

Modification proposals:	Green Deal Arrangements Agreement (GDAA) Change Proposal (CP) 0038 – Correct various typographical errors; and		
	CP 0053 – Deferring the preparation and approval of budget for 2014		
Decision:	The Authority ¹ has decided to consent to these proposals		
Target audience:	GDORB, GDAA Panel, Parties to the GDAA and other interested parties		
Date of publication:	28 January 2014	Implementation Date:	To be determined by GDORB

Background to the modification proposals²

CP 0053 – Under the current GDAA provisions, a draft budget is to be circulated to all GDAA parties no later than 40 working days before the start of each calendar year. The budget should set out the GDAA Panel's estimate of the costs and expenses that the Panel anticipates it will incur (or be committed to) in the next calendar year.

CP 0038 – A number of typographical errors within the GDAA have been identified.

The modification proposals

CP 0053 seeks to amend the GDAA in order that reference to 'calendar year', in respect of the preparation of the GDAA budget, is amended to 'budget period'. Budget period would be defined as 15 June 2014 to 31 December 2014 and, thereafter, each calendar year. The GDAA Panel has not prepared a budget for the full calendar year 2014. The proposer (SSE) considers that this change would align the budget to the proposed date of the commencement of cost recovery from GDAA parties.³

CP 0038 was raised by British Gas. It seeks to amend four typographical errors identified within the GDAA.

In accordance with paragraph 7.1.2 of the GDAA, Authority consent to these changes is required as the CPs seek to amend Part 2 of the GDAA.⁴

GDAA Panel⁵ recommendation

At its meeting on 28 October 2013, the GDAA Panel agreed to approve CP 0053.

At its meeting on 4 July 2013, the GDAA Panel agreed to approve CP 0038, pending a legal review.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² The terms 'modification' and 'modification proposal' have the same meaning as 'change' and 'change proposal' for the purposes of this document.

³ It is proposed that Panel costs will be recovered via the Department of Energy and Climate Change (DECC) until 14 June 2014.

⁴ Changes to Part 2 of the GDAA (comprising Clauses 5 to 8), or any change to a definition in Clause 1.1 that may materially affect the provisions of Part 2, require Authority consent.

⁵ Established pursuant to Section 5 of the GDAA.

The Authority's decision

We have considered the consultation responses and decision of the GDAA Panel in respect of these CPs. We have concluded that the implementation of CP 0038 and CP 0053 is consistent with the objective of the GDAA:⁶

To establish an effective mechanism for: (a) the collection of Green Deal Charges through electricity bills by Mandatory Green Deal Suppliers and Voluntary Green Deal Suppliers; and (b) the remittance of these payments to Green Deal Providers or their nominees, so as to enable the efficient use of energy to be promoted under the Green Deal and to do so in a way which protects the interests of consumers, promotes effective competition between electricity suppliers...and promotes the efficient use of energy.

We consider that consenting to this change is consistent with our principal objective and statutory duties.

Reasons for the Authority's decision

We consider that the implementation of CP 0038 and CP 0053 will contribute to the effective and efficient implementation of the GDAA.

The correction of the typographical errors identified in CP 0038 is a housekeeping matter. We note that not all of these errors require the Authority's consent to correct, however CP 0038 includes an amendment to Part 2 of the GDAA. It identifies incorrect cross-referencing in relation to the performance of functions by the Secretary of State. All four respondents to the consultation supported the change. We note that, in addition, DECC confirmed that it had no objection to this change.

In respect of CP 0053, eight responses were received to the consultation of which six were supportive and two were neutral. Respondents' commented that the implementation of this change will enable the GDAA Panel to better establish future costs of the GDAA before producing a budget. This change recognises that there is proposed to be a transition in the cost-recovery arrangements in June 2014 and appears to be a pragmatic solution to help enable preparation of the Panel's first budget.

Pursuant to paragraph 7.1.2 of the GDAA, we consent to these CPs being made.

Lesley Nugent
Head of Industry Codes and Licensing

Signed on behalf of the Authority and authorised for that purpose

⁶ The objective of the GDAA is set out in Recital E of that agreement. For the purposes of Authority decisions, this objective is subject to Recital F and the words "promotes effective competition between Green Deal Providers" are excluded.