

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Mark Feather
Director, Industry Codes and Licensing
Ofgem
9 Millbank
London
SW1P 3GE

Telephone: 01738 456400
Facsimile: 01738 456415
Email: Rob.McDonald@
scottish-southern.co.uk

Our Reference:

Your Reference:

Date : 8th January 2009

Dear Mark,

The “timing-out” of Authority decisions on modification proposals

Thank you for the opportunity to comment on the above issue. In principle, we support Ofgem’s proposal to remove the potential for modification proposals relating to the BSC, CUSC and UNC to “time out” before the Authority can conduct, procure or consider information that is necessary for it to make a decision. This is a pragmatic proposal that in our view would improve the overall operation of industry code governance.

In terms of the two options put forward in Ofgem’s letter, our preference would be for Option B whereby Ofgem would be empowered to request a revised implementation timetable from the relevant code panel, who would be obliged to comply with the request. This option would allow Ofgem to include within their request binding directions setting out a minimum length of time for which the new decide-by date(s) must be valid. In our view, this option recognises the need for the relevant code panels to have an input and, for example, in setting a new implementation date would allow the panel to consider whether there is a need to update or supplement analysis in relation to the modification proposal. Option B is also more appropriate given Ofgem’s stated intention to withdraw from direct regulation of the competitive markets.

Finally, we agree with Ofgem’s intention to implement the above change to the UNC, BSC and CUSC in the first instance, with the potential to review the other codes at a later date.

I hope that our comments are useful. If you would like to discuss any of the above further, please do not hesitate to call.

Yours sincerely

Rob McDonald
Director of Regulation