



United Utilities PLC
Dawson House
Great Sankey
Warrington WA5 3LW
Telephone 01925 237000
www.unitedutilities.com

Mr M Fews
Licencing Policy Manager
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Direct Line 01925 237096
mike.boxall@uuplc.co.uk

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Dear Mr Fews,

PROPOSALS FOR THE AMENDMENT OF THE LICENSING APPLICATION REGULATIONS

I refer to the above consultation document and thank you for the opportunity to comment.

As the holder of an Electricity Distribution licence, our main interest is on the requirements for new entrants. There is a need for all new entrants to be able to fulfil their obligations. They should be able to satisfy Ofgem that they can maintain their commitments that will allow their contractual counter-parties, customers and the market generally to operate smoothly. We have always agreed with the need for comprehensibility for new entrants and our main concern relates to the stated need to balance the burden of making an application for a licence with the regulator's requirement for information to ensure that only appropriate applicants are granted a licence. We have always argued that new entrants should be subject to the same requirements as existing distributors to ensure a level playing field and we trust that current applications for licences by new independent distributors are receiving the appropriate scrutiny.

The proposed amended regulations refer primarily to the new licensing regime for gas and electricity interconnectors and clearly many of your proposals are based on the existing licensing regime for electricity distributors and suppliers. It is in everyone's interest that a close alignment exists between the various licensing regimes. We therefore welcome the proposals in Paragraph 4.25 to consolidate the Application and Amendment regulations into separate and clear documents for gas and electricity.

We welcome the further simplification of the information to be submitted but a licence application should not be considered/granted without all the information that can be reasonably scrutinised being available to Ofgem to determine that a new applicant will be able to satisfy their future licence obligations.

We hope our comments are of assistance to you.

Yours sincerely

Mike Boxall
Head of Electricity Regulation