



Statement of Compliance

January 2026

01 Introduction

SP Electricity North West (SP ENW) holds an Electricity Distribution Licence granted by the Office of Gas and Electricity Markets (Ofgem). This enables it to undertake electricity distribution services to customers within its Distribution Services Area, which is broadly the North West of England.

Standard Licence Condition 42 (SLC42) – Independence of the distribution business and restricted use of confidential information

SP ENW must ensure appropriate managerial and operational systems are in place to prevent any Relevant Undertaking from having access to confidential information which may distort the ability for competition within the market.

Standard Licence Condition 42A (SLC42A) – Affiliate independent distribution network operators (AIDNO)

SP ENW must have in place and maintain managerial and operational systems that prevent any affiliate independent distribution network operator (AIDNO) from having access to confidential information which may restrict, prevent or distort competition.

SLC42A does not apply to SP ENW as we do not have an AIDNO in the Group however, licensees with Relevant Undertakings or AIDNO business activities are required to publish a compliance statement setting out the processes in place to meet their obligations under SLC42 and SLC42A.

Standard Licence Condition 43 (SLC43) – Appointment of Compliance Officer

SP ENW must ensure that a competent person (known as the Compliance Officer) is appointed for the purpose of facilitating the licensee's compliance with Relevant Requirements. An external Compliance Officer has been appointed to monitor and advise on business separation compliance.

02 Background

Effective 22 October 2024, Iberdrola S.A. acquired a majority share in Electricity North West Limited (ENWL). As a result, SP ENW (formerly ENWL) is now part of the Iberdrola and ScottishPower Group which includes a range of vertically integrated activities across generation, transmission, distribution, and retail. SP ENW is a separate company operating one electricity distribution licence. It does not hold any licence to generate, transmit or supply electricity. However, as there are wider activities within the Iberdrola and

ScottishPower Group, including Relevant Undertakings, SP ENW is subject to Business Separation requirements. The purpose of the requirements is to prevent the wider generation and supply licence holders from obtaining an unfair advantage by virtue of being in the same group as a regulated monopoly and causing consumer detriment.

These requirements include:

- 1) Managerial and Operational Independence
- 2) Confidentiality of information
- 3) Independent branding
- 4) Non-discrimination and prohibition of cross-subsidy
- 5) Staff transfers
- 6) Staff training and support

03 Definitions

Relevant Undertaking

A Relevant Undertaking means either a Relevant Licence Holder (holder of an electricity supply licence, gas supply licence, gas shipper licence or electricity generation licence) or a Relevant Exemption Holder.

AIDNO

An AIDNO is an affiliate of the distribution network operator which also holds a distribution licence and is operating within the distribution services area.

04 Measures taken to ensure compliance

a) Managerial and operational independence

SP ENW has an organisational structure consisting of a Chief Operating Officer (COO) who is supported by an Executive Leadership Team. These individuals have responsibility for ensuring compliance with the licence conditions, including the independence of the distribution business and restricted use of confidential information as required by SLC42 and SLC42A.

The COO and the Chief Financial Officer are executive members of the SP ENW Board.

The Board also includes non-executive directors, two of whom are sufficiently independent to meet the requirements of SLC 43A. The SP ENW distribution business is operationally and managerially separate, reporting to a separate Chief Operational Officer. The Distribution and Transmission businesses in the ScottishPower Group are managerially and operationally separate from the rest of the ScottishPower Group, reporting to a ScottishPower Energy Networks Chief Executive Officer.

To ensure efficiency and consistency, the ScottishPower Corporate team assists smaller subsidiaries with corporate legal functions. This support is directed at matters that affect the Group as a whole, rather than those limited to one part of the organisation. Where this is the case, effective arrangements are put in place to ensure information is only used for that purpose and not disclosed further.

Arrangements are in place to prevent employees from other ScottishPower businesses having access to sites occupied by the SP ENW business. Employees of other ScottishPower businesses cannot access SP ENW buildings without prior authorisation from SP ENW and are accompanied when on site.

b) Confidentiality of information

There are managerial and operational systems in place with SP ENW that prevent any Relevant Undertaking or AIDNO from having access to confidential information. Operational IT systems used by SP ENW are separate from those used by any other business or company forming part of the wider Group. Access to IT systems used by SP ENW is subject to an authorisation process and procedures are in place to ensure that authorisation is removed as appropriate when a member of staff changes job or leaves the company.

All staff are required to respect confidential information. A ScottishPower Code of Conduct is in place and has been communicated to all SP ENW staff. The Code sets out the restrictions on the transfer of confidential information. Breaches of the Code will be subject to company disciplinary procedures as appropriate. Information that is of a corporate nature, as agreed with Ofgem, is shared with other businesses within the ScottishPower Group as required.

Support and guidance is provided to staff by the Regulation team, with the Compliance Manager providing advice where needed. A Business Separation Policy is established and maintained by the wider Group. SP ENW staff adhere to the principles and requirements set out therein.

c) Independent branding

SP ENW is required to maintain a distribution brand that is distinct from the brand used by any other affiliated business within the ScottishPower Group. The separate branding/logo used by SP ENW is shown below:



d) Non-discrimination and prohibition of cross-subsidy

The provision of services to the wider Group's supply business under licence or statutory obligations (Use of System, legacy meter equipment provision and data services) is covered by standard industry agreements and is accordingly on the same terms as for other suppliers. Provision of connections services by our distribution businesses is subject to standard procedures and a connection charging methodology that is applicable to all parties seeking a connection.

We are required to report on our compliance with the licence obligation not to cross-subsidise or receive a cross-subsidy from any other business of the Group, or related undertaking. Provision of services by other businesses within the Group, including use of system, takes place under standard terms and charging methodology that apply equally to third parties.

e) Staff transfers

Staff transfer guidelines have been developed in line with the ScottishPower Energy Network's process. Before any member of staff transfers from the distribution business to a competitive ScottishPower supply or generation business, an assessment is made as to their existing level of access to confidential information. A decision is made about whether a period of quarantine is required and if so, the appropriate duration of such.

f) Staff training and support

SP ENW requires a mandatory online training course on Business Separation to be completed by its staff. A schedule is in place for this to be refreshed on an annual basis and completion of the training is monitored to ensure compliance. New starters are required to complete the mandatory e-learning promptly. All new employees also undertake mandatory induction training to raise awareness of the regulatory environment in which SP ENW operates; Business Separation content is included within the Corporate Induction.

Internal business processes and procedures related to Business Separation are easily accessible via our intranet site and regularly reviewed. Support and guidance is provided to staff by the Regulation team, with the Compliance Officer providing advice where needed.

05 Complaint handling

Accountability for the SP ENW Compliance Statement has been assigned to the Chief Operating Officer. Responsibility has been delegated to the Head of Economic Regulation who is the Compliance Manager, responsible for day-to-day Business Separation activities.

Should any complaints be received in relation to the relevant requirements, they are referred to the Compliance Manager for investigation. The Compliance Manager investigates the complaint and responds to the complainant and the SP ENW Board as appropriate. If the Compliance Officer requires additional support in the investigation, this is drawn from appropriate teams across the organisation including the Economic Regulation Team. If required, external third-party organisations may be appointed to carry out assurance activities.

06 Compliance monitoring and audit

The independent Compliance Officer has been appointed to monitor and advise on Business Separation compliance. This includes a programme to audit compliance; any findings are reported to SP ENW business management and issues addressed should they arise.

07 Contact

Any queries in relation to this Compliance Statement should be directed to the Head of Economic Regulation (Compliance Manager) using the details below:

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