



Hudson Energy Supply UK response to the Ofgem consultation on GoO Auditing and Validation:

Issues with proposed audit methodology

- We are disappointed that Ofgem does not have the operational capability to audit GoO submissions which are submitted by suppliers and third parties.
- Having to seek external auditors will add operational constraint and add additional financial burden and compliance costs.
- Small suppliers unlikely to have internal audit functions which can effectively liaise with external auditors creating additional cost and effort for strained sector.
- All suppliers would also incur time and effort to tender for and partner with green auditors which have limited availability and desire to participate in market for low value certificates.
- As a small supplier at the end of the green certificate chain being unable to flow volume directly from continental generators we have to use intermediaries allow us access to the market. Third parties would be wary around providing us and other third parties (except Ofgem) with commercially sensitive information for the recommended audit purpose.
- Proposal favours big6 who can smear these large fixed costs across customer base and unfairly use their market power to prevent access to renewable certificates market thus propagating the perceived unfairness of the UK energy market.

Proposed Methodology

- We were very much in favour of the LECs system where compliance and audit was managed by a single trusted third party who could provide a uniform, fair and consist approach.
- We believe that the Conti-GB shipping intermediary should be responsible for providing the audited evidence of flow to ourselves that volume was flown from continent to UK. We can then provide the proof of consumption in UK and submit to Ofgem. Thus responsibility for audit should lie with the trading intermediary.
- Trading intermediaries should therefore require clear guidance as to what for this evidence should take. Eg. Invoice, interconnector nomination etc.