

24 September 2018

By Email

Bruce Rogers
Acting Chair
Market Development Advisory Group
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Dear Bruce

On behalf of the Board of the Authority, thank you to you and your colleagues on MDAG for their contributions to the morning session at the Authority's Strategy Day on 5 September. I trust you will pass on this thanks to the other members of MDAG.

The Board appreciated that attending the session was a significant commitment for you and your colleagues. One of our take outs from the session was the need for the Authority to have Market Performance take a close look to identify procedures, conventions, tolerances for Code infringements, work-arounds, and informal practices or similar that have developed. The initial purpose will be to consider whether these have the effect of being barriers to entry by parties with new and innovative ideas or to them exploiting the flexibility of their systems compared with more established participants. The aim is to remove any such barriers, if they are inefficient. Another takeout was the possibility of using trials to identify the consequences of policy proposals.

The Board considered at its meeting the next day a letter from MDAG seeking clarification of the independence of its role. We asked the Acting Chief Executive to arrange for the new Chief Executive to meet with MDAG when it next gathers at the Authority, and discuss with it directly the Authority's perspective on this issue, and hear from MDAG members their perspective and response.

Advisory groups are an important element of the regulatory regime for the electricity market. They can help avoid unintended consequences and navigate technical and complex issues. It is important for the sector that the Authority and the Advisory Groups are able to get the most out of their use.

Regards and best wishes



Brent Layton
Chair

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