

Dear Madame or Sir,

taking offset in the answer to Ofgem's Consultation on proof of UK consumption of overseas electricity we already transmitted earlier this week, and after the webinar held by Ofgem a few days ago, we would like to add, that we have serious concerns about the way Ofgem would like to gather evidence of the transfer of electricity volumes from the continent to the UK.

Besides the arguments we sent to you earlier, we would like to point out the following:

It is actually impossible to provide documentation in the way suggested by Ofgem on 1-to-1 trades that match exactly on volume and time, since most power exchanges within the CWE area and N2EX are not "order based" like APX in UK is. E.g. the power exchange Nord-Pool uses a price matrix when submitting bids and offers to the auction, which means **that we have to pool all our production and consumption into one single order on the exchange**. It is therefore impossible to match the exact same volume we buy on an UK power exchange hour by hour as this in the majority of cases does not match the volume we would buy in the UK.

On APX UK we can make multiple orders – hence making one buy order on the volume needed for implicit flow. The same functionality is not available on e.g. Nord Pool, EPEX Spot or N2EX. Moreover, the European power exchanges are not making their setup on the trading side dependent on the guidance on delivering sufficient evidence of UK consumption in the UK. Rules and setup might be changed by the power exchanges at any time, which would then directly impact the ability to work with matching buy/sell volumes even more in future and it would cause further disruption on the GoO trading side.

We would therefore like to know a bit more about Ofgem's approach to this problem, as we have to assume, that Ofgem will not request evidence, which in fact is unreasonably hard or impossible to deliver. As we do not believe, that the evidence Ofgem would like to obtain is necessary at all and that UK legislation imposing the proof of consumption in the UK as precondition to acknowledge non-UK GoOs for e.g. FMD is in direct conflict with EU-law (please have regard of our arguments in the consultation answer), we would like to propose the following approach, if Ofgem does not follow our argumentation in the consultation answer: We suggest then that the principle of the lowest denominator is used instead, which would allow us to e.g. buy 100 MW in a specific hour on APX UK, while we have a (pooled) sell order of e.g. 125 MW in the same hour on Nord Pool. This should then be sufficient documentation to show that we have transferred 100 MW (lowest value) in that hour using the implicit flow between Nord Pool and APX UK.

Med venlig hilsen / Best regards

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