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European Wholesale Markets
Ofgem
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Date
23 December 2020
Contact / Extension
Lynne Bryceland
0141 614 3124

Dear Kristian,

Preparing for the end of the transition period: Statutory consultation on consequential licence modifications due to the end of the transition period.

SP Energy Networks (SPEN) owns and operates the electricity distribution networks in the Central Belt and South of Scotland (SP Distribution) serving 2 million customers. We also own and maintain the electricity transmission network in the Central Belt and South of Scotland (SP Transmission). In addition, we hold a third electricity license (SP Manweb) which serves 1.5 million customers in Merseyside and North Wales.

As network owners of both transmission and distribution network assets, SPEN welcomes the opportunity to respond to this statutory consultation. We would also point you to our response, dated 15 February 2019, to the previous statutory consultation on this issue, which was published in January 2019. This response focuses specifically on the proposed modifications to the electricity transmission and electricity distribution licences which SP Transmission, SP Distribution and SP Manweb hold.

We understand the purpose of this statutory consultation is to propose modifications to ensure that retained EU law will function effectively at the point of the end of the transition period on 31 December 2020, and that the licences take into account the provisions of the Statutory Instruments (SIs) that have been prepared under the European Union (Withdrawal) Act 2018. We welcome Ofgem's confirmation that the proposed modifications do not seek to change the current obligations and duties of licensees, nor do they seek to change current policy positions.

In general, we are content with the modifications which Ofgem proposes to both the electricity transmission and electricity distribution licences. We agree that the proposed modifications will ensure retained EU law continues to function effectively, post Brexit. However, we would like to draw your attention to a particular point which affects SP Transmission, given SPEN's parent company arrangements.

As you are aware, SPEN is part of the Spanish Utility group, Iberdrola and its ultimate parent company is Iberdrola S.A. (our Ultimate Controller). SP Transmission's Standard Licence Condition B.21 "Notification of changes that may affect eligibility for certification" stipulates that the licensee must inform Ofgem in writing when *"the licensee is or may become a person from a third country, or that a person from a third country has or may take control of the licensee"*. Ofgem is proposing to amend the reference to a *"person from a third country"* to a *"person from a country outside the United Kingdom"* to reflect the fact that post the Brexit transition period, the EU will be outside of the United Kingdom.

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SP Transmission plc, Registered Office: SP House, 320 St Vincent Street, Glasgow, G2 5AD Registered in Scotland No. 189126 Vat No. GB 659 3720 08
SP Manweb plc, Registered Office: 3 Prenton Way, Prenton, CH43 3ET Registered in England and Wales No. 2366937 Vat No. GB659 3720 08
SP Distribution plc, Registered Office: SP House, 320 St Vincent Street, Glasgow, G2 5AD Registered in Scotland No. 189125 Vat No. GB 659 3720 08

Internal Use

Although SP Transmission plc's ownership has not changed and will not change on 1 January 2021, as a consequence of the UK's transition period with the EU coming to an end, as of 1 January 2021 SP Transmission will be controlled by "a person from a third country" and when the legislative changes proposed in the Statutory Consultation come into force, later in 2021, SP Transmission will be controlled by a "person from a country outside the United Kingdom", given our ultimate Spanish parent company.

We highlighted this issue during a recent discussion with Ofgem on 17th December to discuss the implications of Standard Licence Condition B21. Whilst we recognise that the proposed modifications in this Statutory Consultation do not seek to change the current obligations and duties of licensees, as per our existing licence obligations, we have taken the opportunity for good order and completeness to submit a brief letter to Ofgem, submitted to Akshay Kaul and dated 23 December 2020. This letter confirms that although no changes have been made to SP Transmission plc's ownership, as of 1st January 2021 when the Brexit transition period ends, SP Transmission will be controlled "by a person from a third country". This is simply a consequence of the UK's transition period with the EU coming to an end. Our ownership and arrangements with Iberdrola S.A. as our Ultimate Controller remain unchanged.

For ease of reference, a copy of submitted letter is enclosed at Annex A.

Yours sincerely,



Lynne Bryceland
Policy and Licence Manager