

Licensed gas and electricity suppliers, CRC Energy Efficiency Scheme participants and other interested parties

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

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Date: 19 December 2012

Dear Stakeholder,

### **Summary of responses to Ofgem's consultation on revised guidance on providing an annual statement of supply to CRC Energy Efficiency Scheme participants**

This letter summarises the key issues raised in response to Ofgem's consultation on revised guidance on providing an annual statement of supply to CRC Energy Efficiency Scheme participants, and explains how we have taken these into account in deciding whether and how to implement these proposals.

We would like to thank all respondents for their feedback, which was considered and helpful.

#### **Consultation process**

Following discussion with CRC participants and energy suppliers in late 2011, the CRC Administrator (the Environment Agency and Scottish Environmental Protection Agency) identified a need for greater clarity in the format of data that is provided, and for greater clarity from suppliers on which energy supplies are estimated versus actual as per the CRC Regulations. On 21st March 2012 we published a consultation seeking input on these areas. Interested parties were invited to comment on these proposed amendments over an 8 week consultation period. The consultation closed on 19th April 2012. We are publishing the revised guidance documents alongside this consultation response letter. This consultation response letter summarises the responses we received to the consultation and explains where and why we have chosen to amend or retain sections of the guidance document.

We received 9 responses to the consultation. Responses were received from 8 energy suppliers and 1 CRC participant. A full list of consultation respondents can be found at Annex 2.

#### **Responses to the amendments proposed in the consultation**

All of the amendments discussed in this letter are reflected in the updated "Revised guidance on providing an annual statement of supply to CRC Energy Efficiency Scheme participants"<sup>1</sup> published alongside this letter. Amendments are detailed in Annex 1 below.

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<sup>1</sup> Ofgem publication 173/12 available from:  
<http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Pages/Policy.aspx>

Responses to this consultation related to four key themes: the availability of locked and unlocked formats for statements of supply provided to CRC participants; the reporting of actual versus estimated data and the status of data held by suppliers; time-frames over which the updated guidance would take effect; and areas where greater clarity could be achieved. The remainder of this letter relates to responses received concerning each of these themes.

### **The availability of locked and unlocked formats for statements of supply provided to CRC participants**

A majority of respondents supported our proposal to advise suppliers to make it clear to participants that the statement was available in an alternative unlocked format.

Several respondents highlighted the importance of the distinction between locked and unlocked formats, and we have amended our proposed wording to provide greater clarity on this point.

One respondent indicated that suppliers may wish to retain the flexibility to provide an unlocked format that is best suited to their systems, whilst allowing flexibility to develop other unlocked delivery mechanisms in the future. To promote consistency across the sector we have therefore suggested Excel or CSV as preferred (but, to allow flexibility, not mandated) unlocked formats.

### **The reporting of actual versus estimated data and the data held by suppliers**

The seven consultation responses received in response to this proposal confirmed that the guidance document would benefit from greater clarity in relation to the reporting of actual versus estimated data and the data held by suppliers.

Several suppliers, while supportive of measures to provide greater clarity to CRC participants, expressed concerns that such measures should not be construed in a way that would lead to suppliers providing misleading information to participants. These concerns related to situations where suppliers would be reporting on information not validated by the supplier. We have made text changes to clarify that the statement should convey the periods over which the readings provided were regarded by the supplier as actual, and which of these, while not regarded by the supplier as actual, would nevertheless be regarded by the CRC as actual.

Respondents also sought clarity such that participants should not be disadvantaged as a result of not understanding how meter readings held by the participant could be used to determine actual supplies. To address this, we have added that suppliers should "sign post" guidance from the CRC administrator on how participants may use their own meter readings to determine actual supplies, in addition to evidence from the annual statement.

### **Time-frames over which the updated guidance will take effect**

The consultation responses expressed strong views that the guidance should not be applied to the 2011/12 CRC reporting year. Ofgem is aware of the reporting conditions imposed by the license condition, which requires that the annual statement of supply must be provided within six weeks of the end of the Scheme year, which runs to the end of March each year. For the avoidance of doubt, we can confirm that we do not expect suppliers to take account of this revised Guidance for any reporting relating to the 2011/12 year. We expect suppliers to follow the Guidance for annual statements of supply relating to the 2012/13 year onwards. This should provide opportunity for suppliers to prepare their systems and processes prior to the end of the Scheme year on 31 March 2013.

## **Other areas**

### Access to information, including Frequently Asked Questions

One respondent sought greater efforts from suppliers to publish on their websites their process, including relevant forms and documents, for easy access by scheme participants. We note that the Guidance (para 2.1) already states that "Suppliers are encouraged to inform participants about this process". We consider that this is sufficient to address the point raised and will not make further changes the Guidance on this point.

One respondent requested that the Frequently Asked Questions, available in the previous version of the Guidance, should be retained in this version. We have updated these in line with the amendments, and included these as part of the revised Guidance document.

### Early engagement

Several respondents indicated that earlier and ongoing dialogue between Ofgem and stakeholders would have been beneficial in the process leading up to this consultation process. We appreciate this feedback and will take forward separately any appropriate opportunities to foster links with interested stakeholders, outside of our formal consultation processes.

Please contact David Fletcher if you have any further questions about any of the content of this letter at david.fletcher@ofgem.gov.uk, or by phone on 0207 901 7000.

Yours faithfully

**Matthew Harnack**  
**Associate Director, Commercial**

**List of published guidance sections with significant changes**

Chapter, Section	Paragraph(s)
Chapter Two  <b>Process and timing for providing the annual statement of supply</b>	Amended paragraph 2.4 to state:  "2.4. The statement should be provided in a protected or locked format (such as a PDF). In addition, the statement should also be provided in a commonly available unlocked format of use to the participant, with Excel or a Comma Separated Variable (CSV) file type as preferred formats."
Chapter Two  <b>Content of the annual statement of supply</b>	Amended paragraph 2.14 and new paragraphs 2.15-2.16 to state:  "2.14 The statement of supply should include an indication to the participant as to which period of the supplies are actual and which estimated as defined in the CRC Order. How this is done is up to the supplier, but the indication should be clear. For the avoidance of doubt, this does not mean that suppliers are required to report estimated readings as actual, but rather requires them to present any readings held by the supplier. The indication would convey which of these were regarded by the supplier as actual, and which of these, while not regarded by the supplier as actual, would nevertheless be regarded as actual for the purposes of the CRC scheme.  2.15 In providing an indication of the treatment of the entire year as actual, suppliers should note that, for electricity and gas supplies where there are at least two meter readings a minimum of six months apart and these readings are during the same scheme year (1 April to the following 31 March), it is considered as an actual supply for CRC purposes, and the whole year is treated as actual. All other electricity and gas supplies are considered as estimated supplies.  2.16 Since a participant's meter reading does not need to meet the supplier's validation criteria for billing to count as an actual reading for CRC purposes, the supplier should signpost on the annual statement the Environment Agency CRC guidance explaining that a participant may use their own meter readings to determine actual supplies in addition to the evidence from the annual statement."
Appendix One  <b>Frequently Asked Questions:</b> 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?	Amended text to paragraph 1.3 to state:  "1.3. The guidance (paragraph 2.13) indicates that the statement of supply should include an indication to the participant as to which period of the supplies are actual and which estimated as defined in the CRC Order. How this is done is up to the supplier, but the indication should be clear. Since a participant's meter reading does not need to meet the supplier's validation criteria for billing to count as an actual reading for CRC purposes, the supplier should sign-post on the annual statement the Environment Agency CRC guidance explaining that a participant may use their own meter readings to determine actual supplies in addition to the evidence from the annual statement."

## Annex 2

### **List of consultation respondents**

1. British Gas
2. e-on UK
3. Ecotricity Group Ltd
4. EDF Energy
5. London Borough of Lewisham
6. RWE npower
7. Scottish Power
8. SSE
9. Total Gas & Power Ltd