

11th October 2010

Email: Lorraine.kerr@scottishpower.com

(by e-mail)

Dear Bob,

Code Governance Review – Draft Modification Reports MODs 318-325 (excluding MOD324)

Thank you for the opportunity to respond to the suite of Code Governance Modifications noted above. This submission is made on behalf of ScottishPower (SP).

On balance SP is supportive of the Proposals since we recognise that they seek to implement the final proposals of Ofgem's Code Governance Review, which were published on 31st March 2010, and have been implemented via a series of modifications to the Gas Transporter Licences to take effect from 31 December 2010.

To that extent we recognise that Modifications in this or similar form will require to be brought forward to comply with those licence requirements. Unfortunately we have not had sufficient time to review the recent variations to a number of the MODs but we welcome any further clarity such variations will bring. One specific MOD we believe there are a number of matters of detail that need clarification is MOD0319 - Role of the Code Administrators and Code Administration Code of Practice, namely: -

- What criteria are to be applied by the code administrator and/or Ofgem in determining who will qualify for assistance as a “small participant” or “class of participant”? Any such criteria must be transparent, objective and applied consistently across the various codes;
- How is the cost of such assistance to be met?
- It is vital that the Code Administrator and Code Signatories are adequately indemnified against any liability from providing assistance and performing the role of “critical friend”;
- Some objective definition is required of the “reasonableness” test that is intended to place a limitation on the extent of the assistance that critical friend would be required to provide;
- We welcome the requirement that the reasons for Panel decisions should be published as we consider this to be a fairly aspect of good governance. However we believe that some consideration should be given to extending this principle to include more substantive and robust explanation of the decision making thoughts and processes that underpin them; and
- Whilst welcoming the proposal that cost estimates should be provided for all MODs we believe that it would be worthwhile for this to be reinforced by a need for those costs to be provided within a prescribed timescale and framework that is commensurate with the significance and/or complexity of the issue involved.

We believe that the Modifications will better facilitate the relevant objectives defined in Condition A11.1 (c) as regards the efficient discharge of the licensee's obligations under its licence, on the basis that it is obliged to bring forward such Modifications in terms of that licence.

Should you have any queries on the above then please do not hesitate to contact me.

Yours sincerely

Lorraine Kerr
Commercial Regulation Manager
ScottishPower