



**SP ENERGY
NETWORKS**

Network Planning & Regulation

David McCrone

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Date

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Contact / Extension

Caroline Ainslie
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Dear David

Informal consultation on proposed modifications to the Electricity Distribution Licence

Thank you for providing SP Energy Networks with the opportunity to comment informally on Ofgem's proposed licence drafting in this area. We have previously provided comments on the policy consultation regarding licensing applications affiliates from of existing licensees, so will restrict our comments to the specific licence drafting in your 13th February document.

As amended, condition 4.1 obliges DNOs to ensure that we do not restrict, prevent, or distort competition in the distribution of electricity. We believe that there could be unintended consequences from this drafting. The very nature of a DNO's business is that it does, to some extent, restrict competition as we are regulated monopolies; we therefore believe that this drafting should be modified to avoid DNOs automatically breaching their licence. One way to fix this might be to expand the drafting as suggested below, but you may prefer another form of drafting which removes the unintended consequence that we have highlighted.

"The licensee must at all times manage and operate the Distribution Business in a way that is calculated to ensure that it does not restrict, prevent, or distort competition in the supply of electricity or gas, the shipping of gas, the distribution of electricity by any person other than the licensee, the generation of electricity, or participation in the operation of an Interconnector".

If you would like to discuss any aspect of this response further, then please do not hesitate to contact me.

Yours sincerely

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