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Dear Rachel

Non-domestic supply market review: consultation

I am writing in response to Philip Davies' letter dated 11 December 2005, on the above consultation. Thank you for giving ScottishPower the opportunity to respond on this issue.

ScottishPower does not support the need for Ofgem to conduct further review of the non-domestic gas and electricity supply markets. Following the last review of these markets in 2003, Ofgem concluded that competition in this sector was fully effective and no further market reviews were necessary. ScottishPower fully supported that position and still supports it.

We strongly agree with Ofgem that any argument for further review must be supported by strong, specific evidence to that effect. We note that the consultation has been prompted by concerns from some market participants, however we would argue that this is not sufficient evidence on which to base a review. We would also note that the 2003 review was based on similar market concerns, but concluded that these concerns did not equate to a lack of competition in these sectors. We do not believe that the situation has altered since the last review.

Where there may be failings in customer perceptions of the market, it is more likely that these are derived from issues with industry processes, which would be better addressed through targeted changes, with industry working together where appropriate. However, as the industry focus shifts, market forces should drive behaviour and policy. Industry failings in this respect would then quickly become apparent, without the requirement for a review.

I hope that you find the above comments useful for your purposes. These reflect our current position on this issue. However, if evidence suggesting the need for a review becomes available at a future date, we would support a revisit of this consultation. If you wish further comment or to discuss any of the information contained within our response, please do not hesitate to contact me, using the above details.

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Yours sincerely,

Pamela Kelly
ScottishPower Energy Retail