

Our Ref: RW/pao

Your Ref:

23 October 2003

Mr Gary Keane
Ofgem
9 Millbank
London
SW1P 3GE

Dear Gary

RE: Response on Energy Networks Limited Statutory Notice and Consultation Exercise

Inexus' response to the above consultation is as follows:-

1. Small licensees should not be required to obtain:-
 - (a) an investment grade issuer credit rating; These are virtually impossible to obtain for companies capitalised at less than £200m.
 - (b) an ultimate controller undertaking from debt providers in circumstances where an undertaking has been made by the equity providers. This will provide a barrier to entry in terms of access to funding;
 - (c) the prohibition on cross defaults should be made the subject of a 24 month derogation for entities which currently have such obligations. A period of 24 months is necessary to allow the licensee to unwind existing arrangements.

We would welcome the opportunity to come in and discuss these points with you in more detail and will contact you in the next day or so to arrange a mutually convenient time.

Yours sincerely

Russell Ward
Director of Legal & Regulatory Affairs

CC: John Holmes