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Dear Matthew,

**Re: Consultation on changes to Standard Licence Condition C27 and Draft Guidance on the Criteria for Competition**

On behalf of Electricity North West Limited, we appreciate the opportunity to respond to this consultation on changes to Standard Licence Condition C27 for the System Operator (SO) and also the draft Guidance on the Criteria for Competition. Our response is limited to questions one to four of the consultation document and to the extent that this interacts with our role as an electricity distribution network operator.

***Question 1: What are your views on our proposed licence modifications?***

***Question 2: What if anything do you think is missing from our proposed licence modifications?***

***Question 3: What do you think of the newly explicitly noted points 16(a)(vi)-(viii)?***

Whilst the inclusion of the list of potential options for consideration within 16 (a) improves the ease of understanding this section, we suggest that the list is missing a bullet for transmission reinforcements. Arguably, these should be included as a consequence of the use of the phrase “including (but not limited to)”. However, as the Network Options Assessment (NOA) has focussed on these reinforcements to date, it seems strange that they are not explicitly listed.

Sub-paragraph 16(a)(v) relates to “*options that require liaison with a holder of a distribution licence on distribution system solutions*”. At present, we have not been involved in developing solutions of this nature with the SO, although we are aware that it is intended that Product 1 (Investment Processes) of the ENA Open Networks Workstream 1 (Transmission – Distribution Processes) looks at this further this year. We recognise that there may be occasions when it is in the interests of customers to develop distribution solutions and look forward to seeing this progress further this year. We are concerned how this relates to paragraph 23 and the proposed obligation on the SO to undertake early development work on an option that is not developed by another transmission licensee. In our opinion, it is essential that potential solutions under 16(a)(v) are developed by or in conjunction with the relevant distribution licensee/s and we expect that this will be further developed as part of this work on Investment Processes.

The inclusion of sub-bullet (viii) ("*options suggested by other interested parties*") does seem very broad and potentially requires the SO to undertake analysis for any project that a given individual proposes. We are not sure if this is Ofgem's intent or whether defining 'interested parties' in relation to this sub-bullet may be more appropriate.

Sub-paragraph 16(e) makes provision for the inclusion of connections (or modifications to existing connections) that may be suitable for competition within the NOA. Whilst we appreciate the reasoning behind this inclusion, we are concerned that both the inclusion of these projects within the NOA process and the potential to introduce competition to these works should not cause any delays within the wider connections process across the industry. We are already working with the SO through the Open Networks project to seek to improve the Statement of Works process to speed this up for our customers who are dependent on this to receive a connection offer from us. Whilst the other documents published at the same time as this consultation demonstrate the thought given as to how competition might interface with the Strategic Wider Works (SWW) process, further thought is required on the process for these connection works to ensure this does not inadvertently impact on the work within the industry to improve the current arrangements.

In paragraph 18, transmission has been deleted in the main paragraph but not within the sub-paragraphs. In light of the work being undertaken as part of the Open Networks project (and referred to above), it does seem appropriate that distribution and transmission licensees are able to request information and analysis of the type referred to in paragraph 18 from the System Operator to support the development of solutions to issues identified by the SO. As such, amending throughout this paragraph to cover both types of licensee may be more appropriate.

***Question 4: What are your views on the form of the criteria as set out in the draft criteria guidance?***

The draft criteria seems to capture the conclusions drawn through the Extending Competition in Transmission (ECIT) works in terms of which transmission projects may be eligible for competition. However, we are unclear as to why the decision has been made to publish these as a separate Guidance document and what the legal status of this document is intended to be. We suggest that the proposed contents of this Guidance would be better suited to be included within C27 as defined terms.

We hope the above comments will be useful in your development of this licence condition and the Criteria. If you have any comments or questions, please do not hesitate to contact me.

Yours sincerely

**Jen Carter**  
**Regulation Manager**