

*Copied to Chris.
Nikki
Sean
Jeremy*



Centre City Tower
7 Hill Street
Birmingham
B5 4UA

Phone: 0121 625 1300

Mr Nigel Annett
Dŵr Cymru Cyfyngedig (Welsh Water)
Pentwyn Road
Nelson
Mid Glamorgan
Treharris CF46 6LY

28 January 2009

Dear Nigel

Proposed inset appointment for water and sewerage services at Llanilid

Thank you for your letter addressed to Regina, dated 23rd December 2008, and for your letter addressed to me, dated 15th December 2008.

I have the following comments on your points 1-3 at pages 2-3 of your letter to Regina, which I shall take in reverse order.

In relation to your point 3, I should make it clear that, in deciding this application, we shall carefully consider your criticisms of our established approach as set out in your responses to the 20 November notice. Although, as I pointed out previously, we are keen not to delay a decision on this application, the priority is of course to take the right decision and to take proper account of all points made.

As to your point 2, I do not accept that the 20 November notice was defective and note (a) that you have not claimed that you cannot understand or make effective representations on the reasons that were given in that notice and (b) that you have been able to make detailed representations on the points that you wish to make.

At point 1, you state that "no 'rights' or 'entitlements' are conferred on entrants by the legislation". I am not sure what you mean by that, since it is plainly the case that entrants have the right or entitlement to have their applications for inset appointments determined in accordance with the requirements of the Water Industry Act (a point made by Regina in her letter of 12 December). I would however agree that, if we were to accept your criticisms of our established approach to inset appointments in the context of the present application and if we were to take the view that, under section 7(4), the application should therefore be refused, then SSE would have no "right" to an inset appointment. I therefore suspect that, though I cannot agree with your point 1 as formulated, in reality there is nothing between us on that point.

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INVESTOR IN PEOPLE

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So that we can keep track of all the communication between ourselves and you on this issue, may I request that all further communication on the application by SSE for an inset appointment at Llanilid be directed to me. However, as the consultation period is now closed, we advise that we will not accept further representations from WSH in respect of SSE's application.

Yours sincerely



Cathryn Ross
Director of Markets