



Paul Darby
Regulatory Finance Team
Office of Gas and Electricity Markets
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Dear Paul

Formal proposals to modify the ring fence conditions in network operator licences

I am writing on behalf of the following licensees in response to the above notice issued on 17 December 2012.

Southern Electric Power Distribution plc
Scottish Hydro Electric Power Distribution plc
Scottish Hydro Electric Transmission plc
Southern Gas Networks plc
Scotland Gas Networks plc
SSE Pipelines Ltd

This letter constitutes a Notice of Statutory Representation in respect of the proposed amendments, insertions, deletions and restructuring and renumbering of the Special Conditions as set out in Schedule 1 to the above notice. I confirm that I am duly authorised to provide this representation on behalf of the above named licensees.

It remains our view that the proposal to introduce a new licence condition to mandate the composition of network operators (NWO) Boards is ill-judged and disproportionate. The obligations on Company Directors are clearly set out in the Companies Act 2006 and this modification does nothing to change the existing, demonstrable effective NWO governance arrangements. This modification will introduce additional regulatory 'red tape' and cost, without any clear customer benefit. We would therefore urge Ofgem to reconsider its decision.

Yours sincerely

Aileen McLeod
Head of Regulation, Networks