

Cathryn Scott
Wholesale Markets and Commercial
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU
By email: wholesalemarketoperation@ofgem.gov.uk

20 September 2018

Dear Cathryn,

Secure and Promote: Ofgem open letter dated 9 August 2018

Calon Energy, EP UK Investments, ESB, InterGen, VPI Immingham and Triton Power would like to express their concerns at your intention to suspend the Market Making Obligation (MMO) pending completion of a review of further provision, as outlined in your open letter of 9 August 2018.

The process to review Secure and Promote (S&P) has been prolonged and market conditions have indeed changed during that time, meaning that reassessment of the policy is now more urgent.

No evidence has been presented to suggest, however, that the objectives of the MMO have been met, or that the benefits from it to the market will continue if it were to be suspended. In fact in your decision letter on Centrica's licence modification, also published 9 August 2018, you state that *"while there have been improvements to liquidity in some areas, the policy cannot **yet** be considered a sustained success"*.¹ This indicates that a continuation of measures is advisable.

It also the case that no evidence has been produced to demonstrate that the burden on the remaining obligated parties will be disproportionate in the short term while a review is concluded. Limitations to the burden were specifically introduced in the form of caps and these should continue to serve their purpose.

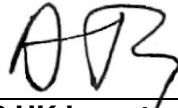
We cannot agree that the suspension of the MMO is the correct course of action in the absence of any justification. We believe it should continue during the period of review and consultation, and that its suspension would be detrimental to liquidity and functioning of the market.

¹ REQUEST FOR MODIFICATION OF SPECIAL CONDITION AA OF ELECTRICITY GENERATION LICENCES HELD BY CENTRICA GROUP (9 August 2018), Ofgem, p. 5 [emphasis added].

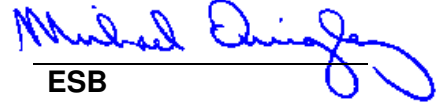
Yours sincerely,



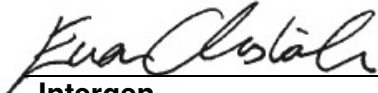
Calon Energy
Andrew Mackintosh



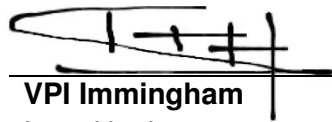
EP UK Investments
Alastair Tolley



ESB
Michael Quigley



Intergen
Euan Chisholm



VPI Immingham
Iwan Hughes



Triton Power
Mick Farr