

Licensed Electricity Suppliers and
any other interested parties

*Promoting choice and value for
all gas and electricity customers*

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Dear Colleagues

Consultation: Recommended method to calculate electricity supply data under the Renewables Obligation

Ofgem is proposing a common method of calculating electricity supply data for the purposes of reporting under the Renewables Obligation to address the following two areas:

1. Ofgem administers the Renewables Obligation on behalf of the Authority and on behalf of NIAUR. As part of our administrative processes we audit a small number of licensed electricity suppliers every year to check that the supply data they have submitted to Ofgem is accurate. Further to these annual audits Ofgem has noted that suppliers use different methods to calculate their supply data. The recommended method of calculating supply, described in an Appendix to this letter, would give a common method for all suppliers to calculate their supply data.
2. The Elexon and SEMO data changes over time. Therefore the present system does not allow a straightforward comparison between suppliers' submissions and the Elexon or SEMO data inspected at the time of Ofgem's audits. The recommended method of calculating supply, described in an Appendix to this letter, would make the data sets collected at the time of audit directly comparable with the data sets used to calculate the 1 July data submitted to Ofgem.

We intend to include the method of calculating supply as an Appendix in our 'Renewables Obligation: Guidance for licensed electricity supplier (GB and NI)' document.

We invite comments from interested parties about this method of calculating electricity supply. In particular we would like you to consider the following questions:

- 1) Do you agree with the proposed approach?
- 2) If you do not currently use this approach, or one very similar to it, would you anticipate that adopting the approach described would cause your organisation significant inconvenience or cost?

We would like you to comment on or before **15 April 2011**. Please send comments by email to peter.collins@ofgem.gov.uk or by post to Mr. Peter Collins at the address shown in the footer of this letter.

Yours sincerely,

Richard Bellingham, Manager – Renewables: Biomass, Waste and Co-firing

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Appendix 1 – Calculation of Supply Data for the Renewables Obligation

1.1. Suppliers are required to calculate their supply data for the volumes which relate to their Renewables Obligation for each compliance period. This appendix summarises the requirements for calculating the supply data to be reported for the Renewables Obligation each year. It contains guidance on the recommended approach including which data flows should be used and the timing of when each calculation should occur to enable consistency of the supply data used across all obligated suppliers.

1.2. Great Britain

1.3. Suppliers are required to report an initial view of supply figures to Ofgem and DECC by 1 June and a final view of supply figures by 1 July in each compliance period. In order to maintain a consistent basis of measurement amongst suppliers, ELEXON settlement data is considered the standard for settlements data across the industry which provides a consistent basis on which all suppliers can report. We recommend that all submissions should be based on ELEXON data as detailed in this Appendix.

1.4. Most suppliers collate their energy supply volumes on a monthly basis and a similar approach has been adopted for Renewables Obligation reporting, with the same settlement run type being used for complete months.

1.5. For all non-half hourly customers, the ELEXON dataflow D0030 Non Half Hourly DUoS Report (summation of Daily Profiled SPM Total Annualised Advance and Daily Profiled SPM Total EAC in Group TOT) or D0296 Supplier BM Unit Report (summation of Daily Aggregated BM Unit Energy in Group TL1 for Consumption Component Classes 17-22 in Group CCC, i.e. Active Import for Measurement Quantity id AI for Data Aggregation Type N) should be used for reporting supply data. These flows contain the volumes which have been delivered to customers and therefore no adjustments to line losses need to be made in respect to reporting supply for the Renewables Obligation.

1.6. For all half hourly customers, the ELEXON dataflow D0296 Supplier BM Unit Report (summation of Daily Aggregated BM Unit Energy in Group TL1 for Consumption Component Classes 1-5, 9-13, 23-31 in Group CCC, i.e. Active Import for Measurement Quantity id AI for Data Aggregation Type H) or other dataflow containing equivalent information should be used for reporting supply data. These flows contain the volumes which have been delivered to customers and therefore no line loss factors need to be applied in respect of this supply data.

1.7. The first view of supply data is due to Ofgem on 1 June and an updated final view is due 1 July and this is the view on which the final obligation will be settled. The timetable set out below should be used for extracting data on a month-by-month basis for reporting under the Renewables Obligation, along with the associated settlement runs which should be utilised.

- For the initial reporting at 1 June, the extracts for complete months from the ELEXON-provided data should be taken as at **25 May**. At this time, the settlement runs should be as follows:

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
R3	R3	R3	R3	R3	R3	R2	R2	R2	R2	R1	R1

- For the 1 July reporting, the extracts for complete months from the ELEXON-provided data should be taken as at **21 June**. At this time, the settlement runs should be as follows:

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
RF	R3	R3	R3	R3	R3	R3	R2	R2	R2	R2	R1

- It is expected that the timetable for the extraction of data will allow sufficient time for any internal review and sign off procedures to be completed prior to submission.

1.8. It is expected that with the use of the above ELEXON data flows, it will not be necessary to make adjustments to volumes for any line losses. It is expected that any other adjustments to data will be limited and should be reported under the following guidance.

- Under the terms of the RO, supply data for any customers located in the Isle of Man must be removed from supply figures reported to Ofgem. For those suppliers who have customers in the Isle of Man this is an acceptable adjustment to be made to supply figures. Such adjustments should be clearly documented as an exclusion from the supply totals.
- It is recognised that there may be other adjustments which suppliers feel are necessary to make to the supply volumes computed from ELEXON dataflows above. These may relate to specific customer sites and EACs which it is aware have been settled by ELEXON using incorrect or unrealistic values. For suppliers with smart metered customers, it may be the case that the actual consumption indicated by data received from smart meters indicates consumption either higher or lower than ELEXON data suggests and any adjustment made in respect of this data should include supporting calculations. Any other adjustments which are made to data that the supplier believes need to be made should be transparent and substantiated in the reporting, with a clear reconciliation between supply volumes thus calculated and supply volumes reported on relevant settlement reports.

1.9. Suppliers which have customers on sale and buy back contracts or customers connected directly to the transmission system must include supply under these contracts in the reporting figures provided to Ofgem in respect of the Renewables Obligation. For those suppliers who have a White Label supply licence, the supply made under the White Label licence must be included in the supply figures reported for the supplier.

1.10. Suppliers should provide a reconciliation of supply volumes reported as at 1 July to those previously reported as at 1 June, with an explanation of any significant movements. It is recognised that there are likely to be movements in respect of consumption reported for the months of April, August and February where data from later settlement runs should have been used for the supply volumes reported as at 1 July.

1.11. Suppliers should provide a reconciliation of supply volumes reported as at 1 June to those previously reported each month to DECC, with an explanation of any significant movements.

1.12. Any deviations from the requirements set out above should be confirmed with Ofgem prior to submission of supply volumes.

1.13. Northern Ireland

1.14. Suppliers are required to report an initial view of supply figures to Ofgem and DECC by 1 June and a final view of supply figures by 1 July in each compliance period. In order to maintain a consistent basis of measurement amongst suppliers, SEMO-provided settlement data is considered the standard for settlements data across the industry which provides a consistent basis on which all suppliers can report. We recommend that all submissions should be based on SEMO data as detailed in this Appendix.

1.15. Most suppliers collate their energy supply volumes on a monthly basis and a similar approach has been adopted for Renewables Obligation reporting, with the same settlement run type being used for complete months.

1.16. For all customers, SEMO settlement data, which provides quarter hour settlement volumes for the Northern Ireland market through the aggregate consumption report (595), should be used for reporting. These flows contain the volumes which have been delivered to customers and therefore no adjustments to line losses need to be made in respect to reporting supply for the Renewables Obligation.

1.17. The first view of supply data is due to Ofgem on 1 June and an updated final view is due 1 July and this is the view on which the final obligation will be settled. The timetable set out below should be used for extracting data on a month-by-month basis for reporting under the Renewables Obligation, along with the associated settlement runs which should be utilised.

- For the initial reporting at 1 June, the extracts for complete months from the SEMO-provided data should be taken as at **25 May**. At this time, the settlement runs should be as follows (the D+4 run is also known as Ex Post Initial) unless there have been subsequent ad-hoc runs for particular dates within the period which should be used instead of the normal settlement run:

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
M+1 3	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	D+4	D+4	D+4

- For the 1 July reporting, the extracts for complete months from the SEMO-provided data should be taken as at **21 June**. At this time, the settlement runs should be as follows (the D+4 run is also known as Ex Post Initial) unless there have been subsequent ad-hoc runs for particular dates within the period which should be used instead of the normal settlement run:

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
M+1 3	M+1 3	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	D+4

- It is expected that the timetable for the extraction of data will allow sufficient time for any internal review and sign off procedures to be completed prior to submission.

1.18. It is expected that with the use of the above SEMO data flows, it will not be necessary to make adjustments to volumes for any line losses. It is expected that any other adjustments to data will be limited and should be reported under the following guidance.

- It is recognised that there may be other adjustments which suppliers feel are necessary to make to the supply volumes computed from SEMO participant information reports as set out above. These may relate to specific customer sites and meter advances or EACs which the supplier is aware have been settled by SEMO using incorrect or unrealistic values, particularly for D+4 data. For suppliers with smart metered customers, it may be the case that the actual consumption indicated by data received from smart meters indicates consumption either higher or lower than SEMO data suggests and any adjustment made in respect of this data should include supporting calculations. Any other adjustments which are made to data that the supplier believes need to be made should be transparent and substantiated in

the reporting, with a clear reconciliation between supply volumes thus calculated and supply volumes reported on relevant SEMO settlement reports.

1.19. Suppliers which have customers on sale and buy back contracts or customers connected directly to the transmission system must include supply under these contracts in the reporting figures provided to Ofgem in respect of the Renewables Obligation. For those suppliers who have a White Label supply licence, the supply made under the White Label licence must be included in the supply figures reported for the supplier.

1.20. Suppliers should provide a reconciliation of supply volumes reported as at 1 July to those previously reported as at 1 June, with an explanation of any significant movements. It is recognised that there are likely to be movements in respect of consumption reported for the months of April, August and February where data from later settlement runs should have been used for the supply volumes reported as at 1 July.

1.21. Suppliers should provide a reconciliation of supply volumes reported as at 1 June to those previously reported each month to DECC, with an explanation of any significant movements.

1.22. Any deviations from the requirements set out above should be confirmed with Ofgem prior to submission of supply volumes.