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Sent by email to RIIO.ED1@ofgem.gov.uk

28 July 2020

Dear Jack,

Response from Electricity North West Ltd (ENWL) to Ofgem’s statutory consultation on proposed changes to the Special Conditions of the RIIO-ED1 Licence and the ED1 Price Control Financial Model

Thank you for the opportunity to respond to the proposed modifications to proposed changes to the Special Conditions of the RIIO-ED1 Licence and the ED1 Price Control Financial Model. We appreciate the efforts to run this consultation during the COVID-19 pandemic, and the complications this may have caused.

We have reviewed the proposed changes to the Special Licence Conditions and PCFM, and we are happy with the amendments to be made. In the table below we have provided some additional comments on certain amendments by exception.



| Licence/Condition | Change | ENWL Comments |
|-----------------------------|--|--|
| CRC2B - paragraph 22 and 25 | Minor housekeeping change to remove the references to the SMCT and SMIT values as being zero for 2023/24 and 2024/25. | <p>We are comfortable with the change which removes the dates “2020/21” to “2023/24” in 2B.26. We note that the SMIT review in 2020/21 remains in 2B.26.</p> <p>Please can it be clarified if this the intention, and if so, we would appreciate if Ofgem could provide some clarification on the process including when this will take place in 2020/21.</p> <p>We agree that the DNOs should be able to recover these costs until the end of the rollout period, but we feel the SMIT review taking place in 2020/21 shouldn’t take place until the rollout is completed, or at the end of RIIO-ED1.</p> |
| CRC3E – paragraph 8 | Change to continue the formula to 2021/22 and 2022/23. | We agree that this should be extended to correspond with the new phase of the Smart Meter rollout. |
| CRC3E – paragraph 9 | Change to state smart meter roll-out costs 'should not be set to zero in 2021/22' - currently it states the value will be zero. | We agree that this should be extended to correspond with the new phase of the Smart Meter rollout. |
| CRC3E – Part C | The true up process should not happen in 2022/23. Paragraphs 3E.9 and 3E.10, and Table 2, will be removed (and section/paragraph references in subsequent sections updated accordingly). | We agree that this should be extended to correspond with the new phase of the Smart Meter rollout. |
| CRC3F – paragraph 13 (b) | Amend to clarify that the four month deadline for the Authority’s determination may move where further information requested under paragraph 3F.13. | The word “Authority” is misspelled in the ENWL drafting. |

| Licence/Condition | Change | ENWL Comments |
|----------------------------------|--|--|
| CRC3F – paragraph 22 | Change to add additional dates associated with the determination in relation to streetworks costs (SSWC). | <p>We note there is a difference between the date specified for a decision on PCFM values for SSWC in the drafting for this Licence change (3F.22 (c) states 30 November 2023), and the date in the Consultation on the closeout methodology for Specified Street Works Costs¹ (X.93 and X.94 state 30 November 2024²).</p> <p>As the window to apply for the SSWC closeout is over September 2023, it would be beneficial for Ofgem to have longer than up to 30 November 2023 to make a decision on SSWC closeout costs. We think Ofgem intends to have close out submissions on SSWC during September 2023 and to make decisions by November 2024, so the text as drafted in this consultation needs review. Under this scenario, we would appreciate if the decision was made sooner than November 2024 though, to ensure efficient work by companies to be able to follow their submission up in a timely way and respond to any Ofgem questions.</p> <p>In addition, 3F.22 (c) needs to reference 3F.10 (c) instead of (b), as (c) specifically references the 2023/24 streetworks reopener.</p> |
| CRC3G - paragraph 11 (c) and (d) | Change to align the text with CRC5G which is associated. | We are comfortable that these changes reflect the conclusions of the ED1 closeout decision. |
| CRC3G - paragraph 20 | Change to give additional clarity that adjustments will be made to RAV as well as revenue as set out in the decision on ED1 closeout mechanisms. | We are comfortable that these changes reflect the conclusions of the ED1 closeout decision. |

¹ <https://www.ofgem.gov.uk/publications-and-updates/consultation-riio-ed1-closeout-methodology-specified-street-works-costs>

² https://www.ofgem.gov.uk/system/files/docs/2020/07/riio-ed1_sswc_closeout_consultation_13_july_2020_for_publication.pdf

| Licence/Condition | Change | ENWL Comments |
|----------------------|---|--|
| CRC3H - paragraph 19 | Change to simplify the definition of worst served customer. | We are comfortable with this change as this does not change the qualifying criteria, and this makes the definition of Worst Served Customers easier to understand. |

Please do not hesitate to contact me if you would like to follow up on any aspect of our response.

Yours sincerely,

Tom Selby
Regulation Manager