

September 27th, 2010

Mr. Abid Sheikh  
Industry Codes and Licensing  
Ofgem  
9 Millbank  
London

## **Open Letter Consultation: Potential Significant Code Reviews**

Dear Mr. Sheikh,

First Utility considers that all three of the proposed areas are suitable for consideration under the auspices of a Significant Code Review.

As the UK enters a period of increased uncertainty over security of supply, it would seem appropriate that cash out arrangements for electricity and gas are reviewed. These are an area of particular concern for First Utility as a small supplier. In emergency situations it may be that the current arrangements would not necessarily give rise to imbalance prices that were reflective of the situation on the network at the time. Although we accept that changing the arrangements might pose a greater financial risk to market participants we feel that it is imperative that cash out arrangements in an emergency provide a strong incentive for participants to balance themselves and for energy to be delivered to the UK from outside sources as quickly as possible.

With reference to the proposal to review the impact of smart metering on wider industry processes, we agree that this is an area that needs to be considered but would like to point out that there may potentially be some overlap between this and the smart metering programme which is currently being overseen by Ofgem E Serve.

Please do not hesitate to contact me should you require any further information.

Regards,

Chris Hill

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Regulation