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Dear Sirs

Publication of Ofgem's Draft Guidance – Renewables Obligation: Guidance for Suppliers

Thank you for the opportunity to comment on the above guidance. Please see our comments below.

Question 1: Are there any aspects of updated sections of this guidance that could be made clearer or improved? If so, please provide specific comments including section references.

We believe that there are aspects of the guidance that could be made clearer. Paragraph 2.10 of the guidance states that *"EII excluded electricity is the relevant proportion of electricity measured by a meter for which an EII certificate has been issued"*. No further guidance is provided to explain how this should be calculated. Is it to be assumed that suppliers should simply apply the percentage provided in each EII certificate to the total supply volumes of the customer that the certificate relates to? We feel the guidance would benefit from more clarity on this point.

Paragraphs 2.9 of the guidance and 5.4 of Appendix 5 do not detail how the *"Supply to Energy Intensive Industries (EIIs) which is exempt from RO costs (referred to as 'EII Excluded Electricity')"*, is to be determined. We would like the guidance to reflect this, together with the data flows to use, in more detail.

Appendix 5, paragraph 5.12 states *"If the EMR Reporting Notification is valid (D0355), confirmation will then be sent by the supplier to EMRS."* However, the guidance referenced by Ofgem in footnote 17 states that the relevant flow is D0357. We would appreciate clarification on this.

We would appreciate an explanation of how the update to the Consumption Component Classes (Appendix 5, paragraph 5.9) relates to the RO legislative changes. We understood these additional Consumption Component Classes were a change required independently of the EII legislation. If this is not the case can you please provide clear guidance on how the update to the Consumption Component Classes more clearly relates to the RO legislative changes.

Question 2: Are there any omissions in this guidance? If so, please provide comments.

Paragraphs 2.10 to 2.14 make no mention of the fact that, in the event of CP16 having a double obligation,

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suppliers will be required to provide separate volume submissions for each sub-period (1/4/17 to 31/12/17 and 1/1/18 to 31/3/18) via the CHP and Renewables Register system. This will require changes to be made to the CHP and Renewables Register and was acknowledged by Ofgem at the workshop on 18 October 2017. It would be helpful for this to be made explicit in the guidance.

The guidance does not take note of the fact that EII certificates issued after the start of the relevant compliance period will not apply for the whole period. Paragraph 32 of the BEIS Guidance for applicants seeking a certificate for an exemption from the indirect costs of funding Contracts for Difference (CfD), (referenced in footnote 12 of the guidance) states that:

"Successful applicants will receive a certificate setting out details on their exemption. This should then be shared with the applicant's energy supplier so that the business receives the exemption it is entitled to. A new certificate (where one has not been issued previously) will come into force the day after the day on which it is issued and last for the rest of the financial year. However, where this would result in the certificate lasting for less than 6 months, it will instead last until the end of the following financial year (for example, if a certificate is issued in December 2017, this would be valid until 31st March 2019).

Furthermore, the guidance does not specify what should happen in the event that customers do not provide the EII certificates to their suppliers, or provide them after 1 June/July. This may become an issue in future years – EII certificates will generally expire on 31 March of each year, and EII customers must apply for their exemptions to be renewed. EII customers may forget that they need to re-submit their new certificates to their suppliers each year.

Please can you confirm that, in the event that an EII failed to provide their certificates, suppliers will not be in breach of their requirement to provide the "total relevant electricity supplied", as defined in the Renewables Obligation (Amendment) (Energy Intensive Industries) Order 2017?

Question 3: Do you feel that the approach we are taking in administering the exemption is sensible? If not, please provide comments.

In the circumstances, the proposed measures for administering the exemption appear sensible. Nevertheless, they will make the RO submissions more time-consuming and introduce more potential for errors to occur – suppliers will need to identify each individual EII that is in their portfolio and manually apply the percentage provided in its EII certificate to the eligible volumes (the EII certificate might not cover the entire compliance period). The process has the potential to be quite labour intensive where we have a large number of EII customers.

During the Ofgem's workshop on 18 October 2017, npower questioned whether the EMRS data would be suitable for the purposes of cross-checking the RO submissions and said that one set of data would be in the form of NBP volumes, while the other set of data would be in the form of metered volumes. Ofgem was not able to confirm or deny this at the time. Given the higher potential for errors that the exemption introduces, it is important to have a valid way of verifying the submissions. We would also ask for further clarity on how Ofgem intends to use the EMRS data to verify the RO submissions.

Yours faithfully



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