

19 August 2004

Dear Mr Costyn

Proposed Supply Licence Amendment to implement Article 3(6) of EU Directive 2003/54/EC on Fuel Mix Disclosure.

energywatch is pleased to respond to the above consultation document and broadly supports the use and content of the proposed Licence Condition to implement the Fuel Mix Disclosure aspect of Directive 2003/54/EC.

We do however have a number of issues which we believe are not fully explained or explored in the Consultation document which are as follows:

- Para. 2.2 of the Consultation document places the obligation on the licence holder. It is not clear that all the different brands that the licence holder may sell under, will have the same fuel mix. We would suggest that disclosure be by brand rather than by supply licence.
- Para. 2.3 and draft Licence Condition 2(a) refers to those customers who receive a bill or in the case of ppm customers a statement. Provision needs to be made for direct debit customers as well as those who do not receive any bill for 12 months or more because of failure by their supplier to do so. Will it be regarded as an automatic breach of this licence condition if a bill/statement is not sent out once a year with the disclosure information?
- Para 2.6 and Section 3: Ofgem are to consult on and issue guidelines later on in the year regarding format and presentation of the information. Issues over the ability for suppliers to sub-divide the prescribed fuel source categories (coal, natural gas, nuclear, renewable, and other) need to be addressed in this guidance to avoid proliferation and consumer confusion. It is also clear from the consultation meeting held on 5 August that much needs to be covered by the Guidelines. We would welcome dialogue over the scope of such Guidelines at the earliest opportunity.

- Para 2.12: for electricity obtained via an electricity exchange or imported from outside the EU, aggregate figures may be used but no mention is made as to how these will be calculated or whether they are to cover the same “accounting” period. It is also not clear how embedded generation, such as micro-CHP exports, will be evidenced.
- Para 2.16 places a Licence Condition duty solely on suppliers and none on generators. What requirement exists that obliges generators to produce the information already? Is it accurate, timely and accessible? If not, as suppliers are not accountable for the accuracy of such information the obligation upon suppliers could become meaningless.
- Draft Licence Condition 1: definitions – “reference sources” is defined as including but not limited to web-pages. Strict adherence to this could deny many consumers with no access to the internet from the environmental impact information. Energywatch believes that the broadest access to this information should be encouraged.
- Draft Licence Condition 4: the contribution of fuel mix is to be expressed as a % although Licence Condition 9 suggests that emissions of CO₂ and radioactive waste be expressed in grams per kWh. Unless some cross-reference is made, the consumer understanding of what x% sourced by say coal is likely to have on the environment. Also equating the % as a tonnage would make the information more meaningful.
- Draft Licence Condition 6: an “indication of the composition of the electricity according to energy source” is required in the case of aggregate figures provided by an electricity exchange or from imported electricity outside the EU. “An indication” seems a loose requirement.

We trust that these observations are helpful and are happy to expand upon them further should you so wish.

Yours sincerely

A handwritten signature in black ink that reads "Lesley Davies". The signature is written in a cursive, flowing style.

Lesley Davies
Director of Policy & Research
energywatch