

Gas and electricity industry participants, consumer representatives and other interested parties

Promoting choice and value for all gas and electricity customers

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Dear Colleague,

Carbon Reduction Commitment Energy Efficiency Scheme – illustrative licence modification drafting

In April 2010, the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme will begin which is designed to help large organisations change behaviours and infrastructure in order to reduce carbon emissions, primarily through energy efficiency measures. In March this year Government published a Draft Order to Implement the CRC Energy Efficiency Scheme and consulted on certain policy details for the scheme.¹ The Draft Order proposed an obligation on licensed energy suppliers to provide participants of the CRC scheme with an annual statement of supply to assist participants with the calculation of their emissions. In the March consultation, Government proposed that the obligation be included in the CRC Order and also as a condition in the gas and electricity supply licences and for the Authority to consult on introducing this obligation as a licence condition in accordance with section 23 of the Gas Act 1986 and section 11 of the Electricity Act 1989.

In October Government published a Response to the consultation submissions and the final policy decisions for the CRC Energy Efficiency Scheme to be implemented in April 2010. Government's response confirmed its policy decision to introduce the proposed obligation on licensed suppliers as a licence condition, and enforcement of this obligation by the Gas and Electricity Authority in accordance with its powers under sections 28 to 30F of the Gas Act 1986 and sections 25 to 28 of the Electricity Act 1989.

We are now writing to invite your views on the illustrative licence modification drafting for a supplier obligation to provide information to CRC participants, when requested, on their annual energy supply for the Carbon Reduction Commitment.

Purpose of the illustrative drafting

Our primary purpose in publishing the illustrative drafting is to assist stakeholder understanding of the obligation on suppliers to produce a statement of electricity and gas consumption covered by Article 63 of the Draft Order. This consultation seeks to ensure that we have the benefit of industry comments on the licence modification drafting at an early stage, so that we can proceed with the Statutory Collective Licence Modification procedure when the CRC Energy Efficiency Scheme Order is published and enters Parliament early in 2010.

¹ The consultation documents and Government response can be found at:
http://www.decc.gov.uk/en/content/cms/what_we_do/lc_uk/crc/crc.aspx

Invitation to comment

We invite comments on the annexed licence drafting. In particular, we welcome comments on whether the drafting accords with your understanding of the proposed obligation, whether it is sufficiently clear and whether you consider it effective in meeting the expressed intention of the policy proposal.

Notes on the annex

The Annex contains licence modification drafting in relation to the obligation on suppliers to produce, when requested, an annual statement of a CRC participant's electricity and gas consumption covered by Article 63 of the Draft Order.

This obligation is also being implemented through the Draft Order. However, the nature of this obligation - to provide supply statements to customers that are CRC participants - is strongly linked to other conditions of gas and electricity supply licences therefore it is appropriate to make this a condition of the gas and electricity supply licence in the interests of transparency and consistency and to allow effective enforcement if necessary.

Timing and next steps

We welcome comments on the licence modification drafting. These can be emailed to kate.smith@ofgem.gov.uk by **29 January 2010**. We would prefer as far as possible that responses are in a form that can be published on our website and in our library, though respondents may request that their response is kept confidential. Subject to the comments we received from suppliers on the illustrative licence drafting we may convene a meeting with suppliers to consider the licence modification drafting before we undertake a statutory consultation on licence modification in February 2010.

Yours faithfully,



Maxine Frerk
Partner, Environment Policy, Consumer & Social Affairs, and Governance

Annex

Condition X

Provision of information in relation to electricity [or gas] supplied

- 1.1 Where a participant requests in writing for it to do so, a licensee must provide in writing the information specified in paragraph 1.2. within 6 weeks of the end of the year of the phase to which the information relates.
- 1.1 The information referred to in paragraph 1.1 is –
 - (a) The amount of electricity [or gas] supplied by the licensee to the participant in the year in which the request is made including the amount supplied under each account, if more than one;;
 - (b) How much, if any, of that supply has been estimated by the licensee and the period to which such an estimate relates.
 - (c) the premises to which supply is made; and
 - (d) the quantity of such supplies measured by a daily or a half hourly meter and the meter identification number of the meters that measured such supplies.

“Participant” has the same meaning as that set out in Article 3 of the Carbon Reduction Commitment Order (S.I. 2010/xxxx)

“Year” has the same meaning as that set out in Article 3 of the Carbon Reduction Commitment Order (S.I. 2010/xxxx)

“Phase” has the same meaning as that set out in Articles 2 and 3 of the Carbon Reduction Commitment Order (S.I. 2010/xxxx)

