

Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ

Mrs Una Shortall
ERGEG
(email only)

Tel: 01738 456400
Fax: 01738 456415

16 June 2006

Dear Mrs Shortall,

ERGEG Guidelines for Good Practice on Regulatory Accounts Unbundling

Scottish and Southern Energy (SSE) is one of the largest energy companies in the UK. It is involved in the generation, transmission, distribution and supply of electricity; energy trading; the storage, distribution and supply of gas; electrical environmental and utility contracting; domestic appliance retailing; and telecoms.

I am writing in response to ERGEG's consultation on Guidelines for Good Practice on Regulatory Accounts Unbundling. In general we are supportive of requirements to improve information transparency in markets that are not fully open to competition and would agree that there should be minimum requirements on information provision in regulatory accounts, particularly where there is only accounting, rather than legal, separation. In this context, we believe that the proposals are too prescriptive and go beyond the level required to achieve fully competitive markets. In the UK, for example, fully competitive markets are already in operation and many of these accounting guidelines are already implemented through the regulatory regime. However, the guidelines go even further and would, if implemented, impose an additional regulatory burden, and hence cost, on a market that is already fully competitive.

This would seem to be inconsistent with the Lisbon Agenda by increasing rather than reducing regulatory burdens for no discernible benefit.

Our detailed comments on the particular questions are set out in the attached document, which is not confidential.

Yours sincerely,

Rob McDonald
Director of Regulation