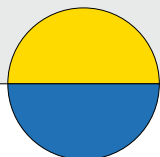


**Vattenfall Networks Limited  
-the Compliance Report  
2020/2021**



**VATTENFALL**

## **1. Introduction**

This report is for the year to 31 March 2021, as required by Standard License Condition 31C paragraphs 7 to 10 of the Electricity Distribution License of Vattenfall Networks Limited (VNL).

The report describes VNL's compliance with the Relevant Obligations as they are according to the license condition 31C paragraph 12 and how VNL has implemented the practices, procedures, and systems adopted in accordance with the Compliance Statement of VNL. The report also describes the activities of the Compliance Officer and findings noted by the Compliance Officer.

## **2. Compliance Officers review work with the Relevant Obligations**

### **2.1 About the appointed Compliance Officer and his Review Work**

The review work has been performed by the Compliance Officer, who is independent of the operations of VNL and independent of the management of VNL and reports to the management of the business unit "Network Solutions", which includes VNL.

During the year 2020/21 a new Compliance officer was assigned. The Compliance Officer has had full and open access to VNL's staff and documentation to complete the review work and several meetings have been held with members of staff during the year to 31 March 2021.

VNL has according to the license condition 31C paragraph 5 ensured the Compliance Officer access to premises, systems, information and documentation, and has also provided the Compliance Officer with relevant resources required for the fulfilment of the Compliance Officer's tasks and duties. Because of the extensive restrictions that follows from the Covid-19 pandemic, VNL's office has been closed and the staff have been working from home. Thus the Compliance Officer has not been able to visit the office.

The Review work clearly demonstrates that VNL are compliant with the Relevant Obligations.

## **2.2 Findings**

### Branding

There was some confusion when a metering operator contacted VNL to initiate a change of agent process. VNL responded that they are not a supplier and it transpired that the metering agent was looking to contact Vattenfall Energy Trading. We believe that this confusion was due to the Market Participant ID (MPID) for VNL being “VATT” whereas the MPID for Vattenfall Energy Trading is “VETS”. VNL dealt with the query appropriately and was able to provide contact details for VETS. The circumstances in this case gave no reason to believe that it would be worth considering any changes of VNL's brand. The MPID, which defines an organization that participates in the GB electricity market, is not set by Vattenfall.

VNL uses the logo that the Vattenfall Group has developed and which is common for the whole Group. However, VNL's name is unique and contains the abbreviation IDNO to clarify its business activities in marketing as well as in the ongoing dialogues with the company's customers and in any other communication activities. In October 2020 VNL asked OFGEM if that was accepted. OFGEM gave VNL positive clarification on that since VNL's brand name still is fully independent from the branding used by a relevant license holder.

By using the abbreviation IDNO in its name VNL ensures that the brand used by VNL is fully compliant with the Relevant Obligations.

### VNL's managerial and operational independence of any relevant undertaking

VNL is a wholly owned subsidiary of Vattenfall AB. VNL's business is organized in the Business Area *BA Distribution*. *BA Distribution* also contains the Distribution businesses in Sweden and in Germany. The head of *BA Distribution* reports directly to the CEO of Vattenfall AB. Vattenfall AB has no decision rights regarding the daily operations or any assets in any of the legal entities in

*BA Distribution* which ensures that VNL can maintain the managerial and the operational independence of any Relevant Undertaking in the Vattenfall Group.

Any Confidential Information that VNL handles in its business operations are kept separate to any Relevant Undertaking. Restricted access to premises and systems where such Confidential Information are kept or are handled ensures VNL's independence of any Relevant Undertaking.

To be cost-effective, VNL purchases services provided by the Vattenfall Group. The costs of the services are in proportion to VNL's use of the service. There are documents that describes how the prices for the services are calculated and there is a mutual agreement on this.

Persons in VNL's management have had some involvement in the establishment and running of Vattenfall Networks Services in GB and a new legal entity in the Netherlands. Accordingly, a share of their costs are assigned to the other companies.

#### Transfer of staff

In accordance to the Compliance statement, VNL has procedures for the event that any member of staff transfer to any Relevant Undertaking. During the year there was no transfers of staff to any Relevant Undertaking.

### **3. Complaints and presentations**

Any complaint or presentation regarding VNL's compliance with the relevant obligations shall be made available to the Compliance Officer at the time it comes to the knowledge of any person employed by VNL. The Compliance Officer and Vattenfall's corporate Unbundling Officer for the UK are then responsible for investigating the complaint.

During the year under review, no such complaint or presentation was made. Thus, the Compliance Officer has not started an investigation based on any complaint or presentation.

#### **4. Staff Training**

All VNL staff has undertaken the e-training “Unbundling – because we promote fair competition”. The training is provided via an e-learning module which is available for all staff in the Vattenfall Group and is mandatory for all staff in VNL.

The e-training are to be undertaken at least once every three years and it ensures that all employee in VNL have the awareness of the Relevant Obligations so they can conduct themselves to ensure the integrity of unbundling on a day-to-day basis.

#### **5. Contact**

Queries relating to this report should be sent to:

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