



Nick Simpson  
Ofgem  
9 Millbank  
SW1P 3GE

30<sup>th</sup> March 2004

Dear Nick,

**RE: Gas Retail Governance: Final Proposals**

Energywatch welcomes the development of the SPAA agreement. We hope that the code will add positive value to the consumer's experience of the gas market and in particular meter liberalisation. SPAA must also be able to reconcile equitably competing commercial interests if it is to be really effective. We would therefore support a code that includes both I&C suppliers and Gas Transporters.

**I&C supplier's participation in SPAA**

We have a strong preference for industrial and commercial suppliers to be party to the code because we believe it will only be effective with their full participation. An illustrative example of the problem of incomplete participation is the Gas Forums I&C code of practice (CoP). We have found the CoP an excellent basis for complaint resolution; so much so that we are committed to its further development. However there are a number of non signatories to the CoP and indeed some signatories who may, on occasion, not always feel bound by it thereby weakening its effectiveness. We believe that it would be in the interests of consumers would be better served by the inclusion of this code of practice into the SPAA process.

We believe that it is possible to devise a charging methodology for participation in SPAA that reflects the extent of I&C suppliers' involvement. We also note that there are a number of large I&C suppliers that have a domestic portfolio and should not be discriminated against by cross subsidising specialist I&C suppliers in any proposed methodology.

**GT accession to SPAA**

For effective code development to take place, we feel it is essential to include the Transporter in what ever form it may take as a result of the proposed network disposal. The effective application of the code could be compromised if transporters are excluded from SPAA, given their importance to the Supply Point Administration processes. Finally, SPAA could have a significant role in ordering the relationship between the proposed agency and the suppliers.

Please do not hesitate to contact me if you would like to discuss the views expressed above.

Yours sincerely

Lesley Davies  
Director of Policy and Research