

Response template for Administration of Green Gas Levy Consultation

This template contains all the questions posed in the Administration of the Green Gas Levy consultation document. Through this template we're aiming to collect your feedback on our proposals on how we will administer the Green Gas Levy. We welcome your views and encourage you to respond to the questions that are of most interest. Please provide your contact details in the fields below. To respond, please provide your views in the space below the relevant question.

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Organisational Type:	Energy Supplier
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Consultation questions

1. Do you have any comments on the first proposal on data collection methods? Do you have any further suggestions for how data collection could be improved?

We do not agree that the first proposal (being that suppliers provide data which is then validated against 3rd party sources) is the best approach and instead highlight that using a single source of truth (a 3rd party) will provide as accurate an answer with less burden placed on suppliers. And importantly this will be far more auditable from

a scheme perspective as it allows one common and impartial dataset to be analysed across the whole industry.

We therefore do not support the first proposal and instead would prefer to see the alternative approach to be the primary approach (see below)

2. Do you have any comments on the alternative proposal that Ofgem could collect data from a third-party and require suppliers to validate this?

We agree with this approach and suspect that, once live, the Central Switching Service should have access to daily snapshot data across the industry, providing a clear and impartial source that suppliers can then validate to provide necessary assurance.

We are keen to continue engaging during the development of an enduring volumetric solution and that decisions made now will not inhibit or delay this development.

3. Do you have any comments on the proposed list of information required to support a notification that a supplier is likely to be an exempt supplier? Is there any additional information that you believe will help support a notification?

Whilst it is currently very unlikely that a supplier will be able to become exempt we believe we need total transparency as to which suppliers are exempt each year. Further we would like to see clarification from Ofgem that exempt supplier applications will not be decided upon in isolation and all applications for exemption will be assured against the risk of contractual double counting.

We are concerned that if a supplier is confirmed as provisionally exempt they will not be providing quarterly payments, nor credit cover for a full 12 months. Without in year checks, or protection against this declaration of exemption, this poses an annual mutualisation risk which disproportionately places risk and administrative burden on the rest of the industry.

We also note that whilst suppliers who gained exemption and then were unable to achieve 95% certified biomethane **WILL** have to pay backdated costs suppliers who paid throughout the scheme year and then achieved over 95% biomethane certification **MAY** be refunded. We are concerned that this bias towards exemptions will encourage gamification of the exemption process.

Further it seems that if a mutualisation occurs during an exemption window then if the exemption proves unjustified the exempt supplier has missed supporting a mutualisation event. This further creates incentive to build an exemption strategy that would result in reputable suppliers having greater cost/risk.

4. From your experience of providing credit cover for other purposes previously, do you anticipate any difficulties in being able to obtain the issue of a letter of credit that would meet the criteria requested and in the timeframes required? If there are concerns or there have been previous issues please provide evidence of this within your response.

No. However, the administrative burden on agile suppliers that face significant fluctuation in their customer base on a quarterly perspective is large. Credit cover in excess of what is required is costly, as are quarterly adjustments. Does the risk and cost of mutualising growth within a year outweigh the burden (and therefore cost) placed on suppliers to reissue Letters of Credit at the frequency suggested within this consultation? We would be keen to see further impact assessments in this area.

5. Do you agree or disagree with Ofgem's proposed approach to the discretionary return of excess credit cover in quarters 1-3 each year, including limiting requests to once per year, and the proposed de minimis threshold for returns? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

6. From your experience of providing credit cover for other purposes do you have any feedback on any of the aspects proposed which could be made more efficient or easier to administer for either Ofgem or suppliers? Please provide evidence to support your response.

<p>The suggestion that a drawdown can be triggered 'no earlier than the next working day after the payment was due' is one that we would encourage further discussion on. Whilst we understand the need to move fast we also recognise that errors occur and for Letters of Credit a next day drawdown poses huge risk, cost and complexity to suppliers. Instead a 5 day warning of drawdown (minimum) should provide a more fair and proportionate solution to suppliers.</p>
<p>7. Do you agree or disagree with the proposed timings for making a mutualisation payment? If you disagree, please provide alternative suggestions, including any evidence, to support your response.</p>
<p>The timings are tight but appear achievable, it would be beneficial to enable a 'lessons learned' review to occur post initial event in order to determine if the timings need to be reviewed.</p>
<p>8. Do you agree or disagree with the proposal to include compliance with the Green Gas Levy in the Supplier Performance Report, and to use the same scoring methodology as used for other schemes? If not, please provide any other suggestions.</p>
<p>We are neutral, we would expect a grace window to be applied until the process becomes BAU</p>
<p>9. Are there any ways that we can help reduce the administrative burden for suppliers who are serving a low number of meter points, while ensuring that Ofgem and suppliers meet their obligations as will be set out within the regulations? Please provide evidence to support your response.</p>