

Wholesale power market liquidity: statutory consultation on the 'Secure and Promote' licence condition

GDF SUEZ Energy UK-Europe Response

(I) About GDF Suez Energy International

GDF SUEZ Energy International (formerly known as International Power) is responsible for GDF SUEZ's energy activities in 30 countries across five regions worldwide (Latin America; North America; South Asia, Middle East & Africa; UK-Europe, Asia-Pacific). Together with power generation, GDF SUEZ also active in closely linked businesses including downstream LNG, gas distribution, desalination and retail. GDF SUEZ Energy International has a strong presence in its markets with 77 GW gross capacity in operation and a significant programme of 8 GW gross capacity of projects under construction as at 31 December 2012.

As at 30 June 2013, the UK-Europe region (GDF SUEZ Energy UK-Europe) has 8.7 GW net ownership capacity in operation, which includes over 5.8 GW of plant in the UK market made up of a mixed portfolio of assets – coal, gas, CHP, wind, a large OCGT diesel plant, and the UK's foremost pumped storage facility. Several of these assets are owned and operated in partnership with Mitsui & Co. The generation assets represent just under 9% of the UK's installed capacity, making GDF SUEZ Energy UK-Europe (expressed as GDF SUEZ in our response below) the country's largest independent power producer. The company also has a retail supply business and a significant gas supply business.

(II) Comments on the Liquidity Statutory Consultation

GDF SUEZ has the following comments on the Supplier Market Access Rules.

Eligible Suppliers

In advance of the licence condition coming into force, Ofgem will need to publish and update as required the list of Eligible Suppliers.

Named Contact

There is a requirement for the Licensee to provide a named contact. It is unclear whether this has to be a named person (e.g. firstname.surname@gdfsuez.com) or whether an 'SMA' e-mail address (e.g. sma@gdfsuez.com) would be acceptable. The latter would be preferable to avoid an employee's inbox being overrun with unrelated e-mails.

Responding to Trading Requests within 20WD

The requirement to respond to trading requests within highly prescribed timescales creates a risk of non-compliance with the licence condition. In some situations, this non-compliance will be outside the control of the Licensee. Below we offer two examples that aren't covered in the proposals where we believe the 'clock' should stop. There may be others that we have not identified; Ofgem should therefore assess non-compliance with the SMA licence condition on a case by case basis.

- 1) Whilst we recognise that Ofgem has increased the timescale to provide a written response to a trading request from 10WD to 20WD, the Licensee may not be able to comply with this due to circumstances outside of its control – for example the Licensee requires information from a third party and even if requested on day 1, the information is not provided within the 20WD timescale. If the Licensee is unable to respond to the Trading Request due to events outside of its control then the clock should also stop.
- 2) In terms of credit checks, the Eligible Supplier may offer a parent guarantee or a cross-guarantee from another company. This guarantee will also need to be checked. If the parent company or similar takes time to respond such that the 20WD limit is breached, the clock should stop while the Licensee is waiting for the information to be provided.

There is a requirement that if a trading request is received less than three hours before the end of the working day, a response must be provided by 11:00am on the next working day. To ensure that Licensees can comply with the licence condition, the working day needs to be defined.

End of consultation response

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