



Confidentiality of
Information and Business
Independence

Licensee Report July 2012

Eastern Power Networks plc
London Power Networks plc
South Eastern Power Networks plc

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Introduction

Pursuant to paragraph 43.6 of Condition of the Standard Distribution Licence, and following the receipt of the annual report of the Compliance Officer, UK Power Networks is pleased to submit this report to the Authority in respect of:

Eastern Power Networks plc;
London Power Networks plc; and
South Eastern Power Networks plc.

This report covers the period from 1 April 2011 to 31 March 2012.

Managerial Separation

UK Power Networks (Operations) Ltd contains the three licensed distribution companies listed above. UK Power Networks (Operations) Ltd. contains all of the staff who carry out the work on the licensed assets, including pricing, finance, HR, internal communications, regulation and asset operation and management. UK Power Networks also employs staff who carry out similar work on commercial networks and controls are in place to maintain confidentiality between the two functions.

Some services are currently supplied by EDF Energy (such as IT) under a services agreement post the sale of the business. These are timed to complete by the end of May 2012.

The head office for the licensees is at Newington House in London and this building, along with all other UK Power Networks sites are only accessible by UK Power Networks staff. The only building sharing taking place is the use of the cafeteria in Energy House (a UK Power Networks building in Crawley) by EDF Energy staff. Access is strictly controlled by swipe card to only allow access to the cafeteria part of the building by EDF Energy staff.

Implementation Responsibility

The Chief Executive Officer of UK Power Networks has overall responsibility for ensuring compliance with Distribution Standard Licence Conditions appertaining to separation. Day-to-day responsibility has been delegated to the Head of

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Regulation and his team, via the Director of Strategy and Regulation & CFO. The team work closely with the Compliance Officer to ensure that the relevant licence requirements are met.

Responsibility and Monitoring

UK Power Networks believes that the successful management and implementation of controls associated with confidentiality of information are contingent on full ownership, responsibility and empowerment by relevant individuals across the business.

Monitoring of separation is inbuilt into the day-to-day activities of the Compliance Officer and the Head of Regulation's team.

New or Modified Systems

No new IT systems have been introduced which cause concern under licence condition 42. The previous contracts where the retail call centres of EDF Energy have been used as an emergency back-up in severe weather have been replaced with a service from an external third party.

Staff Training

This year compliance training has been provided on an as requested basis. New employees continue to be briefed on the importance and significance of confidentiality of information as part of the induction process. This is monitored through the completion of an induction checklist managed by HR and monitored by the Compliance Officer.

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Staff Movements

As no affiliated suppliers now exist staff movements and quarantine are no longer monitored.

Complaints and Representations

No complaints or representations were made to the Compliance Officer during the period covered by this report.

Contacts

Any questions or comments on this report should be addressed to:

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