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20 September 2018
wholesalemarketoperation@ofgem.gov.uk
By Email Only

Dear Cathryn,

OVO Energy is the largest independent energy supplier in Britain. Founded in 2009 by entrepreneur Stephen Fitzpatrick, OVO Energy redesigned the energy experience to be fair, effortless, green and simple for all customers. Today, OVO Energy is a progressive energy company that serves more than 850,000 retail energy customers, striving to deliver clean, affordable energy for everyone. Our core values encompass fair pricing, top customer service, clear and simple information, and innovative technology to make managing energy easier.

OVO Energy considers the Secure and Promote principle as a very positive initiative. We think it has supported increasing electricity wholesale market liquidity, retail market competition and fairer tariff pricing. As a result, dampening or relaxing any Secure and Promote licence conditions would risk making it harder for smaller independent suppliers to access fair market prices, and risk increased pricing for consumers.

Furthermore, OVO Energy firmly believes that the market making windows are an essential rule, which ensure smaller suppliers are able to procure wholesale energy at a market reflective price. The rule also restricts the competitive advantage that the Big 6 hold over other retail market participants, and we would urge Ofgem to reconsider their position on suspending the Market Making Obligation element of the Secure and Promote principle.

The increased costs faced by independent suppliers as a result of the suspension of the Market Making Obligation would come at time when domestic suppliers are operating within an increasingly price capped market. OVO Energy believes that the commercial impact of the suspension along side the price cap could be large enough to risk the financial viability of some smaller suppliers. There is also a concern that the suspension of MMO could act as another barrier to market entry. Both of the above points could result in a reduction in competition within the energy market.

Therefore, OVO Energy consider Ofgem's minded to position on suspending the requirements could result in:

- Reduced access to fair market prices for smaller suppliers

- Increased commodity costs
- Reduced competition within the energy market
- An increase in consumer bills

Instead of the suspension of Market Making Obligations, OVO Energy would propose that Ofgem continues with its proposal of completing a holistic review of the Secure and Promote principle in Spring 2019, and does not relax or amend the principle until then. We think a key focus area of review next year should be increasing the bid offer spread, instead of removing Market Making Obligations. Such an approach would mean potential costs to market makers would be reduced and competition would continue to be promoted through fair costs.

Please note OVO Energy's response includes commercially sensitive information and OVO Energy would like to be consulted prior to any planned publication of this submission.

If you had any further questions please do not hesitate to contact us via policy@ovoenergy.com

Kind regards,

Oscar Knowles
Regulation & Compliance Manager