



ScottishPower

Philip Bowman
Chief Executive

Your ref

Our ref

PB/lc
Date

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Mr John Costyn
Head of Environmental Policy
Ofgem
9 Millbank
London
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Dear Mr. Costyn,

OFGEM SUSTAINABLE DEVELOPMENT REPORT 2006

I am responding to Steve Smith's letter of 19 December, which sought views on the Ofgem Sustainable Development Report 2006.

I was particularly interested to read your report given the innovations we have taken at ScottishPower this year in terms of our long-standing commitment to reporting on social and environmental issues. In December 2006 we published our latest Corporate Responsibility report, the first of its kind to be available only online, at www.scottishpower.com/corporateresponsibility.htm.

I welcome the steps that Ofgem is taking to report on its sustainable development commitments, and am pleased to commend the Report for the comprehensive and accessible way in which it presents information on this issue.

In my letter of 27 September 2006 to Sir John Mogg, ScottishPower set out our views on Ofgem's Five Year Strategy and the regulatory priorities it identifies. Our comments in this response are therefore restricted to comments on the format and structure of the report, as well as on its governance arrangements.

Please find attached our observations, which I hope you will find helpful in developing future reporting.

Yours sincerely

Philip Bowman

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Appendix

Ofgem Sustainable Development Report 2006

Observations from ScottishPower

In our opinion the report is well presented, visually appealing and presents the information in clear sections that are easy to navigate. The context of the report is helpfully presented on the first page. Whilst recognising this, we have noted below some comments that we hope will assist you in developing reporting in future years.

1. FORMAT

1.1 Opportunity to develop web version

While the paper based report is clearly useful, we consider that a web-based version of the report could be developed for future years, structured around each of the five Themes. We believe the consistent structure you have adopted lends itself to a web-based matrix of inter-related information across Themes, Indicators, Performance, Ofgem's Contribution and Meeting the Challenge. This would allow greater accessibility to the report, would allow cross linking of related sections within the report, while also minimising the environmental cost of production. At ScottishPower we made the move to online reporting this year, within the intention of making our report more user friendly and accessible to more people than previous printed reports.

1.2 Audience

It is not clear who the intended audience is. The report would benefit from a short section explaining this.

2. CONTENT

2.1 Indicators

While the information contained within each theme in relation to the performance against each indicator is detailed, the report would benefit from an at-a-glance 'traffic light' style scorecard. This would be particularly helpful in areas where meeting any 2010 target may prove challenging.

2.2 Targets

We note that targets are not always disclosed for individual indicators. It may help the reader to understand future priorities for Ofgem if clear targets are published.

2.3 Best Practice

At ScottishPower, we have added case studies within our reporting to illustrate examples of what we consider to be best practice within our activities. You may wish to consider including some case study style elements to future reporting.

3. GOVERNANCE

3.1 Report Assurance

One of the challenges presented to reporters of environmental and social information is in demonstrating the objectivity of reporting. At ScottishPower, we address this through engaging 3rd party assurers to provide an independent assurance statement for our report. You may wish to consider the benefits of including a similar independent assurance statement in future reporting.

3.2 Stakeholders and consultation

You refer within the report to stakeholders and the consultation processes that have helped to develop Ofgem's strategy and reporting approach. It may be beneficial to include further information on whom you consider to be your key stakeholder groups, and how your consultation process operates.

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