



SCOTTISH EXECUTIVE

Deputy Minister for Enterprise, Transport & Lifelong Learning
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Dear Callum

Thank you for your letter to Iain Gray of 16 December 2002 and the enclosed copy of Ofgem's Corporate Strategy for 2003-2006. I **am** aware that my colleague Des McNulty has also received a copy of the Strategy and I **am** replying, **as** Minister responsible for energy markets, on behalf of both of them.

The Scottish Executive welcomes Ofgem's commitment to making competitive markets work successfully. It will be important that we continue to work together towards the implementation of BETTA, in particular to ensure that the potential benefits offered by increased competition do not come at the expense of our ability and ambitions for developing generation from renewable sources of energy. As you will be aware, Scotland possesses a particular natural capacity for renewable energy **and** given the existing sectoral expertise already located in Scotland, the Scottish renewables sector is integral to the development of a sustainable, balanced and secure UK-wide energy policy.

We also welcome your commitment to "re-wiring Britain". One of the most significant barriers to increasing generation from renewable resources is the constraint imposed by existing network capability. It is important that we continue to work together to ensure that there is an appropriate UK-wide distribution of the costs required to effect the required network upgrades.

Within the supply markets, we support your commitment to ensuring that all consumers benefit from the potential offered by competitive markets. When I wrote to you following the Members' debate in the Scottish Parliament upon mis-selling in the energy markets I offered our support for Ofgem's work in stamping out mis-selling in the sector. We will continue to support your work in this and I hope that the recently agreed Code of Practice will also play a key role in preventing mis-selling in this sector.

I welcome the ongoing engagement between Ofgem and the Scottish Executive and I hope that we can continue to work together for the benefit of Scottish consumers, while also taking due account of the appropriate environmental and social objectives.

Yours Sincerely

A handwritten signature in black ink, reading "Lewis Macdonald". The signature is fluid and cursive, with a long vertical line extending upwards from the start of the word "Lewis".

LEWIS MACDONALD