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Mrs Fay Geitona
ERGEG

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Dear Mrs Geitona,

Draft GGP on Indicators for Retail Market Monitoring

Thank you for the opportunity to respond to this consultation.

SSE is the second largest generator in the UK, with over 11.5GW of generation capacity, 2GW of which is renewable. Additionally, we are the UK's second largest energy supplier, with more than 9 million gas and electricity customers, and we have an electricity networks business which is responsible for around 127,000km of overhead lines and underground cables. We also hold a 50% stake in Scotia Gas Networks (a UK gas distribution business) and operate telecoms, contracting and gas storage businesses. We have a generation and supply operation in Ireland and are currently developing our renewable generation portfolio in Portugal, Sweden and the Netherlands.

We welcome the proposal that Indicators for Retail Market Monitoring should be standardised across the Member States. However, it is imperative that the final Indicators are proportionate and do not place additional financial or administrative burdens on suppliers. Additionally, it is important that proposed indicators do not reveal commercially sensitive information, such as the proposal for an indicator of Retail Margin. We are not convinced that all 19 proposed Indicators provide insight into the state of the retail market in each Member State and have suggested three indicators to be removed from the list.

Our responses to the specific questions are contained in the annex below.

If you would like to discuss our response or require further information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Samantha Ridsdale', with a long horizontal flourish extending to the right.

Samantha Ridsdale
Regulation and European Affairs

Do ERGEG's suggestions provide a comprehensive approach to assessing market development?

We support the proposals for standardised reporting criteria across all Member States but are not convinced that all suggested metrics provide insight to the development of the retail market.

Should any indicators be left out of the final recommendations?

We believe that the following indicators should be left out of the final recommendations:

Indicator 2 – Number of customer enquiries by category

This indicator would require the capture of millions of pieces of data for a single supplier alone. For example, the number of calls received from customers by SSE in financial year 2009/2010 was 21 million. In order to categorise these calls as proposed, complex IT solutions would need to be developed which would result in higher costs for suppliers and ultimately for consumers. It is doubtful that any benefit derived from assigning a category to each of these calls and then reporting this to the regulator would outweigh the final cost to consumers. Furthermore, the analysis of complaints (Indicator 1) is a much more appropriate measure of the progress of the retail market.

Indicator 5 – Retail margin for typical household customer

Retail margin analysis has previously been misleading. It is not possible to accurately assess each supplier's hedging strategy and position without revealing commercial sensitive information and without taking into account the hedging position, it is not possible to correctly assess retail margins. We do not believe that this measure is appropriate.

Are there any indicators which we consider to be insightful which are not present?

Not at this time.

Are there any indicators which we think should be measured differently?

Not at this time.

In light of national circumstances among other things, are suggested frequencies for collection appropriate and feasible?

Suggested frequencies are appropriate and feasible. Much of the information suggested is already collected by the regulator in the UK and therefore should present no additional burden on suppliers.

Is there any indicator for which the results should be published in an unaggregated form, thus naming the individual energy company?

We propose that Indicators 1, 12 and 13 should be reported at company level as well as in a Member State aggregated form. This would ensure that any distortions caused by a particular company within a Member State could be easily identified.