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11 March 2016

Dear Mr Parsons,

DECC Consultation on the monitoring and enforcement of NEMOs – FIA Response

Thank you very much for the opportunity to comment on the proposals set out in your letter dated 15 January 2016. In summary, FIA members are supportive of the proposals set out in the consultation.

In particular:

- FIA members agree that monitoring and enforcement powers are required to ensure compliance of nominated electricity market operators (NEMOs) under Commission Regulation (EU) 2015/1222 of 24 July 2015 with capacity allocation and congestion management (CACM) requirements.
- FIA members further agree that DECC's proposals are proportionate. However, members ask DECC to consider how conflicts or lack of co-operation between NEMOs in different Member States should be addressed. NEMOs have a key role in the development of the terms and conditions and methodologies needed to achieve market coupling. They are required to cooperate with other NEMOs. Some members pointed out that they have seen examples where lack of cooperation between NEMOs has delayed developments in both intra-day and day-ahead timescales. There is often a regional element to design issues with the day-ahead algorithm, which causes natural conflicts of interest across the NEMO community and which may well require more of an EU wide or centralised oversight to be effective.

We thank you for your pro-active engagement with the industry during this consultation, and welcome any opportunity to discuss these concerns further with you.

With kind regards,

A handwritten signature in black ink, appearing to read 'S. Puleston Jones', with a long horizontal stroke extending to the right.

Simon Puleston Jones (Head of Europe, FIA)