

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:	Pure Planet Ltd.
Organisational Type:	Domestic supplier
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Consultation questions

- 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?**

Overall, a simple and streamlined approach to quarterly data submissions is recommended. Pure Planet would opt for Option 2, whereby suppliers are asked to verify meter point data supplied by the third party. We note that this is a similar process to reporting for the Renewable Obligation (for electricity volume supplied).

Ofgem should work towards achieving a single source of truth for the number of meter points supplied in the market; in 2021, this should be achievable and best practice. Ofgem should investigate the possibility, for example, of utilising information held in the CSS (as part of the Faster Switching Programme) and other digital tools to reduce reporting burdens on suppliers, and guarantee data accuracy.

Looking towards the future of a volumetric Green Gas Levy, Ofgem should ensure the data collection approach will not need significant changes in this next stage. We would expect that Ofgem would make good use of Xoserve data for gas supply volumes and, using the approach outlined in Option 2, request that suppliers verify their consumption data.

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?

As above, this option would be our preferred approach.

In terms of delivery, we understand from the recent Ofgem workshop (29/07) that Ofgem is seeking to develop a register for suppliers to verify their meter point data against third party data. Again, we would urge Ofgem to make best use of current tools available and link this reporting platform with those already used, for example for the RO.

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?

No response.

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.

The process for obtaining a letter of credit will require more resource and forward-planning compared to providing cash credit cover. As such it would be useful to have a clear timeline of requirements and deadlines using calendar dates for the first few years of the Levy, to ensure suppliers and any relevant stakeholders can be fully prepared.

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 agree with Ofgem’s proposed approach, with the caveat that a “safety valve” mechanism should be built into the approach in case a supplier or suppliers require a more timely return of cash funds. Across the industry there is a disproportionate skew between the requirement to increase credit cover (with deadlines of only a few days) and the ability to have excess credit cover returned (in a matter of weeks, where possible). It is reasonable for suppliers to request quicker access to excess credit deposits when appropriate.

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.

It would be incredibly useful for Ofgem to provide a full timeline of requirements and deadlines with calendar dates and an indicative level of required credit cover per meter point. It is not clear when the upfront credit cover, Levy payments and mutualisation costs will be due and the wording of the guidance is unclear and difficult to understand. A calendar timeline with worked examples would simplify suppliers’ administration of Levy payments and credit cover obligations, particularly in the early stages of the scheme.

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.

From recent experience, mutualisation of socio-environmental scheme costs is often triggered prior to a supplier's exit from the market, most likely in a SOLR event. The Ofgem guidance should clarify that the mutualisation value levied on remaining suppliers will only reflect the net sum not collected after credit cover lodged by the defaulting supplier has been drawn down, or third party credit cover has been sought. This is our interpretation of both Ofgem and BEIS' policy intent. We would urge Ofgem to ensure the mutualisation process is simple, requiring suppliers to make a single mutualisation payment (avoiding, for example, an initial payment then reconciliation / refund process once the defaulting supplier's credit has been unlocked).

This is likely to have a small impact on Ofgem's proposed timings for requesting mutualisation payment from the rest of the market, particularly if the defaulting supplier has opted to use a letter of credit. It would be valuable for Ofgem to clearly state the expected timings for the credit cover drawdown to be completed and/or credit to be sought from a third party, and the final mutualisation value to be published. Given the value of the mutualisation fee should be relatively small following the use of the defaulting supplier's credit cover, we would expect this process to take no more than 4 weeks.

It would be helpful for Ofgem to provide worked examples of both credit cover scenarios, to make this clear to suppliers, and ensure we are fully prepared in the event mutualisation is triggered.

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 the proposal to include compliance with the GGL in the Supplier Performance Report. We would appreciate for Ofgem to act consistently when it comes

to late payments and other payment issues, and work collaboratively with the supplier in the first instance, before taking public compliance action.

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.

No response.