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By email

26 October 2018

Dear Chiara

**Re: Enabling the competitive deployment of storage in a flexible energy system:
Changes to the electricity distribution licence**

We have actively participated in the development of the policy, guidance and licence drafting concerning enabling the competitive deployment of storage and clarification of our role as a DNO in this regard. We see our role as a neutral market facilitator, seeking the most economic and efficient ways to deliver our customers' needs which includes contracting through markets for services be they from storage, DSR or other providers. As a result we support the policy intent of ensuring competition is effective in driving the innovative and low cost provision of services through market mechanisms.

Our specific comments on the drafting are: -

- 1) In respect of the guidance 2.13.3, energy management should be enabled not just at owned sites, but at all sites we operate from, including those leased or occupied through any other relevant arrangement;
- 2) The licence drafting at 31D.1 (b) and 43B.1 (b) refers to owning and operating assets which are "situated on sites" where the licensee carries out its distribution business. This exemption needs to apply more widely than just to, "situated on sites" to capture the mobility and varied location of many types of relevant operational small scale exempt generation / storage assets such as mobile generators and electrically powered vehicles.

There is no need and it's not proportionate to re-instigate all aspects of compliance reporting and assurance, particularly where the respective DNO does not own any relevant island or consented storage through derogation. The creation of the proposed new licence condition intended to prohibit DNO generation activities except under specific circumstances is a sufficient step in itself.

Yours sincerely



Paul Auckland

Head of Economic Regulation