

Dear Andy MacFaul,

With reference to your letter dated July 28th, 2009 DONG Energy is pleased to contribute to Ofgem's Five Year Strategy Plan 2010-2015 as follows:

We believe one of the most important priorities for Ofgem, in order to accomplish its task published in The Governments *UK Low Carbon Transition Plan*, is to lower the entry barriers for generators of renewable power. As DONG earlier has mentioned in the Ofgem Consultation regarding *Liquidity in the GB wholesale energy markets*, we believe that wind generators have a particular problem with the illiquid UK electricity market. The lack of price transparency caused by the illiquidity exposes wind generators for a particular problem as the intermittent production includes a volume risk. In a market of liquidity and with a reference price the volume and financial risk can easily be hedged.

Accordingly we believe that Ofgem need to include activities that improve the liquidity of the electricity market to the Five Year Strategy Plan for 2010-2015. DONG has earlier mentioned that we consider two fundamental steps to improve liquidity in the electricity market:

Primarily, full price transparency of all trades should be enforced, including those trades that take place in vertical integrated incumbents.

Secondly, a requirement of all volume trades should be put in place of an open market, prohibiting self-supply within vertical integrated incumbents.

Further we believe in compulsory provision of price sensitive information important to the market. Including information on physical positions e.g. unplanned outages. The increased level of market knowledge will aid the function and competitiveness of the market, despite the risk of large generators with market positions large enough to influence the price setting, will take advantage of an outage with rocketing prices as a consequence.

Please feel free to contact the undersigned should you have any questions on the above.

Sincerely,

DONG Energy

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