

Heather Stewart
Ofgem
10 South Colonnade
Canary Wharf
London E14 4PU

20 September 2018

Dear Heather,

Equinor welcomes the opportunity to respond to Ofgem's letter of 9th August outlining their minded to position on suspending the Market Making Obligation (MMO).

Equinor does not support the minded to position to suspend the MMO as we're a small generator who relies on the wholesale market. We feel the liquidity provided under the MMO enables sufficient price discovery and enables small/independent suppliers to hedge their volumes in the most efficient way. Equinor accepts a review of MMO is necessary in view of the reduction in the number of parties taking part in MMO but the review should take place this winter before the obligation is removed with any changes taking place for Winter 19. Equinor is also concerned the MMO could be removed altogether before this winter and feels such a wide-ranging change requires further industry discussion. The urgency to remove the MMO before this winter is not conveyed in your letter which is why we have raised this as a concern.

The Electricity Wholesale Market is undergoing a period of change with the move to PAR 1 in November and the default price cap coming in during the New Year. Equinor is concerned the suspension of the MMO along with these changes could have a detrimental effect on smaller players and consumers due to increased volatility in the wholesale markets. Equinor notes comments around tendering for MMO via a 3rd party and feels this option needs to be considered carefully as part of an overall review of MMO before any suspension takes place.

Equinor hopes you have found these points useful and remains available to answer any questions you may have.

Yours sincerely,

Terry Burke

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