

Murdo Fraser MSP
Convener
Economy, Energy and Tourism Committee
The Scottish Parliament
Edinburgh
EH99 1SP

From: Chris Prevett
Legal Director

Our ref: CMA Energy Market

11 December 2015

Dear Mr Fraser

CMA response to Economy, Energy and Tourism Committee's 8th Report

The Competition and Markets Authority (CMA) welcomes the opportunity to respond to the Economy, Energy and Tourism Committee's 8th Report, 2015 (Session 4): Plugged-in Switched-on Charged-up: Ensuring Scotland's Energy Security. Simeon Thornton, who also appeared before the Committee in September, is currently away from the office, so I am responding on the CMA's behalf.

Since the CMA gave evidence to the Committee on 2 September 2015, the timetable for the Energy Market Investigation (the Investigation) has been extended to 25 June 2016, although the Inquiry Group currently plans to publish its final report in April 2016. In taking this decision, the Inquiry Group has had regard to the scope and complexity of the Investigation, the extent of the possible remedies package that is being contemplated, and parties' responses to the Inquiry Group's provisional findings. In particular, the Inquiry Group has taken into consideration the further work required to develop the analyses, and the further work required to develop a suitable package of remedies that is reasonable and comprehensive in addressing any findings of adverse effects on competition in the Energy markets.¹

Since its decision to extend, the Inquiry Group has published a notice stating its intention to carry out additional analysis in relation to transmission losses, specifically a new cost-benefit analysis for the introduction of pricing for losses (the Losses Notice). The Losses Notice described the process that the CMA was minded to follow, including the appointment of experts to assist it in running four to five scenarios of likely impacts and developing an appropriate quantification methodology. This analysis is underway and will be reported on in the Investigation's Provisional Decision on Remedies, which is scheduled for publication in January 2016.

¹ Further details are available at the following link: <https://www.gov.uk/government/news/cma-extends-energy-investigation-timetable>

The Energy Market Investigation staff team will send copies of its Provisional Decision on Remedies and its Final Report to the Committee when they are published.

Yours sincerely

Chris Prevett
Legal Director