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Dublin 2

Mr Kevin Hagan
Commission for Energy Regulation
The Exchange Building
Belgard Square North
Tallaght
Dublin 24

[By email: khagan@cer.ie]

16th of December 2011

Subject: NEAI Response to Consultation on SEM Market Power and Liquidity

Dear Kevin,

I write to you on behalf of the members¹ of the National Electricity Association of Ireland ('the Association') concerning the Regulatory Authorities ('RA's') latest consultation on Market Power and Liquidity in the SEM (Single Electricity Market) and its reference to contract liquidity in the SEM.

As you are already aware, the Association has been working extensively with ESB Power Generation and Tullett Prebon in the development of the 'Over-the-Counter' ('OTC') brokered market. The successful development of this market is seen by all members as an essential addition to the SEM in promoting wider participation and liquidity in the contracts market and in driving competition.

The OTC market is in the nascent stages of development and is not, in isolation, a panacea for liquidity. It is however hoped that the OTC brokered market will increase confidence in the overall contracts market. The Association is committed to working with all stakeholders to further improve the facility and address impediments which may act as a barrier to new entrants and/or the long-term development of the market.

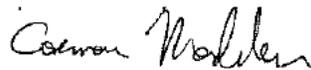
With this in mind, the Association welcomes the RA's suggestion to take an 'organic approach' led by industry as opposed to mandating liquidity initiatives at this time. The Association is confident that further progress can be made for the benefit of all participants and stakeholders in the SEM.

¹ Members include; ESB; Viridian; Bord Gais; AES; Synergen; Tynagh; Coolkeeragh; Endesa; SSE Renewables; Bord na Mona; Hibernian Wind; ESB Networks Ltd and NIE T & D Ltd.

The Association would like to accept the RA's invitation to meet with industry to discuss the recent and planned initiatives for the contracts market at your earliest convenience. In light of the impending passing of the European Regulation on Market Integrity and Transparency, such a meeting would be particularly timely for all parties.

Please do not hesitate to contact me if you require any further information.

Yours sincerely

A handwritten signature in black ink that reads "Cormac Madden". The signature is written in a cursive style with a prominent initial 'C'.

Cormac Madden
Secretary General
353-1-7027605