

Kirsti Berge
Senior Manager, Markets
Ofgem
9 Millbank
London
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29 April 2010

Dear Kirsti,

Response to Liquidity Proposals for the GB wholesale electricity market

1. Introduction

GDF SUEZ Energy UK is a major supplier to the Industrial and Commercial Gas and Electricity sectors, having a market share of around 5% in electricity and 12% in gas. We supply both Half-Hourly and Non-Half Hourly electricity customers and Daily Metered and Non-Daily Metered gas customers.

In addition, GDF SUEZ Energy UK currently operates two gas fired power stations in the UK; Teeside Power Station (1,875MW) and Shotton CHP in North Wales (210MW). We have also recently completed commissioning of our first UK wind farm (20MW Scotia Wind farm).

Main Points

We do not intend to address every question listed in the consultation document on this occasion but we have set out our main points below:

a) Obligations

We consider that imposing obligations on large generators to offer terms of trading when approached by small/independent supplier would not solve the liquidity issues. Introducing such obligations seems inconsistent with the market based approach taken in the UK, which has successfully attracted a number of diverse players in recent years. It is unlikely that a regulatory environment with additional obligations will encourage further diversity or encourage existing players to increase their UK presence.

b) Interconnection

A key option which is not fully developed in the consultation document relates to the increasing level of interconnection of the UK. We consider that this should strengthen both security of supply and market liquidity. In addition, increased interconnection provides for a more diverse range of market participants in the UK wholesale electricity market and potentially the development of new wholesale products as a result of market coupling.

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We consider that the extent to which increased interconnection can and will contribute positively towards market liquidity relative to other options should be explored in preference to other proposed options.

End of response.

I trust this information is helpful and if you have any questions or would like to discuss further, please do not hesitate to contact me on 0113 306 2104 or mobile 07733 322460.

Yours Sincerely,

A handwritten signature in grey ink that reads "P. Broom". The letters are cursive and slightly slanted to the right.

Phil Broom
Regulatory Affairs Manager
GDF Suez Energy UK