

Energy Market Monitoring and Analysis
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The Renewable Energy Company Ltd (Ecotricity) **Response to Improving the Transparency of Energy Company Profits**

Ecotricity is a renewable energy generator and supplier with over 140,000 customers and 61MW of renewable generation across the UK. As a small independent participant in the energy market, the impact of the lack of transparency employed by the Big Six energy companies has long concerned us. We have expressed these concerns in various consultation responses including in May 2012, July 2012 and December 2013.

We welcome Ofgem's proposals to increase scrutiny and transparency and believe that these are long overdue.

Due to having had very stretched resourced recently, we have not been able to respond in full to this consultation. We note that a statutory consultation will follow this shortly and we hope to provide a more detailed response to that.

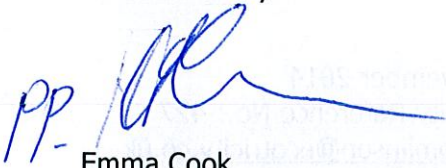
We would, however, like to express our strong support for the proposals to apply increased scrutiny to transfer pricing by the Big Six. This scrutiny needs to apply to both UK and international arms of large energy companies. Transfer pricing between different jurisdictions makes actual profits and margins opaque, and makes assessments of market prices very difficult. It also harms competition: independent British companies such as Ecotricity do not have the option of moving funds to arms in foreign jurisdictions.

We also support proposals for increased auditor scrutiny and again we would strongly advocate that this applies to transfers between jurisdictions. If auditors fail to cover international transfers, they will not reveal a full picture of the companies' finances.

With respect to whether the obligation to produce segmented statements should be extended to suppliers outside of the Big Six, we will need to consider this further and we hope to respond following the statutory consultation. We agree, however, that it is sensible to delay such an extension until the CMA has completed its investigation. Consideration should be given to the different level of resource available to independent suppliers and whether, given our lack of market dominance, the same level of detail is required. In addition, it is essential that independent suppliers are given sufficient time to prepare for this change.

Ecotricity welcomes the opportunity to respond and hope you take our comments on board. We also welcome any further contact in response to this submission. Please contact Holly Tomlinson on 01453 769366 or holly.tomlinson@ecotricity.co.uk.

Yours sincerely



Emma Cook
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