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**The Renewable Energy Company (Ecotricity)**  
**Consultation Response to Strengthening Strategic and Sustainability**  
**Considerations in Ofgem Decision Making**

Dear Maire Williams,

Ecotricity is a renewable energy generator and supplier with over 65,000 customers, 53 wind mills across the UK and the country's first solar park. We are committed to increasing the renewable content of our fuel mix, developing new renewable technologies and decreasing the UK's reliance on fossil fuels.

As a UK company founded upon the principle of ensuring sustainability and energy independence; we welcome Ofgem's proposals to strengthen strategic and sustainability considerations in its decision making. We believe that Ofgem has correctly identified the main issues and we agree that a structured approach to assessing them is needed. Security of supply failure; extreme prices and market volatility; the UK's binding energy targets including the 2050 greenhouse gas (GHG) target; cumulative GHG emissions and wider environmental asset; are all essential considerations that should be at the forefront of Ofgem decision making.

However, we believe that clarification is needed in two areas: Ofgem's mid-term and long-term considerations and optionality modelling.

## Mid-term and long-term

Ofgem divides the issues for consideration into mid-term strategic effects and long-term sustainability effects. It is not clear how these considerations would interact and whether they would always be considered together or whether Ofgem may choose to consider one or the other of them. We believe that it is vital that both mid-term and long-term considerations should be considered alongside one another when examining each significant proposal. It is also unclear whether mid-term considerations are fixed in time or whether they will be considered on a rolling basis. For example, does it include only security considerations that are relevant between now and 2020 or will mid-term be a set period, for after the implementation of a given proposal? More information on this prior to the autumn workshop would be appreciated.

## Optionality Modelling

Ofgem identifies optionality as a key characteristic for assessment. It includes options facilitated, those precluded and the relevance of timing. We would like more detail on what types of options Ofgem would prioritise: which avenues would Ofgem like to keep open and which would it be happy to close? How would different options be assessed when only one can be kept open?

We would also like more detail on how optionality will be considered quantitatively. A few worked examples using both the Herfindahl-Hirschman and the Shannon-Wiener indices, along with a written description would enable better understanding.

We believe that once these issues are clarified it will be possible to have more productive discussions on how to take these important proposals forward.

Ecotricity welcomes the opportunity to respond and hope you take our comments on board. We also welcome any further contact in response to this letter. Please contact Emma Cook on 01453 769301 or [emma.cook@ecotricity.co.uk](mailto:emma.cook@ecotricity.co.uk).

Yours sincerely



PP. Emma Cook  
Head of Regulation, Compliance & Projects