

## 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?

**ScottishPower do not prefer the first proposal.**

**Noting Ofgem's recognition that it may rely on a third party for the data provision as a default, we would suggest that it may in fact be the more pragmatic approach to adopt in general and therefore ScottishPower prefers the 2<sup>nd</sup> proposal.**

**We are a little unclear as to what is meant by :**

**"For the first year of the scheme, suppliers will instead be required to provide us with the total number of meter points supplied for the previous year."**

<p><b>We assume that in the context of 2.1 this is intended to be 365 data points. We would prefer that it were 12 monthly data points from the Xoserve monthly invoices, which would ensure reliance on a common data set (for reasons referred in our answer to Q9).</b></p>
<p>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?</p>
<p><b>ScottishPower prefer the alternative proposal.</b></p> <p><b>We believe that if Xoserve/Correla are the third-party service provider they will be able to ensure that all metering points in the market are accounted for in the aggregate of supplier returns.</b></p> <p><b>We would also expect the third party's costs to be roughly the same, whether they provide or merely validate this data.</b></p> <p><b>Therefore, and having regard to the overall cost of delivery and robustness of the solution, we prefer the data to simply be collected from the third-party service provider in the first instance, and then validated by the individual suppliers.</b></p>
<p>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?</p>
<p><b>The list appears suitably comprehensive.</b></p>
<p>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.</p>
<p><b>The credit cover arrangements appear broadly in line with those for the BSC, for example, and we do not anticipate any difficulty in obtaining a letter of credit to meet the requirements and timeframe set out.</b></p>
<p>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.</p>
<p><b>As we expect requests for exemption and/or sufficiently material changes in customer numbers to be relatively rare in the first few years of the GGL, we similarly anticipate few requests for the return of excess credit cover. Therefore, while we think the proposed arrangements for the return of excess credit cover appear reasonable at this time, these arrangements might need to be revisited in years to come and/or if circumstances change materially.</b></p>

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.

**While both cash and LoCs are common enough, we wondered whether any consideration had been given to 'Parent Company Guarantee' as a means of securing funds against an event of default.**

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 broadly accept the need for the mutualisation of any shortfall, as it is clear that the support scheme will still need to be funded irrespective of whether an individual supplier fails to meet its levy obligation. However, ScottishPower would prefer that Ofgem's default is to take appropriate enforcement action against defaulting suppliers to recover missed quarterly payments before triggering mutualisation and to ensure that any payments subsequently recovered are refunded to those suppliers bearing the mutualised levy costs. We would welcome clarification from Ofgem on these points.**

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 objection to the publication of supplier compliance with the Green Gas Levy in the Supplier Performance Report.**

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.

**Perhaps the administrative burden to be slightly reduced if the data were based on settlement and Ofgem were to collect the data from a third-party such as Xoserve/Correla, as we would expect it to be a fairly straightforward exercise for suppliers serving a relatively small number of meter points to then validate the data provided to them against their settlement invoices.**

**Considering the burden of credit cover, other approaches that might be considered for such suppliers could include something akin to an insurance cover type arrangement.**