

Modification proposal:	Green Deal Arrangements Agreement (GDAA) Change Proposal (CP) 0074 - Amended Invoice Date to start Q3 of 2015		
Decision:	The Authority ¹ has decided to consent to this proposal		
Target audience:	Green Deal Oversight and Registration Body (GDORB), GDAA Panel, Parties to the GDAA and other interested parties		
Date of publication:	6 May 2015	Implementation date:	Immediately once both Authority and Secretary of State consent given

Background

The Secretary of State currently funds the GDAA.² The GDAA includes cost recovery provisions to provide for self funding, but as funding has been provided by government to date, these have not yet been used.

The GDAA cost recovery provisions were modified as a result of GDAA CP 0060³ to provide for self-funding by all GDAA parties through a mix of both fixed and variable charges, commencing 1 January 2015. The Secretary of State agreed to extend its funding for the GDAA from 31 December 2014 to 31 March 2015, resulting in modification GDAA CP 0072⁴.

Following this decision, full funding by the Secretary of State has now been extended to 30 June 2015, with partial funding thereafter. This means the cost recovery provisions in the GDAA need to be in effect from 1 July 2015.

The modification proposal⁵

CP 0074 was raised by InstaGroup Ltd and proposes to amend the date on which the GDAA self-funding provisions come into effect. It proposes that invoicing for fixed costs commences on 1 July 2015. It also seeks to clarify that variable charges calculated under the self funding provisions are calculated at the start of each quarter in the relevant calendar year "for which such charges are applicable". This change is aimed at providing flexibility in relation to when variable charges apply during the transition to self funding.

In accordance with paragraph 7.1.2 of the GDAA, Authority consent to CP 0074 is required as it seeks to amend Part 2 of the GDAA.⁶

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² A copy of the GDAA can be found here: <http://gdorb.decc.gov.uk/gdaa>

³ <https://www.ofgem.gov.uk/ofgem-publications/91377/cp0060d.pdf>

⁴ <https://www.ofgem.gov.uk/ofgem-publications/92287/cp0072d.pdf>

⁵ The terms 'modification' and 'modification proposal' have the same meaning as 'change' and 'change proposal' for the purposes of this document.

⁶ Changes to Part 2 of the GDAA (comprising Clauses 5 to 8), or any change to a definition in Clause 1.1 that may materially affect the provisions of Part 2, require Authority consent.

GDAA Panel recommendation

At its meeting on 25 March 2015, the GDAA Panel agreed to approve CP 0074.

Our decision

We have considered the responses to the proposal, which was issued by the GDAA Panel for Impact Assessment, and the decision of the GDAA Panel. We have concluded that the implementation of CP 0074 is consistent with the objective of the GDAA:⁷

To establish an effective mechanism for: (a) the collection of Green Deal Charges through electricity bills by Mandatory Green Deal Suppliers and Voluntary Green Deal Suppliers; and (b) the remittance of these payments to Green Deal Providers or their nominees, so as to enable the efficient use of energy to be promoted under the Green Deal and to do so in a way which protects the interests of consumers, promotes effective competition between electricity suppliers...and promotes the efficient use of energy.

We consider that consenting to this change is consistent with our principal objective and statutory duties.

Reasons for our decision

We consider that the implementation of CP 0074 will contribute to an effective mechanism for the Green Deal by correctly reflecting the date that the Secretary of State proposes to cease fully funding these arrangements. The changes support the transition to self-funding, and should ensure that appropriate self-funding provisions will take effect at an appropriate time.

Pursuant to paragraph 7.1.2 of the GDAA, we consent to CP 0074 being made.

Lesley Nugent
Head of Industry Codes and Licensing

Signed on behalf of the Authority and authorised for that purpose

⁷ The objective of the GDAA is set out in Recital E of that agreement. For the purposes of Authority decisions, this objective is subject to Recital F and the words "promotes effective competition between Green Deal Providers" are excluded.