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13th August 2021

ICoSS Consultation Response on Administration of the Green Gas Levy

The Industrial & Commercial Shippers & Suppliers (ICoSS) is the trade body representing the majority of the GB non-domestic energy market. Our members¹, who are all independent Suppliers, in total supply in excess of three quarters of the gas and half the electricity provided in the highly competitive non-domestic market.

We are writing to respond to the consultation on the Administration of the Green Gas Levy. Our response is not confidential

- 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?**
- 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 do not believe that the proposals for each supplier to provide information individually to Ofgem are practical or represent the most efficient route to determine a supplier's levy charge.

There is a significant risk that suppliers will provide inaccurate information (for sites that are changing supplier for example) and some suppliers, with low numbers of meter points may not engage and provide information. We anticipate that Ofgem and suppliers will need to spend considerable time and effort in constructing an accurate charging database, particularly when the expectation is for a daily breakdown. We also have significant concerns that this work will fall disproportionately on smaller suppliers who will struggle to develop an accurate reporting process and incur significant costs in doing so.





The CDSP (Xoserve) has a complete and comprehensive database that set out each meter point by supplier (and the associated shippers) and can determine the size of a supplier's portfolio on a daily basis. Suppliers are obliged by the gas supplier licence (SLC17) to provide notifications to the relevant shipper regarding the status of any site and we are confident that the CDSP database represents the most accurate record of supplier portfolios available. If there are lingering concerns over the accuracy of this database then a process for formally appealing any costs due to material error (using an error margin of 1%) would provide reassurance to both Ofgem and suppliers that the costs are properly apportioned.

It is inefficient for Ofgem and suppliers to effectively replicate what is already available via the CDSP and so Ofgem should utilise the CDSP database for charging purposes.

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?

We have not reviewed the document requirements in detail, but any process should ensure that only those parties that qualify for an exemption benefit from it and that this exemption should be verified on a regular basis, to protect the market from potential shortfalls. In particular we believe there should be a requirement on any supplier provisionally exempt to inform Ofgem as soon as it believes that the exemption will not be confirmed, i.e., because it will not meet the exemption criteria for the year.

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.

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.



We have not reviewed the credit cover requirements in detail, but we support any process that will ensure that other suppliers are not exposed to the costs of their failing competitors.

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

We believe that the timings to provide mutualisation payments is too short to allow suppliers to take account of any shortfall in their accounting or prices, in particular when the amount could be significant potentially representing a quarterly payment from a substantial supplier. We note that there are a variety of timescales operated in the market with regard to mutualisation and we believe that a process more aligned to the RO regime, or FITs considering the low frequency of payments will be more manageable for suppliers.

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.

We have no concerns over ensuring transparency with supplier performance in this area

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.

We believe that there a number of potential options open to Ofgem to reduce the regulatory burden on smaller suppliers. We agree with Ofgem that the current proposals will place disproportionate high costs on smaller suppliers.

We would be supportive of a threshold below which suppliers are obliged to only pay or provide credit cover on an annual basis. We also believe that for suppliers with low number of meter points should be exempt from paying the levy as their contribution will be minimal compared to the administrative cost they would incur.

Regards

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