

CCL & REGO Policy Development Manager
Ofgem E-Serve
9 Millbank
London
SW1P 3GE

11 March 2016

Dear Sir or Madam,

Proof of UK Consumption of Overseas Electricity

Thank you for the opportunity to comment on the above consultation. We are broadly supportive of the proposed approach for enabling the use of Guarantees of Origin (GoOs) following the end of Levy Exemption Certificates, for the purposes of the Fuel Mix Disclosure (FMD) Regulations and exemptions from suppliers' Feed in Tariff (FiT) and Contracts for Difference (CfD) obligations.

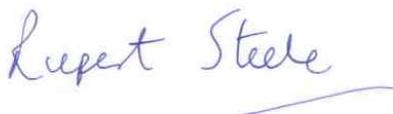
We note the additional audit requirements regarding implicit trades purchased in the UK, outlined by Ofgem at a stakeholder workshop on 3 March 2016. Ofgem suggested there would be a requirement to provide evidence of matching volumes sold and purchased "in the same time period (e.g. half hour)". It is unclear from this whether the time periods have to be half hourly, and if not, what alternative time periods might also be acceptable. Implicit traded volumes in Europe are monthly and not specified in half hours, so it would be most convenient from an audit perspective if monthly time periods are allowed.

However, it is clearly important in the interests of British consumers that the requirement for electricity to be actually used in the UK is enforced with appropriate care. It would be helpful if Ofgem could consider the optimum balance of these factors in deciding how the time periods should apply. We would ask Ofgem to clarify the timing requirements it chooses and ideally incorporate them into the guidance document. This will enable suppliers to make any necessary changes to accommodate new audit requirements.

Our responses to the consultation questions are set out in the annex to this letter.

If you have any queries regarding this response please don't hesitate to contact me.

Yours faithfully,



Rupert Steele
Director of Regulation

**PROOF OF UK CONSUMPTION OF OVERSEAS ELECTRICITY
SCOTTISHPOWER RESPONSE**

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 agree the forms of evidence identified are appropriate. We do not foresee any issues in providing such evidence of purchase in either the UK or eligible, overseas markets.

Question 2: Are you aware of other types of specific 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 other type of evidence that could be presented for this purpose.

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 have not identified any issues that were not considered in the consultation.

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.

As the LEC process is well established and the availability of LECs will diminish to zero, we see no issues in maintaining the same process until all certificates are exhausted.

Question 5: Can you see any issues that may arise from maintaining the same process for GoOs as per the GoO Recognition Process recently consulted on now implicit trades are permitted? If so please provide details.

We do not anticipate any problems with the GoO recognition process for implicit trades, in line with the current version of Ofgem's guidance¹. As noted in our cover letter, it would be helpful if Ofgem could clarify if there are additional audit requirements with regards to implicit trades purchased in the UK. At a stakeholder workshop on 3 March 2016 Ofgem suggested that an audit of such trades would include a requirement to match the trades to individual half hours. It would be helpful if Ofgem could clarify any additional audit requirements in the guidance, so that suppliers are able to make any system or other changes required to support the revised audit rules.

¹ https://www.ofgem.gov.uk/system/files/docs/2016/03/ofgem_final_goo_guidance.pdf