



Anna Kulhavy
Senior Economist
Ofgem
9 Millbank
London
SW1P 3GE

20 December 2010

E.ON UK plc
Newstead Court
Sherwood Park
Little Oak Drive
Annesley
Nottinghamshire
NG15 0DR

www.eon-uk.com

Please respond to:
Brian Durber
Tel: 01538 386923
Mob: 07768 031942

Brian.durber@eon-energy.com

Dear Anna

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

Thank you for the opportunity to provide our views on the revised guidance. In particular we note the change in relation to billing periods that do not match the CRC year.

The previous guidance stated:

2.10. Billing periods may not match the annual cycle of the CRC. Where this is the case, the first bill to be selected for the statement should be the one that had an end date during the compliance year in question. All bills after that would also be included, up to and including the last bill that has an end date during the compliance year. The statement must ensure that any changes which may affect the billing periods such, as a change in the billing frequency or short bills at the end of a contract period, are addressed, that the annual statement covers billed data for one year only, and no billing periods are excluded or double counted.

Our interpretation of this was that the statement should be a 'best fit' to the CRC year.

Revised guidance:

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.

Our interpretation is that the 'best fit' approach does not meet the requirements of section 63 of the CRC Energy Efficiency Scheme Order in that it doesn't produce a statement covering energy consumption for the defined 1 April to 31 March CRC year. Rather the supplier should, where reads are not available for 1 April and 31 March, pro-rata the consumption at the beginning and/or end of the CRC year. In this event the question remains should these periods of pro-rated consumption be treated as estimated or actual consumption. This is further complicated in situations where the supplier will have actual reads prior to and/or after the start/ end of the CRC year. We understand that suppliers will have their own interpretation and acknowledge that it is up to individual licensees to assess whether or not they are compliant with Standard Condition 21A. However an inconsistent approach is likely to be very confusing for CRC participants and to those agencies tasked with ensuring compliance.

Our view is that where reads are not available for 1 April and/or 31 March then any associated pro-rated consumption must by definition be treated as estimated. We would welcome clarification from Ofgem on this.

Please contact me if you wish to discuss these comments further.

Brian.durber@eenergy.com

01538 386923

07768 031942

Yours sincerely

Brian Durber
Retail Regulation
(By email)