



SP Transmission & Distribution

Mr D Edward
Ofgem
9 Millbank
London
SW1P 3GE

Your ref

Our ref

Date

13 February 2006

Contact/Extension

Jeremy Blackford

0151 609 2346

Dear David

Governance in Electricity Distribution – Section 11A Notice dated 13 January 2006

I am writing on behalf of SP Distribution and SP Manweb following the notice and draft licence condition issued on 13 January and our recent telephone conversation.

We have one comment of substance on the proposed draft, which we also raised in our letter of 7 December 2005 in response to the draft licence condition published in the previous month. We note the intention set out in the November final proposals document that changes to the scope of the DCUSA from the initial approved version would be “... *best achieved by means of a further licence amendment.*” (paragraph 2.23). However, this is not explicitly reflected in the current draft licence modification. So long as changes from the initial DCUSA fall within the general framework set out in paragraphs 5 and 6 of draft Condition 9B, significant changes to the scope of the initial agreement could take place. This could even include amendments to the DCUSA approved by the Authority under paragraph 13(b) despite opposition from most of those voting on the proposals concerned.

We suggested in our earlier letter a form of words to address this issue which is repeated below for convenience.

New paragraph 8A: “For the avoidance of doubt, there shall be no extension of the scope of the DCUSA to cover matters other than those included in the DCUSA as at the due date without a modification of this condition 9B to cover such an extension.”

This appears to address the issue raised in a way that accords with the statement in the November paper referred to above.

Members of the ScottishPower group

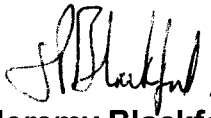
New Alderston House Dove Wynd Strathclyde Business Park Bellshill ML4 3FF
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Finally, we note that in the last line of paragraph 8(b) of the draft condition the term "DCUSA" appears as "CUSA".

For the avoidance of doubt, this is not a formal objection to the proposed licence modification.

I hope that this is helpful, but please contact me if you need to discuss.

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Blackford".

Jeremy Blackford
Regulation
SP Transmission & Distribution