

Cathryn Scott
Director, Wholesale Markets and Commercial
The Office of Gas and Electricity Markets
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RE: Suspension of Market Making Obligation

Dear Cathryn,

Thank you for the opportunity to provide our views on the potential courses of action in relation the suspension of the current Market Making Obligations whilst Ofgem carry out their full review in 2019.

The Energy Consortium (TEC) are a not-for-profit public buying organisation servicing the energy requirements of predominantly the HE and FE sector. TEC currently manage approximately 1.3TWh per annum of electricity supply on a flexible framework agreement and risk manage this volume on a 3 year rolling basis.

Whilst we welcome a review of the current arrangements we do have concerns regarding the timing of the removal/suspension of the current MMO.

Since the introduction of MMO we have seen an increase in liquidity within the windows which, as a large buyer, has assisted us in being able to hedge volume against our strategy and give us a realistic view of the current market. We do however still see very little liquidity on season further out which does cause us issues when employing a three year rolling strategy.

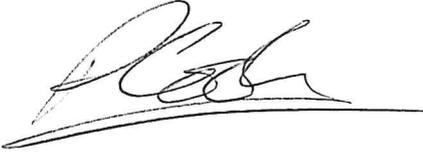
We believe that by removing/suspending the obligation for the more prompt seasons would create the same issue we see on longer dated contracts.

We also believe that this cause of action is premature since four MMO participants of the original "Big 6" (plus Drax and Engie) still control ~50% of the wholesale electricity generation market. Until the potential merger of the SSE/Npower supply businesses creating a separation between their generation and supply businesses we do not anticipate this changing.

The MMO was initially created to promote supply competition giving smaller suppliers the chance to hedge volume on the OCM. As we have seen over recent months, a number of these supplier have folded and we believe that the removal of the MMO at a time when the market is particularly volatile and the impending price cap on domestic suppliers could see even more independents fail.

We therefore do not believe that any suspension of the current MMO arrangements is advisable at this time and would suggest that the current arrangements remain in place until Ofgem have concluded their review and the market can be consulted properly on any proposals.

Yours Sincerely,



Paul Cook
Energy Trader
The Energy Consortium