

DRAFT
DEADLINE – 18 December
To: gb.markets@ofgem.gov.uk

Phil Slarks
Wholesale Markets
Ofgem
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18 December 2013

Dear Mr Slarks

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

Noble Clean Fuels Ltd (Noble) is an energy trader. Noble has also been trying to develop new power stations in the UK and is working with a number of developers on some well advanced opportunities.

- Noble's business would therefore see significant benefit from the creation of a robust, liquid power market and fully supports Ofgem's broad proposals. We have not commented on many of the issues that we have already raised in our August response. However, we would like to take this opportunity to note some areas where we still have concerns:
- Noble remains concerned that the fundamental issue is the underlying market structure and welcome the sectoral review Ofgem, CMA and OFT are to undertake. As Ofgem's liquidity proposals may not overcome the inherent problems created by the internal trading of the integrated utilities, it must therefore the market under careful review and if necessary push for structural remedies, possibly via a sectoral referral.
- The bid offer spreads initially proposed are too wide and we believe the maximum permitted spread should be decreased by 0.2% points for each product. A three month transition seems unnecessary given the products being offered.
- 5 minutes to reload bids and offers also looks quite long if the market is active, but this could be reviewed after say 6 months. Likewise the 30MW limit on trading in each window, given the size of the players involved, looks low. However, we appreciate these sorts of parameters may take time to fine tune.
- Noble supports the coverage of the obligation. Again this needs to be kept under review, with parties like GdF Suez possibly needing to be included in the future.

If you or your colleagues would like to discuss any of these issues further please do not hesitate to contact me.

Yours sincerely,

Denis Bajolle

Head of Non-Nordic Power Trading