

LC43 Compliance Report

2019/20



LC43 Compliance Report

2019/20

Contents

| | |
|--|---|
| Introduction..... | 3 |
| Managerial Separation | 3 |
| Operational Separation | 4 |
| Branding | 4 |
| Code of Conduct and Staff Training..... | 4 |
| Activities of the Compliance Officer | 4 |
| Monitoring Compliance | 5 |
| Investigation of Complaints | 5 |
| Contacts | 6 |

Introduction

Pursuant to paragraph 43.6 of Licence Condition 43 (LC43) of the Standard Distribution Licence, UK Power Networks (Operations) Limited on behalf of Eastern Power Networks plc, London Power Networks plc and South Eastern Power Networks plc, sets out below its annual LC43 Compliance Report. This report covers the period from 1 April 2019 to 31 March 2020.

UK Power Networks (Operations) Limited manages and operates electricity distribution networks in the South and East of England on behalf of the distribution network operators Eastern Power Networks plc, London Power Networks plc and South Eastern Power Networks plc.

UK Power Networks (Operations) Limited is a subsidiary of the ultimate parent company of the group, UK Power Networks Holdings Limited, whose details are as follows:

UK Power Networks Holdings Limited
Newington House
237 Southwark Bridge Road
LONDON
SE1 6NP
Registered Company Number: 07290590

For the remainder of this statement:

- Eastern Power Networks plc will be referred to as “EPN”;
- London Power Networks plc will be referred to as “LPN”; and
- South Eastern Power Networks plc will be referred to as “SPN”.

Managerial Separation

LC42 requires a licensee to have in place managerial systems that prevent any Relevant Undertaking from having access to confidential information.

The UK Power Networks group of companies contains the three licensed distribution network operator companies, EPN, SPN and LPN. UK Power Networks (Operations) Limited employs the staff who carry out the work on the licensed assets, including pricing, finance, HR, internal communications, regulation, and asset operation and management.

Note that UK Power Networks Holdings Limited has within its group structure an affiliate known as UK Power Networks Services Holdings Limited. UK Power Networks Services Holdings Limited (and its subsidiary companies under the trading name ‘UK Power Networks Services’) employs the staff who carry out work on commercial and private networks such as ports and airports.

Neither UK Power Networks Services Holdings Limited nor its subsidiaries carry out activities under section 4(1)(a) of the Electricity Act 1989 and are not Relevant Licence Holders or Relevant Exemption Holders as defined in Licence Condition 42 (LC42). The UK Power Networks Services companies are therefore not Relevant Undertakings.

Operational Separation

LC42 requires a licensee to have in place operational systems that prevent any Relevant Undertaking from having access to confidential information. There are no Relevant Undertakings within the UK Power Networks group, save for EPN, SPN and LPN.

UK Power Networks (Operations) Limited is a separate legal entity from EPN, SPN and LPN, and none of these four companies has any subsidiary Relevant Undertakings.

Branding

UK Power Networks (Operations) Limited conducts activities on behalf of the three distribution licensees using the following logo:



Code of Conduct and Staff Training

All UK Power Networks staff, contractors and agents are bound by a strict Code of Conduct that makes it a disciplinary offence to pass confidential information to anyone who does not have a right to that information.

During 2019, office staff were required to complete eLearning on Competition Law and field staff attended presentations on the same subject. There is a strong overlap between the requirements of Competition Law and LC42, therefore no specific training was conducted on LC42.

Due to a combination of the Competition Law training and the low risk posed by there being no Relevant Undertaking, Code of Conduct staff leaflets on LC42 were not issued. However, all new staff have undertaken the aforementioned Competition Law training.

Other requests for information or LC42 training were dealt with on an ad hoc basis.

Activities of the Compliance Officer

UK Power Networks' Compliance Officer (Tahir Mahmood) has been given full access to staff, resources, premises, etc. in order to discharge his duties, as described by LC43. The time spent on LC42 by the Compliance Officer has been reflective of lack of a Relevant Undertaking.

Monitoring Compliance

The Director of Strategy & Customer Services within UK Power Networks continues to be responsible for ensuring compliance with Licence Conditions 42, 43 and 43B. The Director is responsible for the production of periodic reports as required under these conditions. This responsibility is devolved to the Head of Regulation & Regulatory Finance.

In respect of the Relevant Requirements, these are set out below along with a brief summary of how compliance with these is monitored/maintained:

- (a) *the requirements of standard condition 42 (Independence of Distribution Business and restricted use of Confidential Information); and, so far as they relate to relationships with Relevant Licence Holders within the meaning of standard condition 42, the requirements of:*

There are no Relevant Licence Holders to require work specifically for this obligation.

- (b) *paragraph 9 of standard condition 4 (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 of an Affiliate or Related Undertaking of the licensee);*

Cross subsidy is prevented through the work undertaken as part of the obligations under the Regulatory Accounts licence condition whereby a Cross Subsidy Report is produced and reviewed by UK Power Networks' external financial auditors. Furthermore, during 2019 all staff either undertook eLearning or attended a briefing on Competition Law which covers non-discrimination.

- (c) *paragraph 1 of standard condition 19 (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 System or connections or carrying out works for the purposes of connection); and*

As noted in (b), during 2019 all staff either undertook eLearning or attended a briefing on Competition Law which covers non-discrimination.

- (d) *paragraphs 1 and 3 separately of standard condition 41 (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).;*

As noted in (b), during 2019 all staff either undertook eLearning or attended a briefing on Competition Law which covers non-discrimination.

- (e) *the requirements of standard condition 43B (Prohibition on Generating by Licensee).*

There are no Relevant Licence Holders to require work specifically for this obligation.

Investigation of Complaints

No complaints have been received and no investigations have therefore been undertaken by the Compliance Officer or the Head of Regulation & Regulatory Finance.

Contacts

To discuss any issue of a compliance nature, please contact Paul Measday, the UK Power Networks Regulatory Reporting and Compliance Manager, or Tahir Mahmood, the Compliance Officer, by writing to either of them at the following addresses:

| | |
|--|--|
| <p>Paul Measday Regulatory Reporting and Compliance Manager UK Power Networks Energy House Hazelwick Avenue Three Bridges CRAWLEY West Sussex RH10 1EX</p> | <p>Tahir Mahmood Compliance Officer UK Power Networks Newington House 237 Southwark Bridge Road LONDON SE1 6NP</p> |
|--|--|