

Mr. David Friend
BritNed Commercial and Trading Manager
Oude Oeverstraat 120
6811 JZ Arnhem
The Netherlands

20th September 2011

Dear Mr. Friend,

Subject: International power trader concerns about delay in the launch of a BritNed intraday service

We are writing to express significant concerns about the further delay, which was announced during the summer regarding the launch of intraday market operations on the BritNed interconnector. BritNed has apparently identified several issues, resulting in a decision not to go ahead with introduction of an intraday market from August as anticipated. Even the August start deadline itself followed a delay in the launch of the intraday market, after overall commercial operations went 'live' in April.

The European Federation of Energy Traders¹ (EFET) believes this decision, whilst now being unavoidable, could have been avoided, or at least identified at a much earlier stage, with proper planning and coordination. The continued delay to the launch of the intraday market means efficiency of capacity utilisation on the interconnector is being undermined, there is a restriction in an important source of flexibility for the market and further integration of the GB power market with continental markets is impeded.

This could impact on prices and security of supply. Moreover, the provision of intraday allocation and compliance with the forthcoming EU CACM Guidelines were, we believe, conditions of the BritNed access exemption order.

BritNed has indicated to market participants your anticipation, that it may be possible to launch the intraday market in January 2012. EFET is disappointed that little detail on the plan or timetable for the resolution of the issues has been communicated so far.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 90 energy trading companies, active in over 27 European countries. For more information: www.efet.org

What has been announced appears to hinge on significant system and process changes within the TenneT nomination systems. This is likely to lead to further changes, costs and systems development for market participants, before they could conform to any new intraday process replacing the originally announced process. It is imperative that greater details of the proposed plan and expected changes, as well as a firm timeline, are published for consultation with market participants as a matter of urgency.

EFET encourages both Ofgem and the NMa to initiate discussions with BritNed on how it will ensure there are no further delays to the launch of an intraday market. We insist that the outcome of these discussions must produce greater clarity for market participants, involving publication of detailed information and a timetable for the next steps.

EFET member companies would also welcome the opportunity to be consulted, with a view to ensuring the adoption of reliable, market oriented solutions.

Yours faithfully



Jan van Aken
Secretary General

CC:

Lord John Mogg (Chairmann of Ofgem)

Nma

Inge Bernaerts (European Commission, Head of Unit Electricity and Gas)