

Energy Efficiency and Social Programmes  
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Sent by email to: [eco.consultation@ofgem.gov.uk](mailto:eco.consultation@ofgem.gov.uk)

## ECO2 Consultation on Deemed Scores

Dear ECO Team at Ofgem E-Serve,

Energy UK is the trade association for the GB energy industry with a membership of over 80 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry – from established FTSE 100 companies' right through to new, growing suppliers and generators, which now makes up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 26 million homes and every business in Britain. Over 619,000 people in every corner of the country rely on the sector for their jobs with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. The energy industry adds £83bn to the British economy, equivalent to 5% of GDP, and pays over £6bn in tax annually to HM Treasury.

Energy UK notes the publication of the Ofgem ECO2 consultation on deemed scores. Suppliers are supportive of simplifying the administration of the Energy Company Obligation (ECO) and recognise that deemed scores could help achieve this. Energy UK therefore welcomes the opportunity to comment on Ofgem's proposed approach to implementing a system of deemed scores for use in the ECO scheme from 1 April 2017, if introduced in legislation.

Deemed scores could help increase simplicity and reduce operational costs. With this in mind, Energy UK and its members believe Ofgem must pay particular attention to ensuring that underlying metrics are easily identifiable and simple to collect. Furthermore, any guidance produced by Ofgem on deemed scores should be clear, simple and, if necessary, straightforward to evidence for both obligated parties and the supply chain. If corrections or updates to any deemed scores are identified during the obligation, it will also be important that these amendments only impact future measures and are not applied retrospectively.

We expect our members to respond individually with feedback on specific proposed scores. We would, however, highlight that initial analysis conducted on behalf of some suppliers has shown that many scores seem to be lower than their equivalent ECO2 SAP scores on average. While we accept the introduction of deemed scores would inevitably create "winners and losers" among measures, it is important Ofgem and DECC carefully consider the potential impacts on suppliers' individual delivery strategies and the scheme's overall delivery profile, particularly for a one year extension.

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Finally, Energy UK would like to stress the importance of early clarity on the design and administration of an extension scheme for obligated suppliers and the wider ECO supply chain. Given the extent of the changes that are likely to come into effect for the transition year, delayed timelines create significant delivery risks, brings further uncertainty to an already vulnerable supply chain and increases the cost of the obligation.

I hope you find our comments helpful. Please let me know if you have any comments or questions. We are always keen to discuss ways in which industry and government can work together to best support the interest of customers.

Yours faithfully,

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