting Standard 13 (IFRS 13) or Financial Reporting Standard 102 (FRS 102) for the fair value measurement of non-financial assets. However, SSEN does not fully support the proposal that assets should be valued at their “highest and best use” and therefore seeks a revision to this approach. Ofgem’s proposal within the Energy Networks Ring-fence Review consultation states: “The ability to generate economic benefits by using the asset in its highest and best use or selling it to another market participant that would use the asset in its highest and best use.”
- 3.4** The revision SSEN is proposing is: “The ability to generate economic benefits by using the asset at arm’s-length or fair market value or selling it to another market participant that would use the asset at arm’s-length or fair market value.” This alternative wording is a more accurate and fair representation of how assets would be valued in practice, particularly where a sale is undertaken through an open market process, such as an auction. The existing draft wording would not provide an accurate reflection of fair value in such circumstances.
- 3.5** We do not agree with the proposal to incorporate the term “financial asset” into SLC 26.2. The existing definition of “Receivable” - “a contractual right to receive any sum or sums or any other financial asset from another person” - already captures the concept that Ofgem seeks to include. Introducing the additional term “financial asset” therefore creates unnecessary repetition and duplication, as this is already encompassed within the established definition of “Receivable.”

Indebtedness

- 4.1** The intention behind the intercompany loan stock proposal set out in the consultation is not objectionable in principle, as we recognise the importance of ensuring appropriate protections are in place. However, the current drafting does not clearly convey this intention and could be interpreted as imposing restrictions that go beyond what is necessary. The existing EU cross-sub undertakings already provide appropriate protection by capturing loan stock from the Group on an arm’s-length basis, ensuring consistent treatment of these arrangements. This framework already mitigates the risks associated with intercompany lending without requiring the additional constraints proposed by Ofgem. Additionally, in relation to this proposal, interest based on SSEN’s average cost of debt by loan stocks are reviewed annually and paid monthly, making frequent notifications impractical. As a result, this proposal imposes significant constraints and due to this, we do not agree with Ofgem’s proposal.
- 4.2** We do not agree with Ofgem’s proposal to extend the distribution lock-up trigger proposed for RIIO-3 to the ED sector. We reiterate the position previously set out in our SSEN Transmission Finance Annex Draft Determination response, where we highlighted our concerns regarding the proposal to strengthen the distributions lock-up trigger.
- 4.3** There are already sufficient statutory protections and requirements governing the payment of dividends to ensure the financial health of a company, and we see no basis for additional regulatory measures. The existing legal and regulatory framework, including the Companies

Act 2006, provides robust safeguards to ensure that dividends are declared responsibly and without compromising a company's financial resilience. It appears this proposal is a reaction to the issues widely reported within the UK water sector. The financial resilience and performance issues arising within the water sector are complex and if the proposed measures are designed to prevent such issues emerging in the electricity networks, this approach would represent an oversimplification.

- 4.4** The UK Corporate Governance Code also emphasises the need to maintain an appropriate balance between returning value to shareholders and retaining earnings to support future growth and withstand unforeseen challenges. Robust risk-management processes and comprehensive financial assessments form an integral part of these safeguards, helping companies avoid excessive distributions that could jeopardise their ability to navigate economic uncertainty and maintain long-term financial resilience.
- 4.5** These statutory safeguards have been effective in ensuring responsible distributions and in securing the funds required for network investment, regardless of the level of MidCo/HoldCo leverage or the dividend lock-up triggers imposed by regulators. We therefore see no basis or justification for requiring licensees to seek authority from Ofgem when altering existing capital and reserves in order to facilitate a future dividend distribution.
- 4.6** This proposal is a very serious restriction on how companies choose to manage their internal financing and undermines the core principle that directors, not regulators, are accountable for corporate stewardship under the Companies Act 2006. While Ofgem's role is to ensure financial resilience and protect consumers, it has no authority over how companies structure their organisations or make decisions regarding dividend distributions.
- 4.7** Furthermore, to paragraph 4.4 it is essential to emphasise that a well-managed network operator should be funded to provide dividends to its shareholders and, as a result, the regulatory framework needs to consider this. It is important to highlight this relates to the allowances and returns given within the ED3 period and beyond. Shareholders expect a reasonable return on their investment and in addition, we are expected to attract investment over the long term. This is to achieve significant levels of investment to support the substantial scale-up of infrastructure anticipated in the upcoming price control periods.
- 4.8** Additionally, we do not support the proposal to extend the lock-up trigger to include the submission of the 2C Availability of Resources (AoR) certificate. Introducing this trigger - alongside the other proposals set out in this section, could create unnecessary operational and financial pressures, as well as raise concerns regarding the long-term investment required for future infrastructure needs. For these reasons, maintaining the existing lock-up trigger licence conditions is essential.
- 4.9** Ofgem has asked for views on an appropriate timeframe for the Authority to provide a response; however, as outlined above, we fundamentally do not agree that the regulator should be involved in this process. Ofgem states that it will only grant authority for transactions that are in consumers' interests, but decisions that support consumers' long-term interests are already aligned with the interests of energy companies themselves. As such, the proposed approval requirement is unnecessary and unjustified.
- 4.10** Decisions taken by Ofgem are often grounded in a short-term perspective, whereas regulatory interventions should also consider long-term impacts. In particular, Ofgem should reflect on how new infrastructure investment can influence customer bills over time, including the potential for reductions across future price control periods. This broader view is essential to ensuring that policy decisions support both immediate consumer needs and long-term system efficiency.

- 4.11** We have no objection to the proposal to strengthen the indebtedness licence condition from “BBB- with negative outlook” to “BBB- with a negative outlook and regulatory gearing of 75% or greater”. However, if Ofgem revises the notional gearing level in future price controls, the lock-up threshold must be reviewed as part of the relevant determinations process to ensure continued consistency and proportionality.

Availability of Resources

- 5.1** Introducing additional disclosure requirements - such as mandating licensees to complete a standard template or checklist, extending cash-flow forecasts beyond a 12-month horizon, obtaining Sufficiently Independent Director (SID) oversight, and submitting ad-hoc intervention plans - is unreasonable and disproportionate given the sector’s performance. These proposals would add unnecessary complexity to the regulatory framework without delivering clear consumer benefits. This is inconsistent with Ofgem’s stated objective of streamlining processes and reducing the regulatory burden on licensees.
- 5.2** Expanding the financial resource certificates (1F, 2F or 3F) to require cash-flow forecasts beyond a 12-month horizon risks undermining both financial efficiency and regulatory stability. Forecasting over longer periods is highly unreliable in the current macroeconomic environment and would misrepresent the risks faced by licensees. This challenge is already evident within the RIIO-3 price control, which will involve a significant increase in capital expenditure to achieve net-zero objectives. Forecasts for later years of RIIO-3 will inevitably be subject to change - particularly in the near term due to planning delays - highlighting the inherent unreliability of producing multi-year cash-flow forecasts for the purposes of AoR certificates.
- 5.3** Including cash-flow forecasts over this extended period would place undue pressure on Distribution and Transmission operators to secure committed funding for obligations that are inherently uncertain. This would force operators to raise debt earlier than is operationally necessary, rather than at an optimal point, creating avoidable costs driven solely by compliance rather than business need. Ultimately, these unnecessary costs would be passed on to consumers, increasing their financial burden. Ofgem’s assertion within the consultation that “these changes will not incur significant additional costs” lacks supporting detail, and we would welcome clear evidence to justify this claim.
- 5.4** It is important to highlight that Distribution networks do not yet have an ED3 financial package in place. As a result, any forecasts produced for this period would be highly assumption-driven and indicative rather than definitive. Attempting to forecast across different price controls would lead to significant uncertainty in projected cash-flows. The existing RFPR framework already provides a clear and transparent view of the capital structure through to the end of the current price control and should therefore be sufficient. It is SSEN’s view that Ofgem should provide a set of assumptions for operators who are required under this proposal to forecast across different price controls in order to produce better informed and realistic forecasts. Without a set of assumptions operators will produce uncertain cross-price-control forecasts which would provide no meaningful benefit to consumers or enhance the level of financial resilience controls.
- 5.5** The current AoR structure provides sufficient protection by ensuring that licensees have adequate resources to meet their actual obligations. Introducing additional requirements for compliance certificates 1C and 2C would add no tangible value and would impose unnecessary administrative burden, increasing complexity at the point of implementation. Similarly, requiring the dividend certificate to adopt the same parameters would not enhance confidence in financial resilience. Existing ring-fence conditions, together with the

Companies Act 2006, already provide robust safeguards to ensure an appropriate dividend policy. This point is explored further within the 'Indebtedness' segment of our response.

- 5.6** The requirement for at least one Senior Independent Director (SID) to oversee and act as a signatory for the AoR certification alongside an executive director is unnecessary. This additional enhanced disclosure appears to be disproportionate as SID's already participate in quorate boards where the official minutes record their approval or disapproval of the AoR statement. These official minutes provide a strong level of assurance and accountability for the SID's. Implementing the additional steps for SID's to be a signatory has no additional assurance to what is already captured within the official board minutes where the decision was made.
- 5.7** SSEN recognises the rationale behind Ofgem's proposal to review the intervention plan on an ad hoc basis, particularly given the well-publicised challenges within the UK water sector. However, Ofgem has not defined what constitutes a "distress situation" within the licence conditions. Although this was discussed at the Ring-fence Review meeting with the ENA and Ofgem on 10 December 2025, the definition provided at that session remains open to interpretation. Looking ahead, achieving net zero will require increased capex investment, which may in turn raise actual gearing levels to fund essential infrastructure. Such changes could be misinterpreted by Ofgem as a distress situation. For this reason, we seek clear and unambiguous guidance from Ofgem before agreeing to the proposed changes.
- 5.8** We share Ofgem's understanding that a review may be undertaken within a price control period. However, we would welcome further clarification on the intended timing of such a review - specifically, whether it would form part of the business plan submission. We also note that our intervention plan reflects the day-to-day operational needs of the actual business rather than the regulatory framework of the notional company. Decisions within the intervention plan are driven by what delivers the best outcomes for the business and our customers, even where those priorities may not align fully with Ofgem's notional assumptions. For this reason, greater clarity on the review process and timing is essential before we can agree to the proposed approach.

Implementation of measures within 2026 for ED sector

- 6.1** Throughout the 'Energy Networks Ring-fence Review' consultation, Ofgem has repeatedly proposed introducing certain measures for the ED sector from 1 April 2026. Such a proposal represents a significant alteration to the RIIO-2 price control, and we strongly oppose it. Given the scale and implications of this change, we have dedicated a separate section of our response to address this proposal in detail.
- 6.2** Implementing these proposals within the RIIO-2 price control would create significant operational disruption, requiring a redesign of our governance structures and reporting systems that were agreed at the outset of RIIO-2. This disruption is compounded by the insufficient time available to implement the changes, as the proposed measures would need to be in place by 1 April 2026. Such an accelerated timeline is neither practical nor proportionate.
- 6.3** Stability is a core principle of effective regulation and introducing these changes midway through RIIO-2 would undermine the predictability that the price control is designed to provide. Any such mid-period change would create uncertainty and divert management attention away from delivering efficiencies and outputs for the benefit of consumers. This is particularly concerning given the sector's critical role in supporting the government's net zero and energy security objectives.

6.4 We consider that implementing these changes midway through the RIIO-2 price control for the ED sector risks creating unintended consequences that could negatively impact consumers. Instead, these proposals should be developed and consulted on as part of the ED3 price control. This would allow the impacts to be properly assessed and incorporated into the business planning process from the outset, ensuring that the stability and predictability of the regulatory framework are not undermined.

Credit Rating of The Licensee

7.1 As part of the evolution of the RIIO-2 price control, we acknowledge that there may be circumstances in which enhanced financial resilience reporting or measures are appropriate. While we support the ENA's concern about making two investment grade ratings mandatory is disproportionate, we have no objection to the proposal. This is because our Distribution and Transmission licensees already hold two distinct credit ratings, ensuring full compliance with this requirement. However, we believe this measure should only be implemented at the start of the ED3 price control for the Electricity Distribution sector on 1 April 2026, as specified in the proposed licence conditions. Introducing it at the beginning of ED3 would enable the impacts to be properly assessed and incorporated into the business planning process from the outset, preserving the predictability of the regulatory framework.

7.2 We also agree with Ofgem's proposal that the ED sector should align with the ET, GD and GT sectors by adopting the obligation to provide a financial resilience report within 60 days of a negative rating action and to publish relevant rating reports where such an action occurs.

7.3 Regarding the implementation of the financial resilience report, our agreement is conditional on the requirement being applied only in circumstances where a negative rating action has been identified. We do not support its application on any broader or pre-emptive basis. Furthermore, as outlined previously in paragraph 7.1, introducing this requirement from 1 April 2026 would undermine the stability and predictability of the regulatory framework. We therefore consider that this measure should be implemented as part of the ED3 price control for the ED sector.

Independence of the network

8.1 This proposal is unclear, and we therefore request that Ofgem clarify the specific licence condition to which it refers. If the proposal relates to Standard Conditions 31A to 31C, we are in agreement, as this would align the ET sector with the arrangements currently in place for GD, GT and ED. However, if Ofgem intends to reference a different licence condition, this should be explicitly identified so that SSEN can review and respond appropriately.

Restriction of activity

9.1 We have no objections to Ofgem's proposal to implement a reconciliation demonstrating that regulatory obligations for De Minimis Business activities are met when audited statutory financial statements are used in place of regulatory accounts. Our statutory financial statements and regulatory accounts share the same year-end date (31 March), and therefore we do not anticipate any timing misalignment arising under this proposal.

Summary

10.1 As highlighted throughout our response, we recognise that there may be circumstances in which enhanced financial resilience reporting or measures are appropriate. However, there are several areas where we fundamentally disagree that any modifications are required to the current ring-fencing framework.

- 10.2** Within the Energy Networks Ring-fence Review consultation, we consider that Ofgem has not provided clear, detailed or robust evidence to justify the proposed changes. The absence of transparent, data-driven analysis supporting these modifications is inconsistent with the established regulatory principles of transparency, accountability and evidence-based policymaking.
- 10.3** There are already measures within the existing framework that enable enhanced financial resilience reporting where appropriate. Introducing further enhanced disclosures would create avoidable costs—ultimately passed to consumers—and increase the complexity of the regulatory process. This stands in direct contrast to Ofgem’s stated objective of streamlining reporting requirements.
- 10.4** The principles of Better Regulation should guide any modifications to the regulatory reporting framework. In this instance, we do not believe Ofgem has adequately considered these principles. It could reasonably be inferred that the proposed changes stem primarily from issues experienced in the UK water sector rather than from any identified risk within the GB energy sector. As such, there is no substantive evidence base to justify imposing these enhanced obligations.
- 10.5** As we have emphasised, no additional requirements should be introduced within the current price control period. Any changes of this nature should instead be considered as part of the RIIO-3/ED3 price control. This would ensure that the impacts are properly assessed and incorporated into the business planning process from the outset, maintaining the stability and predictability of the regulatory framework.
- 10.6** For these reasons, we remain firmly opposed to several of the proposals set out in the Energy Networks Ring-fence Review consultation, as they risk imposing disproportionate and insufficiently evidenced obligations on both distribution and transmission network operators.



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SSEN Distribution



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Appendix: Our Response to Ofgem's Specific Questions

Q1. Do you agree with the definition provided for the purpose of the regulatory ringfence?

We do not agree the new definition is required. The definition provided is unclear and could cause restrictions which would impose considerable inefficiencies.

Q2. What is your view of the proposal to introduce a ring-fence checklist and AoR certificate templates for completion?

We do not agree with Ofgem's proposal – Please refer to section 5.1 for detail.

Q3. What is your view of financial certificates 1F, 2F and 3F including a reference to a cash flow forecast as one of the factors to be considered by the board of directors?

We do not agree with Ofgem's proposal - Please refer to section 5.2, 5.3 and 5.4 for detail.

Q4. What is your view of compliance certificates 1C and 2C requirements being updated to reference all relevant ring-fence conditions?

We do not agree with Ofgem's proposal - Please refer to section 5.5 for detail.

Q5. What is your view of certificate in relation to dividends referencing all ring-fence licence conditions?

We do not agree with Ofgem's proposal - Please refer to section 5.5 for detail.

Q6. What is your view about a requirement for two signatories of AoR certificates, one executive director and one SID?

We do not agree with Ofgem's proposal - Please refer to section 5.6 for detail.

Q7. Do you agree the intervention plan should be submitted upon request, on an adhoc basis, should distress of the licensee is anticipated?

We understand the rationale for introducing such proposal and agree; however, Ofgem need to clarify what they anticipate a “distress situation” would look like. - Please refer to section 5.7 and 5.8 for detail.

Q8. Do you agree with a review of the intervention plan by Ofgem being undertaken for a price control period?

Please refer to our views within Q7 and section 5.7 and 5.8 for detail

Q9. Do you have any views on extending the RIIO-3 measures (obtaining two investment grade credit ratings) to the electricity distribution sector in 2026?

We do not agree with Ofgem's proposal – Please refer to section 7.1 and 7.3 for detail.

Q10. Do you agree the obligation to provide a Financial Resilience Report and associated financial projections should be added to the ED licence condition to align with other sectors?

We agree with Ofgem's proposal – Please refer to section 7.1 and 7.3 for detail.

Q11. Do you agree the obligation to provide published rating reports should be added to the ED licence condition to align with other RIIO sectors?

We agree with Ofgem's proposal. - Please refer to section 7.2 for detail.

Q12. Do you agree with extending the distribution lock up trigger proposed in RIIO-3 to ED?

We do not agree with Ofgem's proposal - Please refer to section 4.1 for detail.

Q13. What is your view about extending the distribution lock up to the 2C certificate?

We are not in agreement with Ofgem's proposal - Please refer to section 4.8 for detail.

Q14. What is your view about amendment proposed to SLC41.3 regarding any alterations to existing capital and reserves?

We strongly are not in agreement with the proposed changes - Please refer to section 4.3 to 4.7 for detail.

Q15. Do you agree we should consider appropriateness of response time period in respect of indebtedness licence condition?

We are not in agreement with the proposed indebtedness proposals; therefore, we don't agree there is a need to consider appropriateness of response time. Please refer to our views stated in question 14.

Q16. Do you agree the Independence of the network licence condition should be extended to ET?

Ofgem should clarify the specific licence condition it is in reference to – Please refer to section 8.1 for detail.

Q17. Do you agree with the amendment for a reconciliation to be provided to show regulatory obligations are being met for De Minimis Business when audited statutory financial statements are being utilised rather than regulatory accounts?

We have no objection to Ofgem's proposed amendment – Please refer to section 9.1 for detail.

Q18. Do you agree with the proposed change to extend the notice period when required?

We are not in agreement with this proposal – Please refer to section 3.1 and 3.2 for detail.

Q19. Do you agree with adding 'financial asset' to ED SLC26.2?

We do not agree with the inclusion of "financial asset" to SLC26.2 - Please refer to section 3.5 for detail.

Q20. Do you agree a non-financial asset being sold, transferred or disposed of by a licensee should be valued according to its highest and best use?

SSEN agree that it should be in line with the requirements of International Accounting Standards Board (IASB) for International Financial Reporting Standard 13, however, are not in agreement with the current proposal – Please refer to section 3.3 and 3.4 for detail.

Q21. Do you agree to completion of a checklist for SID details?

We do not agree with Ofgem's proposal – Please refer to section 2.9 and 2.10 for detail.

Q22. Do you agree it would be in consumer interest for at least one SID to be a signatory on submissions in relation to the ring-fence?

We do not agree with Ofgem's proposal – Please refer to section 2.7 and 2.8 for detail.

Q23. What is your view about the requirement for at least one SID to be in attendance to reach Quorum at licensee board meetings?

We have no objection to Ofgem's proposed requirement - Please refer to section 2.11 for detail.

Q24. What is your view about the requirement for at least one SID to attend Remuneration Committee (or equivalent) meetings where licensee entity executive remuneration is discussed?

We do not agree with Ofgem's proposal – Please refer to section 2.1 and 2.2 for detail.

Q25. Do you agree with the proposed definition changes to ultimate controller?

We have no objection to the proposed changes to licence condition A1.8 Undertaking from Ultimate Controller. However, should circumstances change, we would need to review our position.