

# Consultation Response

## Cofely response to the Energy Companies Obligation (ECO): changes to the Guidance for Suppliers consultation.

### About Cofely

Cofely UK is a wholly owned subsidiary of GDF SUEZ with expertise in integrated facilities management, renewable energy and energy efficiency. Cofely UK has a turnover of over £1bn and has a solid track record in the delivery of financially viable large scale capital intense projects within the United Kingdom, including 30 years of design and operational experience. Cofely always takes measures to reduce the impact of its business operations on the environment, including setting minimum environmental and quality standards for its approved suppliers and sub-contractors. Cofely is also the UK's leading district energy company. We design, build, finance and operate district heating schemes on long term concession agreements. Cofely's high profile district heating schemes include; the Queen Elizabeth II Olympic Park and Stratford City District heating scheme, Whitehall District Heating scheme, Leicester District Heating Scheme and Birmingham District Heating Scheme.

### Outline of Cofely's response

Cofely welcomes the opportunity to respond to this consultation on proposed updates to the SLC 11.3 operating guidance (Licence Lite).

While the proposed updates to the operating guidance address some of the fundamental issues in relation to Licence Lite, concern remains around the lack of clarity around some issues such as:

- the precise structure and content of the key documentation required for a Licence Lite agreement between a prospective Licence Lite supplier and a Third Party Licenced Supplier (TPLS),
- the precise nature of the commercial and legal arrangements (if different) required by distributed energy generators who are wholly owned by a parent organisation which is a fully licenced electricity supplier,
- the likely role of Third Party Intermediaries (TPIs) in providing a route to market in the context of Licence Lite,

### Responses to consultation questions

**Question 1:** Are further clarifications regarding the functioning of a Licence Lite arrangement required from the regulator, and if so, in what areas?

**Response:** Yes. We believe that further clarification is required regarding the functioning of a Licence Lite arrangement. In particular, further clarification is required around issues such as:

- the precise structure and content of the key documentation required for a Licence Lite agreement between a prospective Licence Lite supplier and a Third Party Licenced Supplier (TPLS). This is essential in light of the total lack of precedent around Licence Lite. To give a form of guidance, we suggest that Ofgem considers the development of relevant templates for prospective Licence Lite suppliers.
- the precise nature of the commercial and legal arrangements (if different) required by distributed energy generators who are wholly owned by a parent organisation which is a fully licenced electricity supplier.
- the likely role of Third Party Intermediaries (TPIs) in providing a route to market in the context of Licence Lite.

**Question 5:** Do the Licence Lite arrangements relating to the government's social and environmental programmes – as set out in this consultation and in paragraphs 1.42-1.46 of the proposed guidance – provide sufficient clarity over roles and compliance obligations between parties?

**Response:** No, we do not think the arrangements relating to the Government's social and environmental programmes as set out in the consultation provide sufficient clarity over roles and compliance obligations between parties. The guidance is not sufficiently clear on how compliance obligations are handled in cases where a distributed generator which is a subsidiary of a fully licenced supplier seeks the services of that fully licenced supplier in meeting the relevant industry codes under Licence Lite. We suggest the guidance provide more clarity around such scenarios and how any obligations are handled.

**Question 10:** Are there any relevant milestones which are omitted from the proposed guidance?

**Response:** As prospective Licence Lite suppliers begin to submit their applications, we believe that it may be useful to convene an industry- led forum to resolve any outstanding issues including those issues arising as a direct result of any shortcomings in the application process. This would be particularly useful in tackling any issues that could deter potential applicants wishing to participate in Licence Lite. We understand that the absence of applicants has in the past led to the shelving of plans to convene an industry- led forum but as the situation is set to change with the expected submission of a Licence Lite application by the GLA, we think that this would be the most suitable time to consider convening an industry- led Licence Lite forum.

**ENDS**

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