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30th January 2009

Dear Mr Feather

Consultation Response: Code Governance Review – Role of code administrators and small participant/consumer initiatives

I am responding to the above consultation on behalf of Haven Power, a small market participant in electricity supply to the business sector.

I would refer you to our response on your parallel consultation on Major Policy Reviews and Self Governance where we have made a number of observations about support for consumer and small industry participants that are relevant to code administration.

Overall we do not share your enthusiasm for the scale of change that you are proposing. We believe that there are higher priorities such as market liquidity and other barriers to entry that should be a greater focus for resource.

We believe that Ofgem and code administrators should have an explicit duty to consider the impact of all change on both customers and small participants.

We also believe that your proposed definitions of smaller participants have been set at much to low a level. Certainly for both distribution and supply you are proposing definitions for micro businesses.

We regard Haven Power as a small supplier and will still do so for the foreseeable future as we grow. It is unlikely that we would be in apposition to employ dedicated resource to cover Code issues until we were at least 20 times our current size. The opportunity cost of just keeping apace of proposed changes and developments is very high and the proposed 'assistance' for smaller participants would certainly be welcome. Accordingly we propose that your definition is modified as follows:

- **suppliers:** participants who do not supply any electricity except electricity which they generate themselves and who do not at anytime supply more than 10TWh of electrical power on an annual basis. An equivalent definition could be used for gas shipping and supply.

Unless suppliers are able to employ dedicated resource there will always be a significant opportunity cost of engaging in consultation or Code matters and this means that even apparently large businesses will not engage except for the most critical issues. Even then this engagement will be less useful than it might otherwise be as time will be spent dealing with unfamiliar administration and communications arrangements which regular participants will avoid.

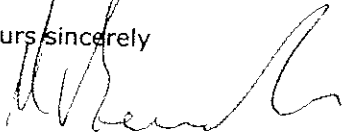
The main risk of the proposals is that voting power may be given to groups who do not have to bear the direct consequences of the changes that they may be

supporting. Such voting powers would need to be tempered by clearly defined duties and obligations for code panel members.

We also believe that for the arrangements to stand any prospect of success that those involved need to have an appropriate level of knowledge and relevant up to date experience of the issues that are involved. This may be difficult to achieve on some panels. It would be essential for customer and small participant representatives to be supported by suitable advisors.

I trust that our views are clear. We would be happy to discuss any part of this response if it would be helpful.

Yours sincerely

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

Peter Bennell
Chief Executive