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Steven McMahon,
Deputy Director,
Electricity Distribution Network Price Controls and Cross Sector Policy

Dear Mr McMahon

Ofgem's Open Letter Consultation - RIIO-ED2 Price Control

The North West Business Leadership Team (NWBLT) is an independent, not-for-profit, group of senior leaders and University Vice-Chancellors representing businesses from across the North West, I attach a list of our Members for your information. Launched by the Prince of Wales over thirty years ago, our mission is to harness this collective expertise, influence, and resource, to make a difference to the economy and communities of the region.

We are therefore keen to provide a response to Ofgem's Open Letter Consultation on the RIIO-ED2 Price Control as the businesses we represent, and the customers they serve, rely upon the services provided by Electricity North West, our regional network operator for Greater Manchester, Lancashire and Cumbria, and Scottish Power Energy Networks for Merseyside.

The NWBLT believes that achieving net-zero is key to future prosperity, and our region's electricity networks have a fundamental role in ensuring that this is achieved in an affordable, sustainable and reliable way for our region. Having considered the proposals set out within the consultation we would like to highlight the following key issues that are critical for this future prosperity and therefore business success in the North West.

- The North West faces different challenges to other areas of the country and should be funded accordingly. The pace of change expected in the North West to meet decarbonisation targets outstrips many other areas. Regulatory requirements need to enable network companies to tailor their investments and not have a 'one size fits none' approach to all licence operating areas. Electricity North West's investment needs to meet the needs of the region.

- For electricity distribution network companies to be able to deliver what we need, measures should be introduced to enable the network companies to fully finance their day to day operations and longer term investment to enable decarbonisation and a reliable, resilient service. There is significant strategic investment required in the North West and so the need to have a fairly-funded network is clear as the way to secure a prosperous, net-zero future for the area.

- The huge transition covering decarbonisation, digitisation and decentralisation in the energy industry will see both national and local stakeholders responding in different ways. Network companies need to apply a degree of flexibility in their investments to better deliver these varied stakeholders' needs. This may require some anticipatory investment to support, for example, electric vehicle enablement. We seek assurances that the regulation of networks does not become a blocker to having the required infrastructure to deliver economic prosperity for regions such as the North West.

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- The range of topics that stakeholders are engaged on needs to widen to reflect the change and complexity of the energy system. This requires network companies to continue to enhance their stakeholder engagement strategies to ensure they effectively engage with all relevant stakeholders. We are mindful, though, of the time commitment this places on stakeholders and of the risk of some stakeholders becoming disengaged unless it is clearly apparent they are being listened to. It is essential to avoid 'consultation fatigue' with key stakeholders and that realistic expectations are agreed as to levels of engagement.

- Competition drives best value for customers and we expect distribution network operators in the North West keep using this to ensure they meet our needs as efficiently as possible. Strong incentives for the company to perform and innovate and a degree of flexibility will allow network companies to deliver best value and ultimately lower customer bills.

We hope you take the above feedback into consideration when finalising the RIIO2- ED2 sector specific guidance. Please do not hesitate to contact us if we can provide further information.

Yours sincerely

Emma Degg
Chief Executive
North West Business Leadership Team