



## **DECC Ofgem Independent Suppliers Forum Quick Policy Updates 6 July 2015**

### **Ofgem**

#### **Retail Energy Report**

Ofgem's Retail Energy Market report and the accompanying set of indicators will now be published in September instead of July.

#### **Update on White Labels**

Ofgem issued a decision on 3 June 2015 on [white label arrangements](#) that allows suppliers to have unlimited schemes from 1 October 2015 (though suppliers wishing to set up a white label before this may submit a derogation request). The new decision states that:

- The supplier, remains responsible for the customers under its white label for regulatory purposes
- White labels must show a cheapest tariff message which will include the tariffs of its parent supplier (but not for any other white labels run by that parent supplier)

#### **EBSCR Update**

- We published our final decision letter on BSC modification P305 in April this year. This brings into effect – starting in November 2015 – the EBSCR reforms to cash out arrangements, unlocking over time an estimated consumer benefit of at least £200m.
- Reforms achieve this by:
  - making cash out prices more reflective of National Grid's marginal cost of balancing, as well as by allowing prices better to reflect scarcity – by pricing 'brown-out' (voltage reduction) and 'black-outs' (demand disconnection) at £3,000/MWh in cash-out. This will increase to £6,000/MWh in 2018.
  - allowing parties to face a more favourable price for 'helpful' imbalances – as a result of the introduction of a single price. Modelling suggests smaller parties are key beneficiaries of the move to a single price.
- We will monitor the reform of arrangements closely, and will engage with industry later this year to seek views on our monitoring programme.

#### **RMR Derogation Guidance - Version 2 published**

In the Challenger Business Action Plan ([page 16](#)) Ofgem stated *"In the light of our experience, we are trying to speed up the derogation process and considering the need for clearer guidance on the*

*information that suppliers need to submit.”* On 22 June we published updated guidance and reiterated our new 60 day KPI . Please see our [updated guidance](#) and [approved derogations](#).

## **DECC**

### **Smart Meter consultations**

**Smart Energy Code (SEC)** consultation was published Thursday 16<sup>th</sup> July, and can be found [here](#). The consultation covers legal drafting reflecting development of the SEC to meet the evolving DCC design in respect of DCC Enrolment and Communications Services, Smart Metering Testing, Public Key Infrastructure (PKI), Security Independence Requirements, Communication Hubs installation, maintenance and removal, Incident Management and some miscellaneous additions and corrections.

A consultation on **In Home Displays (IHD's)** was committed to as part of the Smart Meter Programmes work on the Early Learning Project. The consultation will propose to enable suppliers to trial alternatives to the IHD. The Smart Metering Design Group are currently considering how trials may be operated. There is no confirmed publication date for the consultation but suppliers will receive notification when it becomes available on the .gov website.

The **Rollout Strategy** consultation response is likely to be published within the next two weeks once final positions are agreed with ministers. The response will cover driving SMETS2 installations, mandating parties to become DCC users, Install and Leave, the new and replacement obligation and SMETS1 end date/cap. Suppliers will receive notification once the response has been published on the .gov website.

### **Levy Control Framework announcements**

Today, Government published a package of reforms to take control of costs in the Levy Control Framework, while also setting out the next stages in our long-term commitment to move to a low carbon economy. This package includes consultations on early closure of the Renewables Obligation to solar PV of 5MW and below and the removal of pre-accreditation from the Feed-in Tariff scheme. We encourage suppliers to respond to this consultation. We will carry out a full review of the Feed-in Tariff scheme later in 2015 and will consult on a package of further cost control measures in due course.