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Date: 25 February 2015

Dear Stakeholder,

Open letter on proposed changes to the recognition process for EU Guarantees of Origin (GoO) for GB Fuel Mix Disclosure (FMD).

Background

In recent years the number of EU Guarantees of Origin (GoO) requests we have received for use in Fuel Mix Disclosure (FMD) has risen significantly. The recognised GoO figure for disclosure period April 2013-March 2014 increased by over 600% on the previous year. The volume of GoO requests is likely to continue to rise as GB electricity suppliers source more electricity from EU member states.

Why are we consulting?

Our current process for recognising EU GoO requests for use in FMD will not be able to accommodate these higher volumes and meet legislative deadlines. The format of the EU GoO request data we receive from different countries is not standardised. We have therefore reviewed the existing EU GoO recognition process for FMD to propose a more streamlined and standardised process for all stakeholders. We have incorporated the discussions we had with stakeholders during the 2013-14 disclosure period into the proposed process.

Benefits

Our discussions showed that the process in 2013-14 caused issues for suppliers and other industry parties, given the high volume of GoO recognition requests. Our aim is to put in place a robust, efficient and consistent process for all stakeholders. This will have tangible benefits for stakeholders. It will help provide a faster turnaround and will help minimise risks, including inaccuracies borne out of inconsistent documentation. We believe that the proposed process will result in a more positive experience for suppliers and other industry parties.

This consultation seeks the views of stakeholders on the proposed process.

Proposed Process

Historically we have accepted requests from many different organisations to recognise EU GoOs on behalf of GB electricity suppliers for their FMD submissions in many different formats. Due to the significant increase in such requests it is now necessary to standardise the process in order to efficiently manage the volume of requests and ensure that statutory deadlines are met.

Going forward, GB electricity suppliers are expected to liaise closely with the organisations they obtain EU GoOs from to ensure that GB electricity suppliers collate and submit in a consistent format, the correct information to enable Ofgem to recognise the GoO for GB FMD.

The proposed process requires suppliers to submit the required information through a template email and a template GoO Excel spreadsheet. Further details on the new process are contained in Appendix 1. The spreadsheet template is on our website, alongside this document.

Stakeholder engagement

We will hold a series of workshops and webinars on the proposed process with stakeholders in March 2015. The CCL and REGO team will contact stakeholders with details of these events in due course.

Views invited

We recognise this is a change to how stakeholders have presented EU GoO recognition requests for FMD in the past. We would welcome your views on this proposal by 25 March 2015.

The consultation period has been set for four weeks as the proposed process involves minor changes to how we receive information. This consultation continues on from the discussions held with stakeholders during the 2013-14 disclosure period, and proposes the practical application of the lessons learned during that period. There are no legislative or policy changes involved.

The deadline for EU Guarantee of Origin (GoO) recognition requests for Fuel Mix Disclosure (FMD) 2015 is 1st July 2015. This process is also required to be agreed for CFD purposes for LCCC (see paragraph 1.7 of the draft process guidance). The timeframes of this consultation reflect these considerations.

Please email your response to CCLandREGO@ofgem.gov.uk with "EU GoO Consultation" and your organisation name in the subject of the email.

Yours faithfully,
CCL and REGO Team
Ofgem
9 Millbank, London, SW1P 3GE

Appendix 1 – Draft new process guidance

Guidance for Organisations Requesting Recognition of EU Guarantees of Origin (GoOs) for use in GB Fuel Mix Disclosure (FMD)

February 2015

This guidance note covers how suppliers should present the information to Ofgem if they are seeking recognition of EU GoOs for use in GB Fuel Mix Disclosure (FMD).

Please also refer to our main guidance document (Renewable Energy Guarantees of Origin (REGOs): Guidance for generators, agents and suppliers) for more details on Ofgem's function on recognising EU GoOs.

<https://www.ofgem.gov.uk/ofgem-publications/58836/rego-guidance-generators-agents-and-suppliers-june-2011.pdf>

Please note our guidance documents are not, and are not intended as, a definitive and/or binding interpretation of the relevant legislation.

The CCL and REGO team, which is part of the Renewable Electricity Directorate of Ofgem E-Serve, administers the EU GoOs recognition process for FMD.

You can contact the CCL and REGO team using the details below.

Email address: CCLandREGO@ofgem.gov.uk

Phone Number: 0207 901 7310 (Option 3)

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1. Introduction

Recent trends

- 1.1. In recent years the volume of EU GoO requests received by Ofgem for use in FMD has increased significantly. In order to meet this additional demand, Ofgem has carried out a review of the existing EU GoO recognition process for FMD to establish a more robust and efficient new process.

Purpose of document

- 1.2. This guidance note describes the improved process to be used when requesting the recognition of EU GoOs for GB FMD.
- 1.3. You should read it alongside chapters 7 and 8 of our main guidance document: Renewable Energy Guarantees of Origin (REGOs): Guidance for generators, agents and suppliers¹, which contains more details on the applicable legislation in this area, and Ofgem's statutory role in recognising EU GoOs for GB FMD.

Legislation

- 1.4. The Electricity (Fuel Mix Disclosure) Regulations 2005, No. 391² state:

“The licensee shall only rely on a guarantee of origin issued outside Great Britain or a generator declaration from a generator outside Great Britain where:

- (a) it holds evidence of supply in Great Britain of the electricity referred to in the guarantee of origin or generator declaration and
- (b) the guarantee of origin or generator declaration has not been used as evidence of fuel mix outside Great Britain.”

- 1.5. GB electricity supply licensees use renewable Levy Exemption Certificates (LECs) as a source of evidence of supply to GB from overseas.

- 1.6. For FMD, Ofgem will only recognise an EU GoO request that meets the specific criteria presented in chapter 7 of the REGO guidance. To ensure that the electricity in question has been supplied in GB, Ofgem also verifies that there are LECs associated with the GoO

¹ <https://www.ofgem.gov.uk/ofgem-publications/58836/rego-guidance-generators-agents-and-suppliers-june-2011.pdf>

² <http://www.legislation.gov.uk/uksi/2005/391/made>

request, and that these LECs have been retired or redeemed. GB electricity supply licensees then use those recognised EU GoOs in their FMD submissions to DECC.

- 1.7. Recognised EU GoOs and LECs may also be used to identify green electricity which may be excluded from supply volumes in the Contracts for Difference (CFD) scheme. The Low Carbon Contracts Company (LCCC) manages the CFD scheme and is responsible for determining whether given quantities of electricity are green excluded electricity. Ofgem may assist LCCC in this determination by sharing information relating to which EU GoOs meet the additional CFD criteria. The data validation provided by Ofgem is based on the data submitted and recognised for FMD. For more details on LCCC please see <https://lowcarboncontracts.uk/>

2. EU GoO recognition process for FMD

Old process

- 2.1. Historically we have accepted requests from many different organisations to have EU GoOs recognised on behalf of GB electricity suppliers for their FMD submissions.
- 2.2. Organisations emailed in GoO requests with cancellation statements in different formats from various EU member states. This process was not standardised or automated. As such, it relied on manual data input and verification, which was inefficient and caused time delays for all stakeholders.

Proposed new process

- 2.3. Due to the significant increase in GoO recognition requests it is now necessary to streamline the process. This is necessary if we are to efficiently manage the volume of requests and ensure that statutory deadlines are met.
- 2.4. Going forward, GB electricity suppliers are expected to liaise closely with the organisations they obtain EU GoOs from to ensure that GB electricity suppliers collate and submit in a consistent format, the correct information to enable Ofgem to recognise the GoO for GB FMD.

Templates

- 2.5. The improved process requires suppliers to use a template email and a template GoO Excel spreadsheet to submit the required information. These templates will be emailed to the relevant stakeholders. Please contact CCLandREGO@ofgem.gov.uk if you have any questions on these templates.

2.6. Each supplier will maintain one Excel spreadsheet in which they present EU GoO information to Ofgem for the relevant annual disclosure period. For GB FMD the annual disclosure period is 1 April – 31 March. This spreadsheet will hold all EU GoO requests for that supplier for that year.

Completing the spreadsheet – suppliers

2.7. The “Front Page” tab of the template GoO Excel spreadsheet provides detailed instructions for suppliers on how to complete the spreadsheet.

EU GoO request email – suppliers

2.8. Once the spreadsheet has been completed, the supplier should send it to CCLandREGO@ofgem.gov.uk, making sure that the following conditions are met.

- The email follows the template email (Appendix 1), provided by Ofgem, which includes the signed legal declaration.
- The following documents are attached:
 - completed spreadsheet
 - original GoO cancellation statement(s) **in Excel format** and named as detailed in paragraph 2.10 below.
- The email subject line should include the following information (see example in paragraph 2.9 below):
 - date of request
 - GB electricity supplier making the request
 - volume of GoOs.

2.9. So, for example, a request from Supplier X made on 5 June 2015 to have 16,613 GoOs recognised for FMD should have the following subject line:

050615 Supplier X 16,613 EU GoOs

2.10. The GoO cancellations statements excel file names should be named using the unique transaction number on the statement. This number has to be exactly the same as the value entered into the column “Cancellation Statement Transaction Number” on the Tab “Supplier INPUT DATA”. This allows us to verify which cancellations statements refer to which lines on the GoO spreadsheet.

Receiving EU GoO master spreadsheet back from Ofgem

- 2.11. Ofgem may periodically carry out checks on all the data submitted since the previous check. Once those checks are finished Ofgem will complete the validation columns in tab “Supplier INPUT DATA” and refresh the “Front Page” tab to update the snapshot table. Ofgem will also update the “Ofgem Register Names” tab with the latest list of accredited stations eligible to receive LECs. Ofgem will then email the master spreadsheet back to the supplier.
- 2.12. For subsequent GoO recognition requests covering the same financial year, the supplier should use the same master spreadsheet and enter the new data from the next available free row in tab “Supplier INPUT DATA”. The process is then repeated as per steps 2.5 – 2.11 above.

Use in FMD and other schemes

- 2.13. This process allows suppliers to submit GoOs recognition requests for FMD throughout the annual disclosure period and build up the snapshot in the “Front Page” tab. On July 1st every year each supplier who has submitted EU GoO requests for the previous annual disclosure period will receive the final snapshot figure of EU GoOs recognised by Ofgem for FMD. This is the figure that the organisation can use in their GB FMD submissions to DECC.
- 2.14. Using the master spreadsheets of recognised EU GoOs for FMD for each supplier, Ofgem will compile a spreadsheet of all EU GoOs recognised for FMD for the financial year and publish it before the 1 October following the financial year. The published spreadsheet of EU GoOs recognised for use in FMD will then form the basis for determining/validating recognised green imports in other schemes, including CFD.

Appendix 1 - Template GoO request email example with signed legal declaration

Email Subject: 050615 Supplier X 16,613 EU GoOs

Dear Ofgem,

I am duly authorised to request the recognition by Ofgem of 16,613 EU GoOs on behalf of Supplier X.

Please find attached the completed spreadsheet with the GoO details along with the original GoO cancellation statements.

“Information” Declaration

I confirm that:

- any information and/or calculations submitted to the Authority, on behalf of the supplier, is or will be complete and accurate, and
- I will not knowingly or recklessly submit information which is false and I am aware that doing so could result in a criminal prosecution.

Name

Job

Contact Details

Supplier Details (Supplier X, Address etc)

Please note The Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Regulations 2003 No. 2562 amended by The Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) (Amendment) Regulations 2010 No.2715 state:

Where a competent authority has recognised a guarantee of origin in accordance with regulation 9 (2), it shall withdraw that recognition if it is satisfied that there is good reason to doubt the accuracy, reliability or veracity of the guarantee of origin.