

Ofgem  
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Email to: CCLandREGO@ofgem.gov.uk

8 January 2016

**Open letter on proposed changes to the process for presenting Guarantees of Origin (GoOs) to Ofgem after the removal of CCL exemption for renewables from 1 August 2015**

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy believes that Ofgem should give further consideration to publishing, as guidance, a list of the forms of evidence that would be deemed as acceptable. Ofgem should include on that list nominated flows for explicit trades, retroactive apportionment for implicit flows, and capacity declarations from agents as acceptable evidence.

We believe that concerns around the commercial nature of the information being supplied by Agents can be allayed by the use of capacity declarations or through the provision of redacted information direct to suppliers that can be shared with auditors.

However, Ofgem and Government should recognise the cumulative impact on suppliers' cost to serve of a number of additional processes now being placed on suppliers.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Guy Buckenham on 07875 112585, or myself.

I confirm that this letter may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Angela Hepworth".

**Angela Hepworth**  
**Corporate Policy and Regulation Director**

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## **Attachment**

### **EDF Energy's response to the open letter on proposed changes to the process for presenting GoOs to Ofgem after the removal of CCL exemption for renewables from 1 August 2015**

#### **Guidance on evidence of supply**

In general EDF Energy supports the process changes outlined in your letter of 29 October 2015.

However, we feel that Ofgem should give further consideration to publishing, as guidance, a list of the forms of evidence that would be deemed as acceptable. Without any such guidance the process risks being inefficient as auditors will potentially adopt a more risk-adverse stance, or suppliers will be effectively forced to test the level of acceptability risking non-compliance. Rather than being a prescriptive list Ofgem could update the guidance as and when suppliers bring forward alternative acceptable forms of evidence not originally listed.

We would suggest that Ofgem should include on that list as acceptable forms of evidence nominated flows for explicit trades, retroactive apportionment for implicit flows, and capacity declarations from agents.

#### **Evidence of supply across interconnectors**

In the absence of Levy Exemption Certificates (LECs), EDF Energy believes that there are alternative ways to ensure accuracy, reliability and veracity of the evidence of supply in Great Britain that could be applicable to trades across interconnectors.

For explicit trades the continued use of nominated flows should prove sufficient. Additionally we would encourage the use of capacity declarations supplied by Agents that, similar to generation declarations, would enable suppliers to verify the volume of renewable energy supplied against a particular interconnector.

For implicit flows one of the interconnectors to the UK (BritNed) currently assigns flows retroactively by apportioning flows to specific participants.

#### **Security of information**

In order to ensure that the process is robust, auditors and suppliers will need to be satisfied that evidence exists against the volumes of supplies it is submitting to Ofgem, as ultimately it is the supplier that takes the risk of non-compliance.

EDF Energy believes that concerns about the commercial nature of the information being supplied by Agents can be allayed by through the use of capacity declarations as outlined above. We would be happy to share separately our view of what information should be contained in such a declaration and would appreciate Ofgem's view as to its acceptability.

Alternatively providing redacted information directly to suppliers that can be shared with auditors could be used when possible. Access to the redacted information could still be provided directly to Ofgem and/or auditor via password protected means where necessary.

**Impact on resources**

EDF Energy believes that the impact on resources of this process change will be relatively small given that this largely aligns with the processes to submit information for the purposes Fuel Mix Disclosure (FMD) purposes.

However, Ofgem and Government should recognise the cumulative impact on suppliers' cost to serve of a number of additional processes now being placed on suppliers.

**EDF Energy**  
**January 2016**