

Derogation application

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On 6 November 2018, we set out our decision to implement a price cap for Standard Variable Tariffs (SVT) and default tariffs. In accordance with the Domestic Gas and Electricity Act 2018 (the 'Act') suppliers are able to apply for a derogation for particular SVTs where:

- consumers chose to be on the SVT; and
- by consumers being on the tariff, renewables are supported materially greater than support provided by subsidies, obligations or other mandatory mechanisms; and
- the cost to the licensee of supplying energy through the SVT is materially greater than the level of the default tariff cap for reasons that are directly attributable to the support that the tariff provides to renewables.

To be eligible for a derogation, a supplier must show that their tariff demonstrates each of the points above.

The guidance for derogation requests for renewable tariffs explains the process for requesting a derogation. This includes how to apply, what we expect from suppliers and how we intend to assess the applications.

This document sets out the minimum information (in a template form) that we require to assess the derogation request for both electricity and gas tariffs. If you think that there is additional information that will assist your application, it should also be submitted. If you are only applying for a single fuel tariff please delete as appropriate.

We will use the information provided in this application form and in the renewable financial information template, to assess whether the tariffs being requested for a derogation (referred to as "Relevant Tariff") qualify.¹ The questions in this document are duplicated in the Excel sheet and we would like you to provide the answers to each question in Word, or where you are providing data, in Excel. If graphs, tables or other media forms are used to provide evidence, then please provide this in the Word document and refer to this in the Excel sheet.

Please complete this template² and submit it to renewablederogations@ofgem.gov.uk.

¹ "Relevant Tariff" refers to the tariff(s) for which you are applying for a derogation

² This document is available in both a PDF and Word version

Derogation Application: for derogation requests from the default tariff cap

Please complete this template³ and submit it to renewablederogations@ofgem.gov.uk.

³ This document is available in both a PDF and Word version

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RENEWABLE DEROGATION APPLICATION TEMPLATE

Applicant's basic details

Applicant's basic details	
Licence holder's name	
Licence holder's address	
Licence holder's company number	
Contact name	
Contact email	
Contact phone number	
Total number of customer accounts	

Electricity tariff derogation template

1. Additional applicant and tariff details

- a) Name of tariff[s] (ie "Relevant Tariffs"). Specify whether the Relevant Tariff is part of a dual fuel⁴ package.

Please complete this information in this template.

- b) If you are applying for more than one tariff, state the number of tariffs you are applying for a derogation for. A separate derogation request should be submitted for each Relevant Tariff.

It should be noted, that for the purpose of the derogation request, a Relevant Tariff will include the variations for payment method and regional prices and will be assessed as a single tariff.

Please complete this information in the renewable financial information template, electricity questionnaire.

- c) Please provide evidence that the Relevant Tariff is an SVT and has no end date. The Act defines an SVT as "a rate or amount charged for, or in relation to, the supply of

⁴ **'Dual fuel'** refers to domestic customers who get their gas and electricity from the same supplier, including the same licensee and affiliated licensees. We note that some dual fuel customers may have two separate accounts (ie one gas and one electricity account); however, customers falling under the dual fuel definition outlined above should be counted as a dual fuel customer. For suppliers with a white label partner, please note that a domestic consumer who gets one of either gas or electricity from the partner supplier and one of either gas or electricity from the white label provider does not meet the definition of 'dual fuel'. Hence, these cases should be considered as single fuel accounts.

gas or electricity under the contract that is not fixed for a period specified in the contract”.

Please refer to Chapter 2, paragraph 2.18-2.19 of the external guidance document for details on our approach to assessing whether a tariff is an SVT.

- d) Please set out:
- i. the duration for which you are requesting a derogation for the Relevant Tariff; and,
 - ii. reasoning for why this is the appropriate length of time.

Please complete this information in this template.

- e) Please provide the total number of customer accounts in your portfolio, split by domestic and non-domestic.⁵ Provide the most up to date figure you have and state the date that the figures relate to.

Please complete this information in the renewable financial information template, electricity questionnaire.

- f) Please provide the number of electricity customer accounts that are on the Relevant Tariff (this should include electricity customers in a dual fuel account). Specify the date these figures relate to.

Please complete this information in the renewable financial information template, electricity questionnaire.

- g) Please provide your overall fuel mix (ie across all tariffs in your portfolio) as well as the fuel mix of the Relevant Tariff. Explain any changes you expect to your overall fuel mix as well as to the fuel mix of the Relevant Tariff over the period of the derogation (as per question d). Specify the date these figures relate to.

Please complete this information in the renewable financial information template, electricity table 1.

- h) Provide the following information on the amount of electricity bought and delivered for your portfolio (please specify the unit and time period):

- i. total volume of electricity bought and delivered for your portfolio;
- ii. total volume of renewable electricity bought for your portfolio and for your customers on the Relevant Tariff;

⁵ In questions e) and f) we want to understand the number of individual customers in your portfolio and on the Relevant Tariff. If there are dual fuel and single fuel versions of the same tariff, these should be recorded on separate lines and we should be able to distinguish between the fuel tariffs.

- iii. total volume of electricity delivered to customers on the Relevant Tariff; and,
- iv. explain any changes you expect to these volumes (at overall level and for the Relevant Tariff) over the period of the derogation.

Please complete this information in the renewable financial information template, electricity table 1.

- i) Please break down the 'renewable' element of your overall fuel mix by the means by which you acquire that energy (i.e. Power Purchase Agreement (PPA)/Renewable Energy Guarantees Origin (REGO) backed). This is not in relation to technology type. Please provide this according to the volumes purchased for the Relevant Tariff and as a percentage of the total renewable energy bought. The sum of the volumes should match those stated in question (i).
 - i. where this differs to your overall fuel mix please explain the differences and the reasons for the differences.
 - ii. explain any changes you expect to the breakdown (at overall level and for the Relevant Tariff) over the period of the derogation.

Please complete this information in the renewable financial information template, electricity table 2.

- j) Please provide the number of renewable generators that:
 - i. you have a PPA with; and/or,
 - ii. you/your parent company own/partly own and that provide energy to your customers

Please make sure you explain how these generators are 'split' between the Relevant Tariff and the rest of your portfolio.

Please complete this information in the renewable financial information template

- k) Please confirm how you contract your PPAs (ie auctions/brokerage/directly with the generators). Please provide a split for the proportion of PPAs acquired through the different methods.

Please complete this information in this template.

- l) Please provide a description of the types of generators you support. If possible, provide the volume of renewable electricity sourced from smaller (sub 1MW) generators, medium (1- 50MW) or larger (above 50 MW) generators. Please specify the units and also provide the percentage split between the generator sizes.

Please complete this information in this template.

- m) Please provide the price charged for the Relevant Tariff according to the fuel type (electricity/gas).

Please complete this information in the renewable financial information template, electricity table 3.1.

2. Provide evidence to demonstrate that the Relevant Tariff provides support for the generation of electricity from renewable sources, materially beyond support provided through subsidies, obligations or other mandatory mechanisms

Please refer to Chapter 2, paragraph 2.23-2.25 of the external guidance document for details on our approach to assessing whether support is being provided that is materially greater and additional than provided through subsidies, obligations, or other mandatory mechanisms.

- a) Please provide a summary of how the Relevant Tariff provides support to renewable generators.

Please complete this information in this template.

- b) Please provide details and evidence of support you provide to the generation of electricity from renewable sources (financial or otherwise).

Where financial support applies, please complete this information in the renewable financial information template, electricity questionnaire.

- c) Please demonstrate that the support is directly related to the Relevant Tariff and is not to the detriment of support provided through other tariffs.

Please complete this information in this template.

3. Provide evidence to demonstrate that you incur materially higher costs due to the support the Relevant Tariff provides to renewables

Please refer to Chapter 2, paragraph 2.26-2.30 of the external guidance document for details on our approach to assessing that materially higher costs are incurred due to the support the Relevant Tariff provides to renewables.

The following section should be completed, alongside the renewable financial information template, and it may be useful to cross-refer between the two.

- a) Please provide an explanation as to why the Relevant Tariff leads to you incurring materially higher costs as well as stating how much it costs to provide per typical customer. This should include your reasoning as to why these costs are valid.

Please note, this question should set out your reasoning. Question 3b) should set out your evidence of the relevant additional costs.

Please complete this information in the renewable financial information template, electricity questionnaire.

- b) Please provide evidence that you incur additional or increased costs as a result of providing the Relevant Tariff, due to the support that those tariffs provide to the generation of electricity from renewable sources, and demonstrate that there is a relationship between these materially higher renewable costs and the need to price the tariff above the cap.

Please complete this information in the renewable financial information template, electricity questionnaire.

- c) Please demonstrate that those additional costs are necessary and demonstrate that these costs are specific to the tariff and not from any cross-subsidy (ie they do not apply for other tariffs).

Please complete this information in the renewable financial information template, electricity questionnaire.

- d) Please estimate and explain any cost savings you make from supporting the generation of electricity from renewable sources.

Please complete this information in the renewable financial information template, electricity questionnaire and renewable information template.

- e) Please complete the detailed renewable financial information template. Please clearly separate those costs which are not specific to the Renewable Tariff, and those that are specific additional costs which allow you to provide the Relevant Tariff. These should be clearly evidenced with justification as to why they are valid additional renewable costs.

Please complete this information in the renewable financial information template, electricity questionnaire and renewable information template.

4. Monitoring that the Relevant Tariff is supporting renewables

- a) Please describe the information you can provide to Ofgem to evidence that your tariff is supporting generation of electricity from renewable sources, on an ongoing basis.

Please complete this information in this template.

- b) Please describe and evidence any independent sources that Ofgem could monitor to verify that the Relevant Tariff continues to support generation of electricity from renewable sources (including verifying any information you may provide to us under 4a).

Please complete this information in this template.

- c) Please explain what information you could provide to Ofgem to allow us to monitor that you incur materially higher costs due to the support the Relevant Tariff provides to the generation of electricity from renewable sources.

Please complete this information in this template.

5. Demonstrate that consumers on the Relevant Tariff made an active choice to be on that tariff

As part of this, please set out the proportion of default customers compared to those on the Relevant Tariff that you are requesting a derogation for.

Please refer to Chapter 2, paragraph 2.20-2.22 of the external guidance document for details on our approach to assessing of consumer choice.

6. Provide any other relevant information, analysis or evidence that may be useful in supporting your application

Please refer to Chapter 2 of the external guidance document for details on our general approach to assessing applications for derogations.

Gas tariff derogation template

1. Additional applicant and tariff details

- a) Name of tariff[s] (ie "Relevant Tariffs"). Specify whether the Relevant Tariff is part of a dual fuel package.

Please complete this information in this template.

- b) If you are applying for more than one tariff, state the number of tariffs you are applying for a derogation for. A separate derogation request should be submitted for each Relevant Tariff.

It should be noted, that for the purpose of the derogation request, a Relevant Tariff will include the variations for payment method and regional prices and will be assessed as a single tariff.

Please complete this information in the renewable financial information template, gas questionnaire.

- c) Please provide evidence that the Relevant Tariff is an SVT and has no end date. The Act defines an SVT as "a rate or amount charged for, or in relation to, the supply of gas or electricity under the contract that is not fixed for a period specified in the contract".

Please refer to Chapter 2, paragraph 2.18-2.19 of the external guidance document for details on our approach to assessing whether a tariff is an SVT.

- d) Please set out:

- i. the duration for which you are requesting a derogation for the Relevant Tariff; and,
- ii. reasoning for why this is the appropriate length of time.

Please complete this information in this template.

- e) Please provide the total number of customer accounts in your portfolio, split by domestic and non-domestic.⁶ Provide the most up to date figure you have and state the date that the figures relate to.

Please complete this information in the renewable financial information template, gas questionnaire.

⁶ In questions e) and f) we want to understand the number of individual customers in your portfolio and on the Relevant Tariff. If there are dual fuel and single fuel versions of the same tariff, these should be recorded on separate lines and we should be able to distinguish between the fuel tariffs.

- f) Please provide the number of gas customer accounts that are on the Relevant Tariff (this should include gas customers in a dual fuel account). Specify the date these figures relate to.

Please complete this information in the renewable financial information template, gas questionnaire.

- g) Please provide your overall gas mix⁷ (ie across all tariffs in your portfolio) as well as the gas mix of the Relevant Tariff. Explain any changes you expect to your overall gas mix as well as to the gas mix of the Relevant Tariff over the period of the derogation. Specify the date these figures relate to.

Please complete this information in the renewable financial information template, gas table 1.

- h) Please provide the following information on the amount of gas bought and delivered for your portfolio (please specify the unit):
- i. total volume of gas bought and delivered for your portfolio;
 - ii. total volume of renewable gas bought for your portfolio and for your customers on the Relevant Tariff;
 - iii. total volume of gas delivered to customers on the Relevant Tariff; and,
 - iv. explain any changes you expect to these volumes (at overall level and for the Relevant Tariff) over the period of the derogation.

Please complete this information in the renewable financial information template, gas table 1.

- i) Please break down the 'renewable' element of your overall gas mix by the means by which you acquire that energy (ie Gas Purchase Agreement (GPA)/Renewable Gas Certificate backed). This is not in relation to technology type. Please provide this according to the volumes purchased for the Relevant Tariff and as a percentage of the total renewable gas bought. The sum of the volumes should match those stated in question (i).
- i. Where this differs to your overall gas mix please explain the differences and the reasons for the differences.
 - ii. Explain any changes you expect to the breakdown (at overall level and for the Relevant Tariff) over the period of the derogation.

Please complete this information in the renewable financial information template, gas table 2.

- j) Please provide the number of renewable gas producers that:

⁷ This is the renewable/non-renewable mix. Please explain how you define the 'renewable' element of your overall gas mix.

- i. you have a GPA with; and/or,
- ii. you/your parent company own/partly own and that provide gas to your customers

Please make sure you explain how these producers are 'split' between the Relevant Tariff and the rest of your portfolio.

Please complete this information in the renewable financial information template, gas questionnaire.

- k) Please confirm how you contract your GPAs (i.e. auctions/brokerage/directly with the producer). Please provide a split for the proportion of GPAs acquired through the different methods.

Please complete this information in this template.

- l) Please provide the price charged for the Relevant Tariff according to the fuel type (electricity/gas if dual fuel).

Please complete this information in the renewable financial information template, gas table 3.1.

2. Provide evidence to demonstrate that the Relevant Tariff provides support for the production of gas from renewable sources, materially beyond support provided through subsidies, obligations or other mandatory mechanisms

Please refer to Chapter 2, paragraph 2.23-2.25 of the external guidance document for details on our approach to assessing where support is being provided that is materially greater and additional than provided through subsidies, obligations, or other mandatory mechanisms.

- a) Please provide a summary of how the Relevant Tariff provides support to renewable gas producers.

Please complete this information in this template.

- b) Please provide details and evidence of support you provide to producers of gas from renewable sources (financial or otherwise).

Please complete this information in the renewable financial information template, gas questionnaire.

- c) Demonstrate that the support is directly related to the Relevant Tariff and is not to the detriment of support provided through other tariffs.

Please complete this information in this template.

3. Provide evidence to demonstrate that you incur materially higher costs due to the support the Relevant Tariff provides to renewable gas producers

Please refer to Chapter 2, paragraph 2.26-2.30 of the external guidance document for details on our approach to assessing that materially higher costs are incurred due to the support the Relevant Tariff provides to renewables.

The following section should be completed, alongside the renewable financial information template, and it may be useful to cross-refer between the two.

- a) Please provide an explanation as to why the Relevant Tariff leads to you incurring materially higher costs as well as stating how much it costs to provide per typical customer. This should include your reasoning as to why these costs are valid.

Please complete this information in this template.

Please note, this question should set out your reasoning. Question 3b) should set out your evidence of the relevant additional costs.

Please complete this information in the renewable financial information template, gas questionnaire.

- b) Please demonstrate that you incur additional or increased costs as a result of providing the Relevant Tariff, due to the support that those tariffs provide to the generation of gas from renewable sources, and demonstrate that there is a relationship between these materially higher renewable costs and the need to price the tariff above the cap.

Please complete this information in the renewable financial information template, gas renewable information template.

- c) Please demonstrate that those additional costs are necessary and demonstrate that these costs are specific to the tariff and not from any cross-subsidy (ie they do not apply for other tariffs).

Please complete this information in the renewable financial information template, gas questionnaire and renewable information template.

- d) Please estimate and explain any cost-savings you make from supporting the generation of gas from renewable sources.

Please complete this information in the renewable financial information template, gas questionnaire and renewable information template.

- e) Please complete the detailed derogation cost template. Please clearly separate those costs which are not specific to the Renewable Tariff, and those that are specific additional costs which allow you to provide the Relevant Tariff. These should be clearly evidenced with justification as to why they are valid additional renewable costs.

Please complete this information in the renewable financial information template, gas questionnaire and renewable information template.

4. Monitoring that the Relevant Tariff is supporting renewables

- a) Please describe the information you can provide to Ofgem to evidence that your tariff is supporting producers of renewable gas/the production of gas from renewable sources, on an ongoing basis.

Please complete this information in this template.

- b) Please describe and evidence any independent sources that Ofgem could monitor to verify that the Relevant Tariff continues to support producers of renewable gas/the production of gas for renewable sources (including verifying any information you may provide to us under 4a).

Please complete this information in this template.

- c) Please explain what information you could provide to Ofgem to allow us to monitor that you incur materially higher costs due to the support the Relevant Tariff provides to producers of renewable gas/the production of gas from renewable sources.

Please complete this information in this template.

5. Demonstrate that consumers on the Relevant Tariff made an active choice to be on that tariff

As part of this, please set out the proportion of default customers compared to that on a Relevant Tariff that you are requesting a derogation for.

Please refer to Chapter 2, paragraph 2.20-2.22 of the external guidance document for details on our approach to assessing of consumer choice.

6. Provide any other relevant information, analysis or evidence that may be useful in supporting your application

Please refer to Chapter 2 of the external guidance document for details on our general approach to assessing applications for derogations