

Dear Sir or Madam,

In response to Ofgem's 'Working paper #1: setting the default tariff cap'.

Regarding paragraph 5.33 which outlines the changes to the index of wholesale prices that Ofgem is currently considering, and specifically on the most appropriate source of wholesale price data, we ask that Ofgem consider conducting a competitive tender with Argus Media included. Argus is a UK-based price reporting agency that provides robust and reliable wholesale price data required for an index of wholesale prices for the default tariff cap.

More specifically:

- Argus assesses the UK wholesale electricity and gas prices required for calculation of the index used for the existing safeguard tariffs, specifically the end of day mid-points (ie simple average of bids and offers) of the quarterly gas contracts and summer and winter peak and baseload electricity contracts. Argus also assesses gas and electricity contract prices for months, quarters, seasons and other periods and are willing to assist where possible on the design of a suitable index of wholesale prices.
- Argus UK electricity and gas price assessments are widely used by wholesale market participants, end consumers and other interested stakeholders in the UK, Europe and the global generating fuels markets that may be affected by or affect UK energy prices. Argus price assessments are also used by governments in valuing various commodities for tax, rate-setting and performance benchmarking purposes.
- Argus carries out independent assurance reviews annually for all its commodity benchmarks and successfully completed its latest independent assurance review of its benchmarks in October 2017.

Alternatively, we ask that Ofgem consider using a basket of qualifying reporting agencies' price assessments to benefit from the competitive environment for UK gas and electricity wholesale price reporting.