

By email
For the attention of :
Mrs Una Shortall
European Regulators Group for Electricity and Gas
(ERGEG)

Avonbank
Feeder Road
Bristol
BS2 0TB

Telephone 0117 9332175
Fax 0117 9332428
Email asleightholm@westernpower.co.uk

Our ref

Your ref

Date

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Dear Mrs Shortall

ERGEG Guidelines for Good Practice on Regulatory Accounts Unbundling

Western Power Distribution is an independent network operator owning and operating electricity distribution networks in South Wales and South West England. We achieved full ownership unbundling with the sale of our electricity supply businesses and have no material generation or transmission interests

The paper is helpful in clarifying Articles 17 and 19 of the Internal Market Directives in relation to Unbundling of Accounts. The paper recognises that many problems in accounting unbundling would not be relevant in situations of ownership unbundling. We note that the guidelines are intended to apply only to vertically integrated and legally unbundled energy companies and not to ownership unbundled network operators such as WPD, and also that the guidelines are not intended to apply to the usual practices of determining CAPEX or OPEX.

These guidelines do not apply to the ownership structure of WPD nor to the periodic review price setting process. We would therefore not expect the UK regulator to seek to impose these requirements on WPD, but we welcome any additional clarity that implementing the Directive would bring to comparative regulation.

Yours sincerely



ALISON SLEIGHTHOLM
Regulatory & Government Affairs Manager

