

## 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.

Organisation Name:	SSE Energy Supply Ltd
Organisational Type:	Supplier (Non-domestic only)
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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?
As per our response to Question 2, we prefer Ofgem's alternative proposal for collection of data from a third-party and subsequent validation by suppliers.
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?
Our preference would be for Ofgem's alternative proposal for collection of meter point data from a third party/ centralised industry data (Xoserve), with validation subsequently completed by suppliers. We consider that this is a reliable industry data source, and that this would be the most efficient way to collect and validate this data across the industry. However, we suggest that this approach be reconsidered if there was ever move away from collection of meter point data to volumetric data, due to the

need to consider the issue of data quality of centralised industry volumetric data. It is widely acknowledged that post-NEXUS volumetric data cleanse activity is still required, and UNC modification 0651/ related UK Link XRN2844 activities to ensure this work is carried out are not yet complete.

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 agree in principle with the proposed list of information supporting exempt supplier status. However, we are concerned that there is a risk that a supplier can avoid the credit requirements by obtaining a provisional exemption from the levy, simply by providing a letter of intent, before later defaulting on the obligation and triggering mutualisation for non-defaulting suppliers. We would encourage Ofgem to ensure risk-based monitoring of suppliers subject to exemptions is undertaken through the scheme year to minimise this 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.

We consider that the 14 day time period to deliver a Letter of Credit should be changed to at least 10 working days. Some of the arrangements of quarterly credit will likely take place in December and March, thus both Christmas and Easter may impact the ability of the Banks as well as Suppliers to meet the deadlines.

Once the scheme is up and running 10 working days, although a tight timeline, is sufficient to allow amendment to an existing Letter of Credit. However Banks may take longer to agree to set up a brand new Letter of Credit: they will wish to review the template and can object to certain clauses; if they are unfamiliar with the scheme they may require a longer period of time for their internal governance checks. Ofgem should ensure sufficient time is provided during the initial set up period to mitigate these challenges, ensuring that the template is released as soon as possible so that Banks can be approached in advance for their views.

In relation to Drawdown on the Letters of Credit or cash, it is usually the case that payment made on the due date cannot be seen in the receiver's IT payment system until the following day. Therefore commencement of Drawdown should not begin until after close of business on the next working day after payment was due, rather than on that day as proposed.

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.

We disagree with the proposed approach. It is generally accepted practice that collateral can be returned to industry parties subject to appropriate notice periods or de minimis

limits. Whilst we would expect the demand for this to be low, we consider that it is important that suppliers should be able to freely manage their cashflow.

In addition, we note that the Consultation does not outline a procedure to reduce the value of Letters of Credit. Whilst suppliers will be permitted to provide an annual Letter of Credit to cover the maximum annual requirement we consider that suppliers should be able to reduce (as well as increase) the Letter of Credit, subject to de minimis limits, at each upcoming quarter's notification.

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 would highlight that Ofgem should seek to put in place supplier contact lists to ensure supplier credit, settlement and regulatory teams can be notified promptly of any updates to the administration of the scheme. Given the short timescales available, as highlighted above, this should help Ofgem to share credit templates and other relevant updates at the earliest opportunity.

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 agree in principle with the proposed timings to make a mutualisation payment. We continue to support robust action being taken by Ofgem in response to non-payment, and would expect this to include enforcement action where shortfalls were not remedied promptly by defaulting parties. In our response to BEIS, we highlighted that the robust credit measures introduced for the Green Gas Levy would push compliance with the RO Scheme further down the supplier obligation payment hierarchy. We continue to believe further action is required to implement credit requirements for the RO Scheme.

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 agree with this proposal.

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 consider that suppliers who serve a low number of meter points are better-placed to respond to this question.