



OVO Energy
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www.ovoenergy.com

Dear Sir or Madam,

In response to the open letter on proposed changes to the process for presenting GoOs to Ofgem

https://www.ofgem.gov.uk/sites/default/files/docs/2015/10/open_letter_goos_for_fmd_and_fit.pdf

We are grateful for the opportunity to comment on the proposed changes for presenting GoOs following the Treasury's decision to remove Levy Exemption Certificates. We have responded specifically to Ofgem's proposals with regard to; proof of supply in GB evidence, timeframes for such proof of supply and the suggested sample size.

Proof of Supply in GB Evidence

OVO are a relatively small business in the UK energy supply market and as a result we do not have an internal audit function. If OVO were to appoint an auditor with a clear remit in this complex legislative environment we would require clear guidelines on the evidential requirements that Ofgem necessitate. As a result, OVO would suggest that Ofgem publish a list of acceptable forms of evidence with regard to proof of supply in GB.

A proposal OVO would suggest, is that both GoO cancellation statements towards GB consumption and interconnector flow invoices/nominations could be used as provenance that the relevant quantity of power flowed into the GB high voltage grid.

It is OVO's understanding that a supplier producing the necessary quantity of GoOs can qualify up to a maximum of 100% of it's supplied volume (MWh's) for the purpose of FiT exemption. Our understanding is that the total quantity of GoOs must match the quantity of supplied volume sought for the sake of FiT exemption on a compliance year basis. In other words there is no requirement to match monthly GoO volumes with monthly supplied volumes within the compliance year.

Furthermore it is OVO's understanding that there is no requirement for UK Wholesale Electricity Trades linking the seller of the GoO to the supplier, only a requirement for proof of a power flow to the GB high voltage grid from the origin of the GoO. If this understanding is not correct then OVO would appreciate any clarification that Ofgem can offer at the earliest possible opportunity.



Timeframes

As discussed in the stakeholder engagement session on 30 November, there may be opportunities to trade GoOs right up to the deadline of 1 July. However this leaves no time to have an audit report created and sent to Ofgem. OVO would propose that audit reports should be submitted after 1 July to reflect the GoO position of the supplier as of midday 1 July.

Should an audit report unexpectedly be submitted to Ofgem with an unacceptable score (OVO acknowledge that this is unlikely but possible), there should be a provision for Ofgem to request the necessary evidence to be provided immediately rather than all GoOs being rejected. This is particularly important for the first time the audit process is run where there is significant rule ambiguity.

More generally OVO wish to make the point that unexpected policy or procedural changes occurring within a compliance timeframe tend to materially impact smaller suppliers to a greater extent than larger suppliers. As such OVO would appreciate if any material changes to the submission process or rules more generally would only apply to future compliance periods, i.e. compliance year 15/16 at the earliest.

Sample Size

OVO has no concerns with regards to the proposed sample sizes suggested by Ofgem.

We would be happy to discuss any of these points in more detail. Please contact Robert Ogden (01179 30 31 32 or Trading@ovoenergy.com) should you wish to discuss further.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'R Ogden', written over a light blue horizontal line.

Robert Ogden
Trading Manager