

Questions raised during GoOs/Market Coupling workshop on 7 March 2016 and webinar on 8 March 2016

Introduction

On 7 March 2016 Ofgem E-Serve held a workshop to present the [updated process](#) for the recognition of Guarantees of Origin (GoOs) for the Fuel Mix Disclosure (FMD) and Feed in Tariff (FIT) schemes.

At the time of the workshop, the [consultation](#) on proof of UK consumption of overseas electricity was still open, so the workshop presented attendees with an opportunity to ask any questions they may have had in relation to this (specifically concerning the questions relevant to GoOs).

These questions will be considered when we draft our revised Guidance document on presenting GoOs.

This document presents the questions that were asked at the workshop on both topics.

Questions on the GoO recognition process

- Regarding statements of GoO cancellation for use in GB - what should non-EU statements say?
- Should we use the explicit wording "For use in GB FMD"?
- Slide 5: Suppliers are required to evidence supply in GB. Are there any other supplier obligations we should be aware of other than the ones in these slides?
- When you say that evidence should be 'any period within a month' what do you mean?
- Slide 12: Can we use the same auditor who does the financial audit for our company?
- Slide 13: How long is the period we need to keep cancellation certificates for?
- Will we also get an email from the FIT team saying the number of GoOs eligible for FITs?
- Can we still block out commercially sensitive information from cancellation statements?
- When you say "same time period", does that mean we can't buy a month and then chop it up into blocks?
- Appendix 2 (re physical flow from the interconnector): We get Elexon data – do you need a written statement?
- In terms of other forms of evidence, what are your timescales for approval?
- Proof of supply to UK by one counterparty and sold to another counterparty or directly to a supplier - Do you require evidence of physical power trades between each party in the chain?
- Can internal audit functions be used providing they are independent
- For 2015/16: what do you put into the cancellation statement if GOs come from non-EU countries and are therefore excluded for FMD purpose? How does Ofgem justify, that EU GoOs are subject to quite extensive auditing compared to UK -generated GOOs?
- Subject to market-coupling consultation etc. could NON-EU GOs and EU GOs of plus 5MW and older than 01.04.10, be used in CP17 to demonstrate that a supply is simply green rather than for financial benefits, aka like a REGO
- The old spreadsheet recognised stations in a sheet of all LEC assets, will the new spreadsheet look-up an asset from a full European list of assets?

19 April 2016

- Why do you exclude non-EU GOs from 2016/17?
- Has Ofgem assessed the question, whether or not "the evidence of supply in GB" is in compliance with EU law? In our view, claiming evidence of physical delivery in the UK for non UK-GOs is discriminatory and violating basic EU-laws.
- How do you interpret the 5 MW limit for FIT, per metered point or group of production units?

Questions on market coupling and GoOs

- Is there anything to stop 100 GB suppliers from saying they contracted with the same continental supplier? What procedures are there in place to stop this?
- A generator has evidence of sales onto the exchange. I have GoOs from many generators. Does the exchange sale need to match to an individual generating station?
- Do you want evidence of sell/buy or evidence of proof of flow?
- It's difficult to bridge proof of supply in GB and implicit trading. In terms of FITs this has a financial implication for all suppliers in the market. Putting the financial obligation of 1 supplier onto all suppliers is troubling.
- What is the volume of trade coming through on an implicit basis? (Follow-up comment from a supplier- there's been a marked increase of activity in day-ahead exchanges since the announcement came out).
- Some or all suppliers could buy GoOs in order to offset their whole supply. Larger suppliers are more able to do this, so will have lower FIT bills than the smaller suppliers. If a supplier doesn't participate its bill will go up, if it does participate it may face a reputational risk.
- Have you considered setting an 'effective date' for your decision, in line with the other changes introduced to FIT levelisation by the FIT Review?
- As a general note, suppliers need clarity on this topic ASAP, as we don't have a lot of time to get everything in order.
- Will Ofgem consider exchange volume on a net basis or gross basis?
- Have you seen any applications for LECs to be recognised through the implicit trading principle?
- Can you please explain what evidence would be sufficient to show import into the UK for GB use, particularly in relation to implicit flows?
- You write ".e.g. half hourly" matching in relation to exchange based market coupling prove of import. Is monthly matching also ok?
- Is there any possibility that you do not recognize trades on both exchanges as sufficient proof of flow under implicit trading or your decision on that point is definitive?
- The half hourly evidence will kill all trading with NON-UK GOOs immediately. It is an obvious violation of several EU laws and disturbing competition. We strongly advise Ofgem to flag this and get DECCs opinion on that before making further guidance.
- Where markets have no power exchange but are coupled will OFGEM accept sales to TSOs as proof of flow?
- Can the evidence of implicit purchase of electricity be made bilateral in the UK or does it have to be exchange based?
- How do you handle the different time zones?
- Would the same trading timeframe apply to the whole trading chain (from producer to UK supplier)? Or only for the last sale on the continent and subsequent purchase on UK exchange?

19 April 2016

- On matching power trades it could only work on an aggregate volume basis in reality - suppliers could not know exactly ahead of time what profile they would sell - how does that work within your views? The trades are all anonymous as well thus there can be no direct matching between counterparties.
- If I have sold 3MW in one trade against the exchange can each 1MW go to different suppliers?
- If I have explicit interconnector nominations, do I need any other power trades?
- My interconnector desk trades on a different account (on N2EX) to my generation desk. If my interconnector desk buys on the exchange and my generation desk sells, can I still use the interconnector purchases?
- To clarify the different desks question: my interconnector desk buys 1MWh on the exchange, my generation desk sells 1MWh. Can I still use the 1MWh purchase by my interconnector desk?
- If a supplier is evidencing implicit flows by taking published exchange data however the suppliers who make up the underlying trades are using these to prove implicit flows how will OFGEM avoid double counting?
- What about BIFA or implicit flows WITH nominations. The power has been delivered to the UK- does it require anything else?