



Making a positive difference
for energy consumers

To holders of Electricity Supply Licences, DECC, Citizens Advice, consumers and their representatives and other interested parties

Direct Dial: 020 7901 1821
Email: Natasha.Smith@ofgem.gov.uk

Date: 17th December 2014

Dear Colleague

Modification of the standard licence conditions of the electricity supply Licence

Please find enclosed a modification of the standard licence conditions (SLCs) of the electricity supply licence by the insertion of a new condition, SLC 21D.

We gave notice on 1 October 2014 (the Notice) that we proposed to modify the Standard Licence Conditions (SLCs) of the electricity supply licence by inserting a new condition, condition 21D and by requiring any representations to the modification to be made on or before 29 October 2014.

The Authority proposes to make this licence modification to help consumers make more informed decisions when buying tariffs based on renewable energy supply. We are encouraging consistency across the market. The aim is to give consumers confidence in renewable tariffs from electricity suppliers.

This proposed addition affects environmental claims¹ on tariffs that supply renewable electricity to domestic customers. The new licence condition will mean suppliers will have to meet requirements on additionality, transparency and evidence of supply, if they offer domestic customers a tariff(s) based on the supply of renewable energy.

We received five responses to the Notice and these have been published on the Ofgem website. One respondent recommended a substantive drafting amendment to the licence, suggesting that 21D.8 should be amended to include the text in bold below:

*21D.8: Before it enters into a Domestic Supply Contract with a Domestic Customer for a Tariff that is the subject of an Environmental Claim, **or as soon as reasonably practical**, the licensee must take all reasonable steps to communicate the following information to the Domestic Customer:*

We have considered this suggestion and we believe that the wording we proposed for 21D.8 is appropriate for the level of transparency that we are looking for suppliers to provide. For example, if a customer is looking to sign up over the telephone then we believe it is possible to communicate the fuel mix to them, while also directing them to other sources for this information. Of course, this does not preclude the information also

¹ "Environmental claim" means a claim made in the course of marketing, billing, or other customer communication that says, or may lead a customer to believe, that choosing the particular tariff is delivering an environmental benefit based on the supply of renewable electricity.

being included in a “welcome pack” or similar materials, and we would encourage suppliers to do this, consistently with their obligations under SLC 25 and the Standards of Conduct to provide complete and accurate information to consumers.

It was also suggested that we add “Fuel Mix Disclosure” to the list of defined terms. We have considered this and taken the view that this is unnecessary as the requirement to publish a fuel mix disclosure chart is already expressed to be in line with SLC 21.

Respondents noted some typographical errors in the draft licence condition. Changes made to correct these errors are highlighted in schedule 1 in the SLC modification.

In accordance with the powers contained in s.11A(1) of the Electricity Act 1989, the Authority has decided to modify the Standard Licence Conditions (SLCs) of the electricity supply licence by inserting a new condition, SLC 21D. This decision will take effect on and from 1 April 2015.

If you have any queries regarding the information contained within this letter you please contact Natasha Smith on 0207 9011821 or by email Natasha.Smith@ofgem.gov.uk

Yours faithfully

Natasha Smith

**Senior Manager
Consumers and Sustainability**