



**Southern Electric Power Distribution plc  
Scottish Hydro-Electric Power Distribution Ltd  
Scottish Hydro-Electric Transmission Ltd**

**Statement of Compliance**

Restriction on use of certain information and independence of the  
Distribution and Transmission Businesses

Version 3: April 2008

## **Statement of Compliance**

### **Introduction**

This is the statement as required by Condition 39 of the standard distribution licences of:

Southern Electric Power Distribution plc (SEPD), and  
Scottish Hydro-Electric Power Distribution Ltd (SHEPD)

and by Special Condition E of the Transmission Licence of:

Scottish Hydro-Electric Transmission Ltd (SHETL).

setting out how the licensees will comply with the licence requirements on the restriction on use of certain information and independence of the distribution and transmission businesses ("Compliance").

The Gas and Electricity Markets Authority ("the Authority") have approved this statement.

This statement may be revised only with the approval of the Authority.

SSE Power Distribution is a trading name of SEPD, SHEPD and SHETL, part of the Scottish and Southern Energy plc (SSE) group of companies.

SSE Power Distribution will take all reasonable measures to ensure compliance with the terms of this statement.

### **Managerial and operational independence of SSE Power Distribution**

In order to maintain the full managerial and operational independence of SSE's distribution and transmission businesses, each sits in a legally separate subsidiary of the SSE Group. SSE's power systems division comprises a group of companies, including SEPD, SHEPD and SHET where the licences are held, together branded as SSE Power Distribution.

SSE Power Distribution has a separate Board of Directors. Corporate governance procedures, which have been advised on by the Compliance Officer, are in place between the SSE Power Distribution Board and the SSE Board. Two of the SSE Power Distribution Directors are also SSE Directors, which reinforces the decision-making authority of the SSE Power Distribution Board and maintains appropriate corporate governance. Members of the SSE Power Distribution Board do not sit on the Boards of the supply or generation businesses.

SSE Power Distribution has its own management structure. SSE power systems staff are employed by SSE Power Distribution. Each employee's appointment letter includes clauses on observing the confidentiality requirements of the licence. Deliberate breach of the confidentiality requirements would lead to disciplinary action.

Wherever possible SSE Power Distribution staff are located in premises separate from the supply and generation businesses. In those instances where premises are shared SSE Power Distribution staff are located in separate areas. In either case access is controlled by a PAC key system restricting access to authorised persons only.

Staff transfers from SSE Power Distribution to the supply and generation businesses, where there is a Compliance implication, are discussed between the SSE Power Distribution Board and the Compliance Officer, who advises on the appropriate action necessary to protect the confidentiality of distribution and transmission information and the independence of the distribution and transmission businesses.

SSE Power Distribution jointly manages and operates its transmission and distribution businesses. The measures to protect the confidentiality of information apply equally to distribution and transmission information.

#### Common services

Where SSE Power Distribution chooses to use other services from other parts of the SSE Group, Service Level Agreements (SLA's) have been introduced. The aim of these agreements is to ensure (and demonstrate) that:

- services are obtained in the most efficient and economical way possible;
- they do not involve a cross subsidy; given or received by SSE Power Distribution;
- they do not restrict, distort or prevent competition in the supply or generation of electricity; and
- they incorporate suitable confidentiality requirements.

#### Customer system

SSE provides an integrated customer system (CS) to the Group, for both distribution and supply information. Access to the customer system is controlled through a security manager product that provides a number of security profiles. This means access by staff is restricted to their authorised area.

SSE Services is also contracted to provide a customer service operation to SSE's supply business (SSE Energy Supply Ltd). Supply business employees are restricted through the security manager product from accessing confidential information held on CS. SSE Services staff receive induction material and regular refresher training on the restrictions on using confidential information, and this is backed up by regular and random monitoring and feedback.

The Group Internal Audit department carries out annual audits of the security profiles and procedures for controlling access to CS, to confirm that staff continue to have the appropriate security profile applied. The Compliance Officer reviews these audits.

Further levels of security are provided through physical access password and session controls.

### Branding

The SSE Power Distribution brand has been introduced for the distribution and transmission businesses. Since the establishment of the SSE Power Distribution brand, all new or replacement SSE Power Distribution vans are primarily branded as such. Existing power systems vans have also had SSE Power Distribution logo's applied.

SSE Power Distribution has its own-branded stationery.

Staff identity cards are also primarily branded SSE Power Distribution

### Obtaining consents

Where SSE Power Distribution believes that confidential information held in relation to a supplier should not be regarded as confidential, it will make a formal request to that supplier to treat the information as non-confidential. Until such consent is granted the information concerned will remain confidential.

### Responsibility and monitoring

The SSE Power Distribution Board has overall responsibility for Compliance.

It is the responsibility of managers to ensure Compliance within their own business areas, in accordance with SSE policy. Monitoring of compliance is carried out internally by the SSE Internal Audit department, in liaison with the Group's Director of Regulation.

The Director of Regulation is responsible for investigating any alleged breach of confidentiality policy and procedures.

SSE Power Distribution has appointed a Compliance Officer, as required by the licences, and will work closely with the Compliance Officer in his carrying out of the duties set out in the licence, with regard to Compliance. The Compliance Officer utilises Internal Audit in carrying out his role and has full and open access to all staff, systems and documentation.

### Investigation of complaints

A procedure has been agreed with the Compliance Officer, and is in place, for notifying the Compliance Officer of, and investigating, any complaints. To date there have been no Compliance complaints.

### Further information

Requests for hard copies of this statement or enquiries in relation to this statement should be addressed to:

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