

25<sup>th</sup> February 2011

Clive Bowers  
The Commission for Energy Regulation,  
The Exchange,  
Belgard Square North,  
Tallaght,  
Dublin 22.

Kenny Dane  
The Utility Regulator,  
Queens House,  
10-18 Queens Street,  
Belfast BT1 6ED.

### **RE: Market Monitoring Unit Governance Process Manual**

Dear Clive, Kenny

The Regulatory Authorities (RA's) proposal to increase the level of transparency in the market monitoring function is a very welcome initiative. The effective operation and credibility in the operation of the Market Monitoring Unit (MMU) is essential if competition in the Single Electricity Market (SEM) is to continue to develop.

With respect to publishing a market 'Traffic Light Report' on a monthly basis, Bord Gáis Energy (BG Energy) is of the view that this would enhance market transparency and would be a positive addition to the overall electricity market. A 'Traffic Light Report' will inform the market of queries/issues that are under examination and provide clarity where issues have been examined and resolved previously. Providing that the report is sufficiently descriptive, it will also give confidence to generators, that certain changes that they have noticed are being investigated by the MMU. The added transparency should also work to reduce the number of repetitive queries asked of and directions issued by the MMU with respect to the Bidding Code of Practice (BCOP) principles.

In terms of the detail of the process manual, there are certain points to which BG Energy requests further clarity.

Firstly, section 5.5 of the process manual refers to 'punitive measures' being placed on generators who are found to be in breach of their licence and/or the BCOP. It is BG Energy's understanding that there may be an anomaly in the powers of the two RAs to penalise licensed generators in their respective jurisdictions. It would be useful if the RAs could clarify what is meant by 'punitive measures' in each jurisdiction.

Secondly, it is proposed that when the MMU has concluded an investigation it will be removed from the traffic light report and, only in some cases **may** a publication outlining the outcome be issued. . While respecting and understanding the

commercial sensitivity that can sometimes be involved in an investigation, it would be in the best interest of transparency, and indeed the spirit of the initiative, if some level of information regarding the conclusions of all investigations is published. This is an important part of the governance process in ensuring that participants are informed and aware of preceding decisions and that all market participants are operating on a level playing field in terms of information symmetries.

Finally, the RAs consultation on 'Market Power and Liquidity' refers to enhancing the powers of the MMU. However, there is no detail as to what this may entail. Again, the market's confidence in the MMU is essential as the BCOP is only effective as long as all parties believe that the MMU will monitor and act appropriately to any breaches of the BCOP. It is therefore essential that any changes to the powers of the MMU do not undermine its ability to carry out its daily monitoring and investigative duties.

I hope you find the above comments helpful and thank you for the opportunity to contribute to the process. Please do not hesitate to contact me should you have any queries or comments you would like to discuss further.

Yours sincerely,

Jill Murray  
Regulatory Affairs - Commercial  
Bord Gáis Energy

{by e-mail}