



Electricity suppliers,  
consumer groups,  
and other interested parties

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*Promoting choice and value for  
all gas and electricity customers*

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Date: Tuesday 20 July 2010

Dear Colleague,

**Re: Fuel mix disclosure by electricity suppliers**

As part of our work on the Green Energy Supply Certification Scheme, Ofgem committed to review the fuel mix disclosure (FMD) requirement in the green supply guidelines. In November 2009, Ofgem wrote to all licensed electricity suppliers regarding the information that they provide under Standard Licence Condition (SLC) 21: Fuel mix disclosure arrangements<sup>1</sup>. Suppliers were asked to submit to Ofgem the materials in which they provide FMD information for customers. The purpose of this letter, following our review of FMD information provided to customers, is to set out examples of good practice in respect of the provision of FMD information.

**Background**

SLC 21 requires that electricity supply licensees provide FMD information to customers on or with the bill, and on promotional materials; the aim is to allow customers to make informed decisions. Also, the recent launch of the Green Energy Supply Certification Scheme, and the need to build public trust, provide added impetus for transparency and consistency in the provision of environmental information to customers.

**Approach to FMD**

From our review of FMD information that suppliers provide to customers we have two broad concerns. Firstly, there are instances in which suppliers, to varying degrees, do not fully comply with the details of SLC 21. There is a clear requirement upon suppliers to change their practices in order to become compliant with the licence condition.

Secondly, there is a lack of consistency in how FMD information is provided, namely between the FMD information that is required under SLC 21 (i.e. on bills, statements of account and promotional materials), and the information that is provided in other publicly available reference points such as web sites and other promotional materials. Such inconsistencies and the resulting confusion they cause consumers may breach applicable consumer protection legislation such as the Consumer Protection from Unfair Trading Regulations 2008.

In order to address this issue of inconsistency, suppliers are free to conduct additional good practice for the benefit of customers. We therefore set out below what we consider to be

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<sup>1</sup> SLC 21: Fuel mix disclosure arrangements, [http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=14844](http://epr.ofgem.gov.uk/document_fetch.php?documentid=14844)

examples of good practice over and above the mandatory requirements of SLC 21. We strongly encourage suppliers to apply these examples of good practice.

- In general, we consider that a consistent approach to the presentation of FMD information should be taken. Where suppliers wish to provide commentary that relates to FMD, but in instances that are not covered by SLC 21, this commentary should refer to the core FMD information that is required under SLC 21 so as to provide context for the commentary. For example, in one of its publications, a supplier might wish to discuss an environmental aspect of the electricity that it supplies, but an internet link to the core FMD information would help customers to see the context of the remarks.
- Any comparison with other data should be relevant and easily understood. The core issues are the fuel types that should be listed (as stipulated in SLC 21), and the comparison with the UK averages (as strongly recommended in the FMD Guidelines 2005<sup>2</sup>). We consider that all FMD information provided to customers should follow this approach. Further, additional comparative data can be presented, but this should be in addition to, and not in place of, the information requirements of SLC 21 read together with the recommendations of the Guidelines<sup>3</sup>. We believe that there are instances in which additional data would be helpful to customers. For example, if a supplier provides different FMD data for each of its licensees, then it would be important to present the overall group FMD data as well, but this should be in addition to providing the UK averages, not as an alternative.
- When a publication from a supplier refers to FMD information on the supplier's website, access to the FMD information should be straightforward and should clearly relate to FMD. For example, the information should be either on, or accessed directly from, the referenced webpage, and the titles of links and pages should be clearly related to FMD.

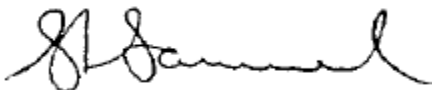
We consider that these examples of best practice will bring benefits to consumers, and we hope that they will be adopted by suppliers.

### **Next steps**

Ofgem will continue to monitor suppliers' approach to fuel mix disclosure and we may take further action if we consider it necessary. We ask that you send us copies of the materials for the next reporting round as soon as they are available.

If you wish to discuss any aspects of fuel mix disclosure further, then please contact either myself or Simon Cran-McGreehin ([Simon.Cran-McGreehin@Ofgem.gov.uk](mailto:Simon.Cran-McGreehin@Ofgem.gov.uk), 020 7901 7440).

Kind regards,



Sarah Samuel  
Head of Environmental Policy  
Ofgem

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<sup>2</sup> Fuel Mix Disclosure by Electricity Suppliers in Great Britain, Guidelines, December 2005, [http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/12340-282\\_05.pdf](http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/12340-282_05.pdf)

<sup>3</sup> For the avoidance of doubt, and as stated above, SLC 21 stipulates the fuel types that should be listed, and the Guidelines strongly recommend presenting the UK averages for comparison.