

London, 6th November 2019

RE: Ofgem's minded to decision on the suspension of the MMO licence condition

Dear Tom,

Thank you for the providing clarity with Ofgem minded to decision regarding the suspension of the MMO licence condition.

We have repeatedly provided our views to Ofgem taking part to consultations, workshops and surveys on this subject. Therefore, with this letter we intend to provide Ofgem with our support for the minded to decision. We do not intend to repeat the proposals expressed in our most recent submissions from 3rd July 2019 and the response to the survey on 16th October 2019.

However, we would like for Ofgem to consider also the suspension or discontinuing other arrangements that form part of the Secure & Promote policy. We refer here to the Supply Market Access (SMA) rules (Schedule A) and Reporting Requirements (Schedule C).

We believe that these obligations are highly interlinked with the Market Marking Obligation and the burden on the obliged market participants is greater than the benefits provided.

The SMA rules have been originally applied to the seven largest electricity generating companies and Ofgem has already recognised that changes in the market structure have taken place and this makes these rules not justified. Some market participants have been already released from these obligations with individual decisions. We believe that Ofgem should suspend or discontinuing these obligations for all the remaining market parties to avoid that they sustain disproportionate and unfair bureaucratic costs.

On the principle of the SMA rules, we also would like to clarify that our availability to deal with small independent suppliers or other counterparties has always been based on market and risk (credit, market, operational) considerations and the SMA rules have not provided additional benefit.

We hope you will find this response helpful. If there are any of the points raised in this response that you would like to discuss feel free to contact me at riccardo.rossi@centrica.com.

Yours sincerely,

Riccardo Rossi
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