



## EDF TRADING

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07/01/2016

Dear Sir or Madam,

### **Response to the Open letter on proposed changes to the process for presenting GoOs to Ofgem after the removal of the CGL exemption for renewables from 1 August 2015**

We welcome the opportunity to comment on Ofgem's proposed changes to the process for presenting GoOs after the removal of the CCL exemption for renewables. We have commented on the evidence that intermediaries could provide to enable suppliers to fulfil the proposed audit requirement and the process for providing that information.

#### **Proof of supply evidence**

Though the treatment of market coupling flows and other market arrangements are not clear at this point, we stress that Ofgem will eventually need to clarify what specific type of evidence will be accepted to demonstrate GB supply. We strongly suggest that Ofgem lists acceptable forms of evidence.

Following Ofgem's stakeholder workshop on 30th November, we have made some suggestions on the type of evidence that market participants would be able to provide.

For explicit interconnector capacity, we suggest using nominated flows. Contracts and invoices, which are mentioned in the consultation as suggested types of evidence, will not demonstrate that capacity has been used to flow electricity into GB. Nomination data could be provided by market participants based on market participants' own internal systems or, if arrangements are developed, in a standardised format. (That is, as far as we are aware, it is not at present possible for market participants to download a summary report that shows nominations over a specific time period from the IT systems used by the interconnectors, i.e. Damas for IFA and Kingdom for BritNed. If this functionality existed, market participants could provide data reports directly from that source rather than from internal systems.) Nomination data provided by market participants could be cross-checked against Elexon's BM Reports and is therefore auditable. As an alternative, the interconnector operators may be able to provide, for example, a declaration of what market participants have imported. Such declarations have been used elsewhere in Europe, for example on the Italian borders (under an historic obligation on importers to cover a certain share of imports with green certificates).

For implicit flows, we suggest using signed contracts of the Transportation and Related Services Agreement between BritNed and the relevant Participant as proof of BritNed's assignment of the relevant portion of implicit flows solely to that Participant.



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We note that figures for nominated volumes or assigned implicit flows will be aggregate figures. It will not be possible to separate out imports sold to individual suppliers, in the case where an intermediary has transacted with several suppliers or when the supplier has transacted with several intermediaries that have flowed power into GB.

However, evidence of the contract in place between the intermediary and the supplier combined with invoices of power volumes transacted between the intermediary and the supplier would overcome this.

To demonstrate the purchase of the relevant electricity overseas, invoices for the relevant bilateral or exchange trade could for example be used.

#### **Process for evidence held by intermediaries and commercially sensitive information**

Where an intermediary is involved, evidence on interconnector flows and overseas transactions will include commercially sensitive information related to the intermediary. It is important that the audit process allows for intermediaries to provide relevant evidence directly to the auditor or directly to Ofgem.

The process for submitting GoOs cancellation statements overcomes this. That is, cancellation statements are provided by intermediaries with commercially sensitive information blacked out and in a password protected format, where the password is sent directly to Ofgem. We assume this process remains as it is and suggest that a similar process is adopted for proof of supply evidence.

If Ofgem would like the supplier to hold a form of proof of supply evidence for interconnector flows, the intermediary could provide a supplier with a capacity declaration on company letterhead stating, for example, that the intermediary has held and nominated sufficient capacity on the relevant interconnector with a monthly breakdown allocated specifically to that supplier.

We would be happy to discuss any of these suggestions in more detail. Please do not hesitate to contact Arben Killoqi (020 7061 4283 / [TransmissionAndRegualtion@edftrading.com](mailto:TransmissionAndRegualtion@edftrading.com)) should you wish to discuss any of these suggestions in more detail.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Arben Killoqi'.

Arben Killoqi  
Regulatory Advisor

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