RC_2009_35
Energy Price Limits Methodology and Consultation Process

Submitted by

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Submission

1. Please provide your views on the proposal, including any objections or suggested revisions

LGP supports the Rule Change proposal on the grounds that it harmonises the underlying philosophy and practice of the process without changing the substance of the outcome. In particular, we support replacing the profit margin by a risk margin to accommodate uncertainty in the probabilistic analysis, clarifying that only an annual consultation will take place, and facilitating a second iteration of the consultation. In terms of the substance, we note that STEM and balancing prices now rarely attain the maximum value, in which case the revised approach would be of only academic consequence.

2. Please provide an assessment, whether the change will better facilitate the achievement of the Market Objectives

LGP supports the IMO's contention that the proposal enhances market objective (a) (to promote the economically efficient, safe and reliable production and supply of Electricity) by transparently reflecting the current practice in the market rules. We agree that the proposal is consistent with the other objectives.

3. **Please indicate if the proposed change will have any implications for your organisation, (for example changes to your IT or business systems) and any costs involved**

LGP would incur no organisational costs as a consequence of adopting the change.

4. **Please indicate the time required for your organisation to implement the change, should it be accepted as proposed**

LGP would be able to implement this Rule Change immediately.