

Dear Robin,

Thank you for the opportunity to respond to the above consultation.

Uniper fully support efficient and competitive markets that ensure a wide variety of participants are able to compete fairly and freely. This is important, to promote liquidity and effective competition in the provision of energy and balancing services. We therefore also believe that interventions in market rules should be kept to a minimum, and where introduced should be targeted to address specific situations where a clear market failure has taken place.

We do not believe that we are presently in a position to comment on the draft licence condition outlined in the consultation document, as a key element of the arrangements has yet to be fully set out. In order for market participants to be able to understand how the licence condition will work in practice, it is essential to know how it will be applied by Ofgem, in particular when assessing whether a generator has or has not obtained an excessive benefit, as set out in the licence text. This is currently not possible without seeing Ofgem's full guidance on how the licence requirements will be interpreted. We note that a number of general principles have been set out in the consultation document to provide an indication of the factors which will be included in the guidance when it is produced. However, these are currently set out at too high a level to provide sufficient clarity to market participants at this point in time.

Market participants should be encouraged to react to changing market circumstances in order to deliver energy and balancing services to the market in the most efficient manner possible. Sometimes this will entail generators changing their production plans and buying their positions out in the market within day, perhaps to cover delivery risk on a particular unit or station, or because another participant can deliver the energy at a more competitive price. Any restriction on generators' ability to make these important adjustments could result in less efficient actions being taken instead. Therefore, should Ofgem decide to proceed with the licence condition as proposed, we would urge you to consider carefully whether it could also introduce any unintended consequences that could frustrate competition and market efficiency.

Please do contact me should you wish to discuss any of this further.

Yours sincerely

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