

Independence of the Distribution Business and restricted use of Confidential Information Compliance Statement

1 Introduction

Electricity North West Limited (ENWL) 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.

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

Under Standard Licence Condition 42A (SLC42A) – Affiliate independent distribution network operators, ENWL 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.

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.

2 Compliance with obligations

ENWL is a separate company operating one electricity distribution licence, and does not hold any licence to transmit or supply electricity. Its parent company structure does not contain any affiliate business arrangements for transmission, supply or generation within Great Britain.

ENWL does not have any Relevant Undertakings or AIDNO business activities and therefore does not have an obligation to publish a compliance statement. However in the interests of transparency, this compliance statement sets out the practices, procedures and systems that ENWL has in place to monitor its business processes and ensure continued compliance with SLC42 and SLC42A.

A copy of this compliance statement has been provided to Ofgem.

3 Definitions

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.

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

4 Managerial and Operational Independence

ENWL has an organisational structure consisting of a Chief Executive 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 Chief Executive and Chief Financial Officer are executive members of the ENWL Board. The Board also includes non-executive directors, two of whom are sufficiently independent to meet the requirements of Standard Licence Condition 43 – requirement for sufficiently independent directors.

5 Operational Independence and Confidential Information

ENWL has in place managerial and operational systems that would prevent any Relevant Undertaking or AIDNO from having access to confidential information. ENWL has in place policies and procedures that employees are required to follow to ensure the organisation meets its licence obligations. All new employees undertake mandatory induction training to raise awareness of the regulatory environment in which ENWL operates. A refresher training programme is in place.

ENWL maintains a Table of Accountabilities which documents accountability and responsibility for each licence condition. Briefings are provided to managers named within the Table of Accountabilities to ensure an understanding of their responsibilities. Employees are made aware of the Table of Accountabilities through regulatory training.

6 Appointment of Compliance Officer to ensure compliance

Standard Licence Condition 43 (SLC43) requires ENWL to appoint a Compliance Officer. The Compliance Officer's duty is to provide assurance to demonstrate compliance with the relevant requirements. In this instance the relevant requirements are: -

- SLC42 – Independence of Distribution Business and restricted use of confidential information
- Paragraph 9 of SLC4 – No abuse of the licensee's special position, which prohibits cross-subsidy between the licensee's Distribution Business and any other business of the licensee or an Affiliate or Related Undertaking of the licensee
- Paragraph 1 of SLC19 – Prohibition of discrimination under chapters 4 and 5, which prohibits the licensee from discriminating between any person or class or classes of persons when providing use of systems or connections or carrying out works for the purposes of connection
- Paragraphs 1 and 3 of SLC41 – Prohibition of discrimination under Chapter 9, which prohibit the licensee from discriminating between any person or class or classes of persons when providing, respectively legacy metering equipment and data services
- SLC43B – Prohibition on generating by licensee

Accountability for the ENWL Compliance Statement has been assigned to the Engagement & Regulatory Strategy Director who is a member of the Executive Leadership Team. Responsibility has been delegated to the Head of Economic Regulation who acts as the Compliance Officer.

Should any complaints be received in relation to the relevant requirements, as set out above, these are referred to the Compliance Officer for investigation. The Compliance Officer will investigate the complaint and respond to the complainant and the ENWL Board as appropriate. If additional support is required to assist the Compliance Officer in the investigation, this will be drawn from the appropriate teams across the organisation including the Economic Regulation Team and the Risk, Control and Assurance Team. If required, external third party organisations may be appointed to carry out assurance activities.

7 Contact

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

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