



# Policy on Business Separation

Economic Regulation

December 2025

# Table of Contents

1. Purpose	2
2. Scope	2
3. Business Separation Requiements	2
4. Control, Evauluation and Review	4
5. Further Information and Guidance	5
6. Reporting a Concern	5

## 01 Purpose

This Policy outlines the business separation obligations placed on Electricity North West Limited (“**ENWL**”) as a member of the group of companies headed by Scottish Power Limited (the “**ScottishPower Group**”), which in turn, part of the group of companies headed by Iberdrola, S.A (the “**Iberdrola Group**”). It is designed to promote compliance with these additional business separation obligations and has been developed to be consistent and aligned with the existing ScottishPower Policy on Business Separation.

This Policy includes basic principles that complement those contained in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and reflects the high standards of compliance that we expect across all of our business activity. It applies to all employees (whether full or part-time) of ENWL and the wider SP ENW group of companies headed by NWEN Jersey (the “**SP ENW Group**”), including all directors, officers, managers, agency workers, and permanent or temporary contractors.

## 02 Scope

As ENWL operates as a natural monopoly in its core business areas, it has regulatory obligations through its Distribution licence to operate within the conditions of Business Separation. This means that ENWL’s Distribution business (or “**Regulated activities**”) is required to keep its activities fully separate from any competitive energy activities (or “**Liberalised activities**”) carried out across the ScottishPower Group (“**Business Separation Requirements**”).

The main Business Separation Requirements are set out within Condition 42 of the Distribution Licence. ENWL is also required to appoint a Business Separation Compliance Officer to support compliance with the Business Separation Requirements.

The *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* recognise the importance of the separation of Regulated and Liberalised activities. It commits all Iberdrola Group companies to follow the industry regulations regarding business separation, including making sure that all relevant employees are aware of the rules, and that any policies developed in this area are published appropriately.

## 03 Business Separation Requirements

Business Separation licence obligations are placed on ENWL to operate its Distribution business independently from other parts of the ScottishPower Group. Failure to comply with the obligations can result in Ofgem imposing financial penalties on ENWL, and there is also a risk of reputational damage to ScottishPower and the wider Iberdrola Group.

The SP ENW Group takes a zero-tolerance approach to unethical behaviour and non-compliance with applicable laws and regulations. This includes a commitment to have in place arrangements to guarantee effective separation of activities to meet compliance with the Business Separation Requirements.

Each company in the SP ENW Group is committed to the following principles to support compliance with ENWL’s Licence Obligations:

## ***A. Licence Reporting Obligations***

ENWL will submit the following annual certifications and reports to Ofgem, relating to the Business Separation Requirements:

**Ultimate Controller Undertaking:** – Confirmation that Iberdrola S.A., as the Ultimate Controller, will not take any action that would cause ENWL (as the licensee) to breach the Electricity Act 1989 or its licence requirements. This means Iberdrola S.A. and all subsidiaries must comply with our Business Separation Requirements.

**Business Separation Report:** – A report setting out how Business Separation Requirements are being controlled and monitored, any issues arising in the previous year and how any risks and control deficiencies have been addressed.

## ***B. Operational Licence Requirements***

The following arrangements are in place to ensure compliance with the Business Separation Requirements:

**Managerial and Operational Separation:** ENWL must put in place, and at all times maintain, full managerial and operational independence of its Distribution business from other ScottishPower Group businesses or companies. The ScottishPower Group structure has been designed to allow full managerial and operational independence of ENWL, and the corporate governance model in place supports this, to make sure the requirements are met.

Any organisational and business change, such as ENWL staff moving to other business areas, appointments to other business positions including embedded functions, or appointment of Directors, must consider the impact on Business Separation Requirements.

**Non-disclosure of confidential information:** Arrangements must be in place to ensure that confidential ENWL information is not disclosed to other ScottishPower businesses or companies. Confidential information means any information that is not in the public domain. Information which could be considered confidential information will cover a wide range of subjects, including but not limited to, generation connection dates, other supplier data, cost data from ENWL procurement processes, or financial data related to ENWL.

**Segregating of systems for recording, processing, or storing data:** Arrangements must be in place to prevent employees from other ScottishPower Group businesses or companies having unauthorised access to ENWL systems and confidential ENWL data. This includes data held within billing and customer management systems, or any IT system where commercially confidential ENWL information resides.

**Restricted access to SP ENW premises:** Arrangements must be in place to prevent employees from other ScottishPower Group businesses or companies having access to sites, or areas of sites, occupied by the ENWL business. Employees of other ScottishPower Group businesses cannot access any ENWL floors or buildings without prior authorisation from ENWL (and the appropriate escort within the area).

**Prohibition of cross subsidies:** Arrangements must be in place to ensure there is no cross subsidisation between ENWL and any other ScottishPower Group company. This extends to internal corporate recharges, any transfer of goods or services, or business activity between the ENWL business and other ScottishPower Group companies.

**Non-discrimination of metering and connection services:** ENWL must not give preferential treatment to any other ScottishPower Group company when setting charges and carrying out activity in relation to Use of System, customer connections and metering/distribution.

**Branding:** ENWL must have, and maintain, a brand that is fully distinct from other ScottishPower Group businesses or companies. This means separate and distinct branding of assets, communications, and material logos. ENWL trades under the business name “SP Electricity North West”.

### ***C. Corporate Functions***

There will be occasions where ScottishPower corporate functions are required to engage with ENWL in relation to the management and operation of the Distribution businesses. For example, the consolidation of Group accounts, input to policy or regulatory developments, and audit and compliance oversight. Where this is the case, effective arrangements must be in place to ensure information is only used for that purpose and not disclosed further. Access to any relevant systems or premises must also be appropriately controlled, as detailed above.

## **04 Control, Evaluation and Review**

ENWL is obligated under the Business Separation Requirements to appoint an independent Business Separation Compliance Officer (BSCO) to monitor the effectiveness of practice and controls in place across the Company to meet licence obligations. The BSCO is required to produce an annual report to the Directors of the SP ENW Audit and Compliance Committee on the effectiveness of these controls.

The Compliance Manager for SP ENW also provides additional support and advice which complements the overall Business Separation compliance framework.

The Compliance Manager at SP ENW is responsible for this Policy and shall review the contents as required, but no less frequently every two years.

The Chief Operating Officer of SP ENW has overall business responsibility for compliance with Business Separation Requirements, supported by the Head of Economic Regulation (Compliance Manager) who has responsibility for the day-to-day management and monitoring of business separation compliance within the SP ENW Group.

This SP ENW Policy on Business Separation was approved by the Board of Directors of North West Electricity Networks (UK) Limited and adopted by the Board of Directors of ENWL on 2 December 2025.

## **05 Further Information and Guidance**

- The Distribution Business Separation licence conditions can be found on the Ofgem website: <https://www.ofgem.gov.uk/energy-regulation/how-we-regulate/energy-licences-and-guidance/licences-and-licence-conditions>
- Further guidance can also be obtained via the following mailbox: [SpeakUp@enwl.co.uk](mailto:SpeakUp@enwl.co.uk)

- The 'Ethics in our business' page and policy is available on The Volt: [Ethics in our business](#).

## 06 Reporting a Concern

The SP ENW Group takes a zero-tolerance approach to non-ethical behaviour and non-compliance with applicable laws and regulations. If you feel comfortable to do so, you can discuss your concern with your line manager in the first instance. You or your line manager should report any concerns relating to a breach of this Policy in one of the following ways:

Through our internal Speak Up mailbox	<a href="mailto:SpeakUp@enwl.co.uk">SpeakUp@enwl.co.uk</a>
In person, or by email, to your Compliance Manager	Paul Auckland Email: <a href="mailto:Paul.Auckland@enwl.co.uk">Paul.Auckland@enwl.co.uk</a> Mobile: 07879 115204
Regulation Team mailbox	<a href="mailto:regulationteam@enwl.co.uk">regulationteam@enwl.co.uk</a>