



SP Transmission & Distribution

Regulation

Mr M Fews
Ofgem
9 Millbank
London SW1P 3GE

Your ref

Our ref

Date

20 July 2004

Contact/Extension

Jeremy Blackford /
0151 609 2346

Dear Mr Fews

Proposals for the amendment of the Licensing Application Regulations

On behalf of SP Transmission & Distribution I am writing in response to the consultation paper issued in June 2004. We welcome the opportunity to comment on the issues raised.

In broad terms we support the consolidation of the existing regulations governing licence applications for electricity, and similarly in the case of gas. The changes consequential on the Energy Bill appear to be appropriate, and the proposed procedural changes seem reasonable.

Our main comment is that both the current and proposed regulations seem to us to be too selective in seeking information about arrangements for compliance with statutory and licence requirements. For example applicants for a distribution licence are required to provide information about arrangements for meeting requirements in respect of codes of practice, connection of third party metering equipment, and the safety and security of supplies enquiry service. These account for approximately one quarter of the 30 or so standard licence conditions currently in distribution licences. It seems reasonable that applicants should be asked to describe, at least in general terms, their arrangements for meeting licence conditions as a whole. The September 2002 consultation document appears to support this approach when it states that "*Ofgem sees value for customers in our being able to ensure that applicants have in place processes to comply with their licences.*"

While it has also been argued that entry processes for industry codes such as the BSC and CUSC will effectively pick up a number of licence obligations, it is not clear to us, even after taking this into account, that the current information requirements in the application regulations are sufficiently wide ranging. There are for example, no questions about distribution licence applicants' arrangements for procuring an MPAS service or for establishing an approved charging methodology. Corresponding points can be made about the other licences. We therefore believe that the information requirements should be

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reconsidered with a view to providing greater assurance to Ofgem regarding preparedness of applicants for compliance with their licences, while avoiding an unduly onerous burden on candidates.

I hope that this is helpful but please contact me if you would like to discuss further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Blackford', written in a cursive style.

Jeremy Blackford
Regulation Manager
SP Transmission & Distribution