



Making a positive difference  
for energy consumers

Juliet Davenport (Chief Executive)  
Good Energy Ltd  
Monkton Reach  
Monkton Hill  
Chippenham  
Wiltshire  
SN15 1EE

Cc: Chris Welby, Policy &  
Regulatory Affairs Director

Date: 14 May 2014

Dear Ms Davenport

**Direction issued to Good Energy Limited (company number 3899612) by the Gas and Electricity Markets Authority (the "Authority") pursuant to paragraph 36 of Standard Licence Condition 22B (Restrictions on Tariff numbers and Tariff simplification) of the electricity supply licence – Hampole Local Tariff**

This letter sets out the Authority's decision to grant Good Energy Limited (the "Licensee") a temporary derogation from paragraph 4 of Standard Licence Condition (SLC) 22B of the electricity supply licence in respect of any windfall payments payable in accordance with the terms of the Hampole Local Tariff, a copy of which Chris Welby provided to the Authority by two emails dated 10<sup>th</sup> April 2014 and 14<sup>th</sup> May 2014.

The Direction is attached. This will be published and shall remain in force until 02 June 2016 unless revoked earlier or varied in writing by the Authority. Any change in circumstances relevant to the derogation must be reported to the Authority as soon as possible.

This letter constitutes the Notice under section 49A of the Electricity Act 1989 of the reasons for the Authority's decision to issue the attached Direction.

**Background to Derogation Request**

SLC 22B prohibits licensees from using any Discount which is: (i) pounds sterling or any currency of any other country; (ii) capable of being directly redeemed for pounds sterling or any currency of any other country; (iii) in any way applied to a Unit Rate or Standing Charge; or (iv) in any way capable of being applied to a Unit Rate or Standing Charge by a Domestic Customer. Consequently, licensed suppliers are prohibited from providing any cash discount other than those of a type expressly excluded from the prohibition in SLC 22B (including Dual Fuel Discounts and Online Account Management Discounts) with effect from 31 December 2013.<sup>1</sup>

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<sup>1</sup> Capitalised terms in this paragraph have the meaning given to them in SLC 1 of the Electricity Supply licence.

SLC 22B also provides that the Authority may grant derogations relieving a licensee of its obligations to comply with SLC 22B to such extent and subject to such conditions as the Authority may direct.

The Authority received a request from the Licensee on 21 March 2014 for a derogation from paragraph 4 of SLC 22B in respect of the Hampole Local Tariff. The Licensee's Hampole Local Tariff provides for a windfall payment of up to £50 per year to be made to eligible customers located within a particular region if the Hampole Wind Farm generation site exceeds forecasted output. Such a windfall payment would constitute a cash discount, which without a licence derogation would be prohibited under paragraph 4 of SLC 22B.

### **The Authority's Decision**

Having regard to our principal objective and statutory duties, including our duty to consider the need to contribute to the achievement of sustainable development, we consider based on the information submitted by the Licensee that:

1. the impact on consumers as a whole as a result of granting a temporary derogation in respect of the Hampole Local Tariff would likely be minimal, given the limited number of eligible customers (currently less than 500 customers out of the Licensee's 40,000 electricity customer base); and
2. in granting a temporary derogation in respect of the Hampole Local Tariff, any potential detrimental impacts on consumers would likely be outweighed by the social and environmental benefits associated with such a scheme that has local/community benefits.

Therefore, the Authority grants the Licensee a temporary derogation from paragraph 4 of SLC 22B of the Licensee's electricity supply licence in respect of the Hampole Local Tariff with effect from 1 June 2014 and subject to the terms of the attached Direction. For the avoidance of doubt, the attached Direction applies to the Hampole Local Tariff only and does not apply to any other local tariff schemes relating to generation sites other than the Hampole generation site (or any similar tariff schemes) operated by the Licensee at present or in future. Separate derogation requests would have to be submitted for any other future local schemes.

If you would like to discuss any aspects of this letter, please contact Jibirila Leinyuy on 0203 263 9624 or [Jibirila.leinyuy@ofgem.gov.uk](mailto:Jibirila.leinyuy@ofgem.gov.uk).

Yours sincerely,

**Maxine Frerk**  
**Partner, Retail Markets and Research**

The Company Secretary  
Good Energy Limited  
Monkton Reach  
Monkton Hill  
Chippenham  
Wiltshire  
SN15 1EE

**Direction issued to Good Energy Limited by the Gas and Electricity Markets Authority pursuant to paragraph 36 of Standard Licence Condition 22B (Restrictions on Tariff numbers and Tariff simplification) of the electricity supply licence – Hampole Local Tariff**

1. This Direction is issued by the Gas and Electricity Markets Authority (the "Authority") pursuant to paragraph 36 of Standard Licence Condition (SLC) 22B of the electricity supply licence (the "Licence") granted under section 6(1)(d) of the Electricity Act 1989 to Good Energy Limited (company number 3899612; the "Licensee").
2. Paragraph 36 of SLC 22B provides that the Authority may issue directions relieving the Licensee of its obligations to comply with SLC 22B to such extent and subject to such conditions as the Authority may direct.
3. The considerations and rationale of the Authority's decision are set out in the accompanying letter to the Licensee, dated 14 May 2014.
4. The Authority hereby directs, pursuant to paragraph 36 of SLC 22B, that from 1 June 2014 the Licensee shall be, on a temporary basis and subject to the Licensee's continuing compliance with the condition in paragraph 5 of this Direction, relieved of its obligations under paragraph 4 of SLC 22B in respect of any windfall payments of up to £50 per eligible customer per year payable in accordance with the terms of the Licensee's Hampole Local Tariff, a copy of which the Licensee provided to the Authority by two emails dated 10 April 2014 and 14 May 2014. For the avoidance of doubt, this Direction applies to the Hampole Local Tariff only and does not apply to any other local tariff schemes relating to generation sites other than the Hampole generation site (or any similar tariff schemes) operated by the Licensee at present or in future.
5. The Licensee is required to report any change of circumstances relevant to this Direction to the Authority.
6. This Direction shall take effect on 1 June 2014 and shall remain in effect until 02 June 2016 or until such other time as the Authority shall revoke or vary the Direction in writing.

Dated: 14 May 2014

**Maxine Frerk**

**Partner, Retail Markets and Research**

Signed on behalf of the Authority and authorised for that purpose.