

23rd August, 2004

John Costyn
Ofgem
9 Millbank
London

SW1P 3GE

Cc: Sue Harrison, DTI

Dear John,

Fuel Mix Disclosure – Supply Licence Condition Modification Consultation

British Energy is supportive of the pragmatic approach that has been adopted by the DTI to this issue. We hope that this will continue in to the terms of the relevant licence condition. The main difficulties facing this process as it develops are the administrative problems that will arise from trying to process the data swiftly but ensuring that it is sufficiently reliable to meet the requirements of the directive. To that end the workshop held at Ofgem was helpful in indicating the level of government backing for the figures that will be published.

Provision of Information:

The provision of information should be broad in order to allow flexibility for suppliers in adopting the method best suited to their organisation and customer base. It would be helpful to have some reassurance of a light touch approach in this area, and clarification of the definition of 'promotional material'.

Compliance Cycle:

We have some concerns about the ability of the various parties to meet the compliance cycle as the time allowed is relatively short given the needs of printing and verification processes. We would appreciate some clarification over how this is to be achieved, and what provisions will be made if all the data is not available to meet the timetable for provision of information to customers.

Total Electricity Supplied:

British Energy is of the opinion that the generator declarations will need to be scaled back by a uniform amount if they are to be a consistent numerator with the denominator of supply, to account for transmission losses.

British Energy plc Barnett Way Barnwood Gloucester GL4 3RS

Environmental Information:

For simplicity and clarity for consumers, standard Defra emissions factors need to be applied across all the fuel categories, not on a station by station basis. British Energy and BNFL Magnox Generation are able to supply auditable figures relating to radioactive waste in the UK and will be sending details separately to Ofgem and DTI.

Evidence for Fuel Sources:

It is appropriate to use REGOs and we see no issue with them being separable from the energy. It is also appropriate to use generator declarations until the REGO system is set up. It is also appropriate that overseas REGOs cannot be accepted unless it is shown that the electricity was brought to the GB system and that they are not being counted in the country of origin for fuel mix disclosure purposes.

Verification:

British Energy agrees that specific powers need to be granted for enforcement of this condition but we do not agree that the ones set out here are the appropriate powers (see comments on draft licence condition).

Guidance on Best Practice:

British Energy looks forward to working with other industry members and Ofgem in constructing a suitable and flexible guidance document to allow this to be administered in a way that causes least cost and disruption for suppliers and their customers.

Draft Licence Condition:

Paragraph 2 as long as the wording of b) remains as it stands then the definition of promotional materials is acceptable.

Paragraph 5; requires redrafting as it implies that all customers receive the new label by the 1 July immediately following the end of the compliance period. This is not practicable nor is it consistent with the body of the document.

Paragraph 9; should not read *spent fuel burnt in the reactor* but, *spent fuel (i.e. burnt in the reactor)* as that is what the figures mean.

Paragraph 10; in the opinion of British Energy this paragraph gives sufficient powers to Ofgem to enforce this licence condition.

Paragraphs 11, 12 and 13; are unnecessary and not required for Ofgem to enforce this licence condition. Paragraph 10 is sufficient and these should be removed in full.

If you wish to discuss any of the points here please do not hesitate to contact me,

I am copying this letter to Sue Harrison at the DTI.


Regards


Gayle




Gayle Cairns

**Trading Consultant
British Energy Power and Energy Trading**

 01452 653860

 07709 458951

 gayle.cairns@britsh-energy.com