

Guidance on providing an annual statement of supply to CRC Energy Efficiency Scheme participants

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Target Audience: Energy suppliers, consumers, consumer organisations and representatives, environmental interest groups and other interested parties.

Overview:

The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme introduced in April 2010 is a new mandatory scheme to improve energy efficiency in large public and private sector organisations. The CRC Energy Efficiency Scheme Order 2010 requires licensed gas and electricity suppliers to provide an annual statement of gas and electricity supply to participants of the CRC scheme from 1 April 2010.

This document provides relevant supply licensees with information to help them understand the requirements of the licence condition. This document constitutes the latest guidance referred to in new Condition 21A of the Standard Electricity and Gas Supply Conditions.

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Context

The CRC Energy Efficiency Scheme began in April 2010 and is a mandatory scheme to encourage large private and public sector organisations to improve energy efficiency and reduce carbon dioxide emissions.

Associated Documents

- The CRC Energy Efficiency Scheme Order 2010 can be viewed at www.opsi.gov.uk
- The Environment Agency and the Scottish Environment Protection Agency administers the CRC. Guidance for Participants of the CRC is available at www.environment-agency.gov.uk

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1. Introduction

Background

1.1. The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme began in April 2010 and is a new mandatory scheme to improve energy efficiency in large public and private organisations. The CRC Energy Efficiency Scheme Order 2010 (the "Order") requires licensed gas and electricity suppliers to provide an annual statement on gas and electricity supply to participants of the CRC from 1 April 2010. The purpose of this statement of supply is to help CRC participants to report their consumption to the Environment Agency each year.

1.2. The Environment Agency administers the CRC on behalf of the Department for Energy and Climate Change and the Welsh Ministers, and the Scottish Environment Protection Agency (SEPA) on behalf of the Scottish Ministers. This role includes providing guidance to participants of the CRC on reporting and compliance.

1.3. This document sets out guidelines, and is not intended to be legally binding in itself. Rather, it is intended to assist the relevant licensees to interpret the requirements of the licence condition as defined by the Order.

CRC Energy Efficiency Scheme Order 2010

1.4. The relevant section of the CRC Energy Efficiency Scheme Order 2010 is below:

"Information on electricity and gas supplied from authorised suppliers holding a licence

63.—(1) A participant may request in writing the following information from those authorised suppliers of electricity or gas which hold a licence to make such a supply—

(a) the amount of electricity or gas supplied to the participant in the year in which the request is made; and

(b) how much, if any, of that supply has been estimated by the supplier and the period to which such an estimate relates.

(2) Where such an authorised supplier receives such a request, the supplier must reply in writing within 6 weeks of the end of the year of the phase to which the information relates."

Supply licence condition 21A

1.5. The wording of the supply licence condition is as follows:

"Condition 21A: Provision of the annual statement of supply to participants of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

21A.1 Where a participant requests in writing for it to do so, a licensee must provide in Writing the information specified in paragraph 21A.2 within 6 weeks of the end of the Year of the Phase to which the information relates.

21A.2 The information referred to in paragraph 21A.1 is:

(a) the amount of electricity [or gas] supplied (in kWh) by the licensee to the participant in the year in which the request is made;

(b) how much (in kWh), if any, of the electricity [or gas] supply has been estimated by the licensee, and the period to which such an estimate relates;

(c) the premises to which the supply was made;

(d) the Meter Point Administration Number (MPAN) [Meter Point Reference Number (MPRN)] of the Electricity [or Gas] Meter that measured any such supply.

21A.3 The Authority may issue, and may from time to time revise, guidance regarding the interpretation of this licence condition."

21A.4 In this condition:

"Participant" has the same meaning as that set out in Article 3 of the CRC Energy Efficiency Scheme Order 2010 (S.I. 2010/768).

"Phase" has the same meaning as that set out in Articles 2 and 3 of the CRC Energy Efficiency Scheme Order 2010 (S.I. 2010/768).

"Year" has the same meaning as that set out in Article 3 of the CRC Energy Efficiency Scheme Order 2010 (S.I. 2010/768).

2. Guidance

Process and timing for providing the annual statement of supply

2.1. We encourage suppliers to develop and follow a defined process for managing requests from CRC participants and collating annual statements of supply. Suppliers are encouraged to inform participants about this process. This will ensure that participants understand how and when to submit their request and the information they will need to give suppliers to meet their request.

2.2. In addition, it may also be helpful if suppliers provide participants with some background on how the information in the annual supply statement is compiled. Participants might find this useful as they are responsible for the information reported to the CRC administrator.

2.3. The request for a statement can be made, and the statement itself sent, by letter or by electronic communication, as defined in the supply licence condition.

2.4. The statement should be provided in a protected or locked format (such as a PDF). In addition, the statement can also be provided in another format of use to the customer such as in Excel, format, within an on-line account or a Comma Separated Variable (CSV) format, where this will be requested by the consumer.

2.5. Each CRC year runs from 1 April to 31 March. Participants can request an annual statement for the CRC year from their gas and electricity supplier by 31 March each year. Suppliers are required to provide the annual statement within six weeks of the end of the CRC year; therefore suppliers need to provide the statement to participants by 12 May each year, if they receive a request on or before the end of the CRC year.

2.6. 'The year in which the request is made' refers to the CRC year, i.e. 1 April to 31 March. Therefore, customers should be expected to request a statement of supply by 31 March each year. If a customer fails to submit the request on time, the supplier is encouraged to provide that customer with a statement of supply, as soon as they are able.

2.7. Under the CRC Energy Efficiency Scheme Order, suppliers are not required to provide data for supply before 1 April 2010. However, if an organisation requests information to help them determine whether they qualify for CRC, such as whether they had any half hourly meters in the qualification year, the suppliers is encouraged to provide that information.

2.8. Participants of the CRC are expected to gather consumption information about all of their sites and subsidiaries. Where a supplier considers it necessary, it may ask a customer to provide evidence, such as a letter of authorisation, that the premises for which a statement of supply is requested is indeed a subsidiary or site of theirs.

2.9. A third party, such as a consultant, can request a statement of supply on behalf of a CRC Participant. The supplier should request a letter of authorisation from their customer before giving the statement of supply to a third party.

Content of the annual statement of supply

2.10. Under the Order, participants are legally entitled to ask their electricity or gas supplier at any time before 31 March for information on the amount of electricity or gas supplied to them in the CRC year in which the request is made. The licence condition requires suppliers to provide the annual statement of supply within six weeks of 31 March.

2.11. The statement of supply should set out how much electricity or gas was supplied to the customer over the CRC year. The report should state whether the gas or electricity supplied was actual, ie based on a meter reading, or an estimate. If some gas or electricity supplied to the participant was estimated then the statement should separately identify the estimated amount of gas and electricity supplied.

2.12. It is unlikely that the timing of suppliers' cycles for reading participants' meters and billing for supply will match exactly the CRC year, 1 April to 31 March. In such instances suppliers will need to collate and compile the statement of gas and electricity supply for the CRC year as required by the licence condition. We understand there are options for doing this. For this reason, we think that suppliers are best placed to determine and adopt the most practical method to meet the licence condition requirements given the specifics of their information systems and billing procedures. As noted above, we encourage suppliers to inform participants about their methodology for compiling the annual statement in such circumstances so that participants understand the data they are reporting to the administrator of the CRC. This will also improve transparency for participants should there be differences between the annual statement and billing information because of differences in timing.

2.13. There may also be instances when a supplier cannot reasonably provide a complete statement of supply for the entire CRC year 1 April to 31 March. For example, there could be time periods within the CRC year when supply information cannot be provided or estimated by the supplier owing to: an incomplete billing cycle, a dispute on the account, where meters are being changed, or where the supplier is awaiting a closing meter reading as part of the change of supplier process. A meter reading given by a customer may also be considered as an estimate by a supplier (for example, if the reading has not gone through or passed a validation process a supplier may consider it to be an estimate provided that this is deemed reasonable by the supplier). In such instances, the supplier should provide an incomplete statement of supply covering only the periods within the CRC year for which they can provide actual or estimated information. The participant will have to estimate their consumption for periods not covered in the supply statement in accordance with guidance issued by the Environment Agency for participants.

2.14. There may be instances where discrepancies are later found between an estimate given in a statement of supply and actual supply. Where this happens it is not necessary for suppliers to retrospectively amend a statement of supply nor is it necessary to reconcile any discrepancies in the following year's statement of supply.

2.15. The Order and guidance for CRC participants published by the Environment Agency state that where bills are estimated there is a 10% uplift added to the estimation. This uplift occurs where the estimated billing period covers six months or more of the annual reporting year. Suppliers should not add this 10% to their estimation; this is the role of the Environment Agency as administrators once the participant reports their supply.

2.16. Suppliers can decide how to display the information, but must ensure it is clearly presented and accurate.

2.17. In cases where a customer has a contract to buy electricity using ex-power station or grid supply point pricing, the annual statement should detail the electricity or gas supplied to the customer. However, some of the electricity to customers on these contracts might be lost through distribution and transmission and, therefore, the amount of electricity supplied would be more than the customer received at the point of use. The energy statement or an associated letter sent to customers on such contracts should advise the participant to refer to guidance for CRC participants published by the Environment Agency. This explains how CRC participants should adjust the data for electricity supplied to account for electricity lost through distribution / transmission networks.

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Appendix 1 - Frequently Asked Questions

Q1: What are the dates of the period to be reported in the annual statement of supply?

1.1. The CRC Order and standard licence condition 21A stipulate that the annual statement of supply for a CRC participant must be prepared for the exact period 1 April to 31 March.

Q2: How should periods of gas or electricity supply that have been calculated from a pro rata of an actual meter reads be classified?

1.2. The CRC Order and licence condition require suppliers to clearly state if any estimates of supply have been included in the annual statement of supply. If actual meter reads are not available starting 1 April or ending 31 March then the associated supply data given in the annual statement for a CRC participant must be treated as an estimate even if it is apportioned from an actual meter read.

Q3: What should a supplier do if there is gap or no validated data available to provide supply information for part of the period covered by the annual statement of supply?

1.3. The guidance (paragraph 2.13) discusses some situations where a supplier might not be able to provide a participant with an annual statement for the entire period 1 April to 31 March. It is not a requirement of the CRC Order or SLC 21A that suppliers forecast a participant's supply for any period where they do not have any validated meter data or estimates of a participant's supply. At the same time, the legislation and licence condition do not stop suppliers from developing a forecast or estimate of a participant's gas or electricity supply for part of the period covered by the annual statement in lieu of any validated supply data. Suppliers are free to do this as long as the forecast/estimate of supply is clearly stated on the annual statement.

Appendix 2 - The Authority's Powers and Duties

2.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority ("the Authority"), the regulator of the gas and electricity industries in Great Britain. This Appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

2.2. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Act 2004, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.¹

2.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly².

2.4. The Authority's principal objective when carrying out certain of its functions under each of the Gas Act and the Electricity Act is to protect the interests of existing and future consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors.

2.5. The Authority must when carrying out those functions have regard to:

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- the need to secure that all reasonable demands for electricity are met;
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them³;
- the need to contribute to the achievement of sustainable development; and
- the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.⁴

2.6. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

1 entitled "Gas Supply" and "Electricity Supply" respectively.

2 However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

3 under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Act in the case of Electricity Act functions.

4 The Authority may have regard to other descriptions of consumers.

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- promote efficiency and economy on the part of those licensed⁵ under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
 - protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and
 - secure a diverse and viable long-term energy supply.

2.8. In carrying out the functions referred to, the Authority must also have regard, to:

- the effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity;
- the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- certain statutory guidance on social and environmental matters issued by the Secretary of State.

2.9. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation⁶ and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

⁵ or persons authorised by exemptions to carry on any activity.

⁶ Council Regulation (EC) 1/2003

Appendix 3 - Glossary

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[Authority](#)

The Gas and Electricity Markets Authority ('GEMA') established under section 1 of the Utilities Act 2000.

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[Standard Gas Supply Conditions](#)

Gas Supply Licence Conditions issued by GEMA as at 1 October 2010.

[Standard Electricity Supply Conditions](#)

Electricity Supply Licence Conditions issued by GEMA as at 1 October 2010.