

CCL and REGO Policy Development Manager
Ofgem
9 Millbank
London
SW1P 3GE

24 March 2016

Dear CCL and REGO Policy Development Manager,

Consultation on Proof of UK Consumption of Overseas Electricity

Thank you for the invitation to respond to the above document. Good Energy is a fast-growing 100% renewable electricity supply company, offering value for money and award-winning customer service. An AIM-listed PLC, our mission is to support change in the energy market, address climate change and boost energy security.

Question 1: Do you agree that the types of evidence we have identified are adequate? Do you foresee any problems with obtaining them, particularly if the power has been exchanged multiple times?

We have no view on this issue.

Question 2: Are you are aware of other specific types of evidence that they might present for these purposes? If so, what are they? Please be as specific as possible, and explain why you think this specific type of evidence would be adequate.

We are not aware of any alternative types of evidence.

Question 3: Are you aware of any issues that may preclude applying the decisions of the consultation on LECs and market coupling to proof of GB supply of overseas electricity under FMD, FiT and CFD as well? If so, please provide details on the issues you foresee.

We foresee a significant risk relating to meeting the costs of renewable support schemes, particularly the FiT, if the proposed solution of unconstrained implicit trading of GoOs were to be introduced. Currently, the total cost of FiT scheme is divided among suppliers according to their share of the electricity market, *excluding any imports of green electricity from outside GB*. If unconstrained implicit trading of GoOs were to be introduced, this would mean that suppliers would be free to source a practically unlimited number of GoOs from Europe. This would have the effect of reducing their obligation to meet the costs of the FiT or other schemes to a low (or in the case of the FiT, potentially zero) level. It is self-evident that the opportunity to avoid costs in this way would be strongly in the interests of any suppliers that were in a position to do so. At best, this risks creating a distorting effect on the market in favour of those firms most able to source GoOs, likely to be those companies with subsidiary or parent companies in continental Europe. At worst this could occur to such an extent that a very small number of suppliers would be left meeting the costs of the FiT or other schemes, threatening their ongoing business operations, and forming a significant barrier to entry for new firms. This issue arises as a consequence of permitting unconstrained

trading of GoOs, and would be overcome if trading of GoOs were limited by the capacity of the interconnector, or if the exemptions for green electricity were capped, as they are for the CfD. To be meaningful however, such a cap would need to be set at a relatively low level.

Question 4: Can you foresee any issues that may arise from maintaining the same process for LECs as per the 2008 CCL guidance? If so, please give details.

We have no view on this issue.

Question 5: Can you foresee any issues that may arise from maintaining the same process for GoOs as per the GoO recognition process currently being consulted on now implicit trades are permitted? If so, please provide details.

We have no view on this issue.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,

Tom Steward

Wholesale Regulatory Officer