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To: StateoftheMarket
Subject: Ofgem consultation on market investigation reference to CMA - response from EIUG

Please see EIUG's response below.

Regards, Jeremy.

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Consultation on a proposal to make a market investigation reference in respect of the supply and acquisition of energy to the Competition and Markets Authority – response from the Energy Intensive Users Group

The Energy Intensive Users Group (EIUG) supports Ofgem's proposal to refer the supply and acquisition of energy to the Competition and Markets Authority. EIUG represents industrial energy users that have a direct interest in the efficiency of the wholesale and industrial supply markets, and in maintaining security of industrial electricity supplies.

EIUG is not aware of any evidence of collusion or other improper activities, or other specific market inefficiencies of which Ofgem is not already aware, that require investigation. Nevertheless, we are concerned that allegations have been made about vertically integrated players in particular, and believe it would be in the interests of the energy industry and energy consumers alike for concerns about their behaviour to be laid to rest one way or another. It would perhaps have been better for this referral to have been made some years ago, when such allegations were first being made, well before the period we are now entering when any delay to investment in new power generation could have serious implications for energy security. Consequently, we trust that an investigation, which must necessarily be thorough, can also be carried out as swiftly as possible so that the resulting period of uncertainty and its possible consequent impact on energy companies' investment plans is minimised. We believe it would be wise for any future government to reflect on the conclusion of this investigation before embarking on major interventions in the retail energy market.

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