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Date : 6 November 2009

Dear John,

Modification Proposal 0255 – Publication of Objection Rates for LSP Supply Points

Thank you for providing Scottish and Southern Energy plc (SSE) with the opportunity to comment on the above Consultation.

SSE is not supportive of Proposal 0255.

Suppliers have obligations regarding objections placed on them through their Supplier Licences. Indeed, Ofgem has previously made it very clear the circumstances under which objections can be raised. Whilst we have sympathy for the concerns that have been raised about the use of inappropriate objections within the non-domestic market, we believe that problems relating to the use of the right to object are a matter for Ofgem and remedies through the UNC place burdens on parties for whom it is not relevant.

It is stated that this modification is designed to address Ofgem's concerns. We believe that if this solution addressed Ofgem's concerns and they wished to view this report, then Ofgem currently have the ability to request this report from xoserve themselves. The report additionally allows all Shippers visibility, rather than Ofgem alone, and the inference is that Shippers would change their behaviour as a result of seeing their rates compared with others.

As a Supplier, it is our objective to set ourselves apart from our competitors in many respects and this report could serve to reveal more about legitimate strategies or provide clues about contractual terms to competitors. It is therefore wrong to assume

that transparency is always appropriate. Additionally this information might also reveal a Shipper's ability to make objections and this information could also be exploited by competitors. Consequently it is our belief that this report could serve to be detrimental to competition between Suppliers.

This point also serves to highlight that the detail in the report can lead to the wrong conclusions being drawn and this information would be available to the Industry. The report does not provide transparency but does indicate which Shippers (not Suppliers) have and use the ability to object to transfers of ownership. The legitimacy of such actions is not revealed.

Following its Energy Supply Probe, Ofgem has asked Suppliers to provide additional information about their activities in the non-domestic market, including information about objections, to help inform its monitoring of that market.

Furthermore, Ofgem has recently issued guidance for Deemed Contracts to provide clarity for Suppliers and customers.

We therefore do not support this modification as we do not believe that it will better facilitate the relevant objectives.

Please do not hesitate to give me a call if you wish to discuss this further.

Yours sincerely

Anne Jackson
Retail Gas Business Manager
(via email)