



Response to the Ofgem consultation on the removal of self-supply restrictions on some electricity supply licences

Entergy-Koch Trading Limited ("EKTL") supports the removal of self-supply restrictions on some electricity supply licences.

The removal of the restriction appears warranted given the structural changes in the market and the potential distortions arising from the current arrangements. Further, there seems little point in persevering with restrictions that may be difficult to monitor and enforce.

The removal of the restriction will require a greater monitoring role from Ofgem to ensure that there is no abuse of market power. Some abuse is avoidable if customers have a real choice of supply, and the ability to exercise this choice in a timely and efficient manner. This choice means that suppliers using inefficient internal contracting are at a competitive disadvantage, as they are less able to pass on additional costs.

However, it is worth noting that the ability to pass costs on is not always dependant on the apparent level of supplier competition or the ability of customers to switch. Ofgem will need to consider whether some suppliers can act as price leaders, as this would also enable the pass through of inefficient costs.

Ofgem's decision on this matter should indicate the issues it may wish to consider when assessing whether the removal of the restriction has been of benefit to customers.

Yours sincerely,

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