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DECC consultation on the Implementation of the EU Third Internal Energy Package

Thank you for the opportunity to respond to this consultation.

This consultation acknowledges the strengths of the GB energy market. It has been recognised for quite some time that Britain has the most liberalised and competitive energy market in Europe. Consumers have a wide range of supplier and tariff choice and the percentage of consumers switching supplier is the highest in Europe. The GB market arrangements provide robust and effective separation of generation and supply activity from transmission activity, whilst at the same time encouraging investment and growth in the energy sector. Additionally, GB has a strong and effective energy regulator which monitors the effectiveness of the market and ensures the best outcome for consumers. It is because of these strengths that GB has been the "model" market for much of the rest of Europe and, as such, already complies with most of the requirements of the EU Third Energy Package.

The intention behind the EU Third Energy Package is the harmonisation of the consumer, regulatory and network arrangements throughout Europe to ensure a level playing field. Given that GB already complies with most of the requirements of the Third Package, it would be expected that there would be little impact on existing arrangements. However, the proposals in the consultation do not just seek to implement the minimal changes required to achieve compliance. Instead, several of the proposals appear to go far beyond the scope of the Third Package and have the potential, if implemented, to introduce fundamental change to existing GB arrangements. Such fundamental change is not justified by the Third Package and, hence, should not be presented as such. In particular, the proposals in respect of new supply licence conditions for customer switching, the removal of the collective licence modification process and licensing gas storage are well beyond the scope of Third Package implementation.

Furthermore, the proposals would create regulatory uncertainty and unintended consequences for the GB market at a time when Britain requires a stable



environment for investment in the energy sector. The implementation of many of DECC's proposals would, in fact, serve to reduce GB harmonisation with the wider European energy market and make Britain the "odd man out".

We urge DECC to recognise the high degree of compliance already inherent in the GB market arrangements and to focus implementation only on those minimal changes that are required.

Our comments to the specific consultation questions are contained in the attached annex.

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

Yours sincerely,

[Redacted signature block]