

Licensed Electricity Suppliers and  
any other interested parties

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

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Date: 31 May 2011

Dear Colleagues,

**Response to comments made on the consultation on Ofgem's recommended method to calculate electricity supply data under the Renewables Obligation**

We received 17 responses to our open letter consultation, published 18<sup>th</sup> March 2011, regarding the recommended method to calculate electricity supply data under the Renewables Obligation. A list of respondents is annexed to this document.

There were a number of common themes in the responses to our proposal, we have addressed the comments made in the points below.

Using alternative data streams to those suggested in the open letter.

- We have suggested using D0030 or D0296 data for all NHH customers and D0296 data (or equivalent e.g. D0040/D0298 or D0036/D0275) for HH customers. These data streams are taken from the customer terminal point. The alternative D0010 data stream suggested by many respondents is a meter read flow and would require adjustment by the supplier to take into account meters that had not been read on 31 March of both the obligation year and preceding year in order to apportion volumes between periods. Inclusion of estimates in the calculation of supply data would lead to a degree of inconsistency between suppliers. If suppliers choose to use an alternative to the recommended method of calculating supply then they should ensure that the supply reported to us agrees with supply calculated in the recommended manner.

The timeframe for implementation for the 2010/2011 reporting requirements is too tight and poses an administrative burden.

- Suppliers that already have access to the suggested data streams should report in the recommended manner for the 2010/2011 period. Those that do not (have access to the suggested data streams) are at liberty to use their current method of supply calculation and should prepare to report in the recommended manner for the 2011/2012 period. We request that suppliers declare which method they have used for the 2010/2011 period by adding a comment to their supply data submission on the Renewables and CHP Register for the 1<sup>st</sup> July reporting deadline.

The recommended method poses a financial and administrative burden for suppliers with a single on-site customer.

- We agree that the recommended method is not appropriate for suppliers with a single on-site customer. They should continue to report supply to us in an appropriate alternative manner, agreed in advance.

One respondent suggested that Ofgem should collect the Elexon and SEMO data and calculate supply on behalf of the suppliers.

- Article 53(5) of The Renewables Obligation Order 2009 (as amended) requires that suppliers must provide specified supply data to the Authority by statutory deadlines.

One respondent queried whether NI suppliers were required to report monthly supply data to DECC.

- NI suppliers report to DETI, not DECC.

A number of respondents were in favour of calculating the data only once a year since they believe there will be little or no change in the data calculated on 25 May and 21 June.

- Article 53(5) of The Renewables Obligation Order 2009 (as amended) requires that suppliers must provide estimated supply data to the Authority no later than 1 June and actual supply data no later than 1 July.

One respondent stated that a more accurate method would entail providing data in the year following the settlement period (for each compliance period), using supply data adjusted accordingly for all settlement runs.

- This approach would result in supply volumes not being finalised until the following year and there is no provision in the current legislation to allow for this methodology.

A number of respondents suggested that a post implementation review is undertaken after the first year of using the new recommended calculation methodology.

- We think this is a good idea and would be willing to canvas the views of stakeholders after July 2012.

One respondent stated that taking the Elexon data on 25 May would not leave enough time for internal checking procedures to provide the Authority with the data by 1 June

- We recognise the concerns expressed around the short time window for verifying and signing off supply volumes, so have relaxed the timeframe for reporting initial volumes allowing 2 weeks for review and approval. We expect the bulk of checking to be performed on initial reporting with minimal changes between initial and final reporting; accordingly we do not propose to change the dates for final reporting.

An NI supplier commented that the proposed method would not provide the accuracy required.

- Clarification has been provided in the revised guidance regarding non-participating distribution connected generation output and the adjustment required to be made to supply volumes.

References to SEMO data need to be updated.

- Participant Information Reports are provided by SEMO to SEM Market Participants. References to SEMO data have been amended to SEM data.

Yours sincerely,

Annie Gibbons  
Manager, RO Supplier Compliance

## **Annex: Respondents to the consultation**

Kevin Woollard (British Gas)  
Steve Russell (E.ON Energy Limited)  
Denis Linford (EDF Energy)  
Chloe Kinsella (ESB Energy International)  
Phil Broom (GDF Suez Marketing Ltd)  
Will Vooght (Good Energy Ltd)  
Rachel Kemsley (Haven Power Ltd)  
William Steele (NIE Energy Ltd)  
Dave Ramchun (Reuben Power Supply Ltd)  
Emma Cook (Ecotricity Group Limited)  
Terry Ballard (RWE NPower plc)  
Fiona Shepherd (Scottish Power Energy Wholesale Ltd)  
Marie-Therese Campbell (SEMO)  
Colin Prestwich (Smartest Energy Ltd)  
Steven Findlay (SSE Energy Supply Ltd)  
Robina Crouch (UK Healthcare Corporation Ltd)  
Liza Briggs (Wilton Energy Limited)