

Reference: ECO/KES

OFGEM

20 December 2012

Dear Jessica,

Energy Companies Obligation (ECO): Consultation on the methodologies for calculating (1) number of domestic customers and (2) amount of electricity and gas supply

We thank you for the opportunity to respond to this consultation. We note that the methodology proposed in Appendix 2 of the consultation follows the advice provided by ELEXON to OFGEM earlier this year. However, there is an issue with this methodology and the notification dates defined in the consultation. We believe you are already aware of this issue, but note that it was not identified at your recent workshop.

The issue is that the Supplier notification deadline is the 1 February, but the methodology states that the calculation should be based on the latest settlement data available as of 31 July of the relevant year. This is the date by which the data will be available from the 'R3' Settlement Run for the last day of the Notification period, i.e. the 31 December. It should be noted that the Settlement processes cannot provide equivalent data earlier as the R3 data is based on more actual meter reading data obtained by Suppliers.

We note that the 'Notification Period' is a calendar year and is defined as such in the legislation. If Suppliers are to provide data based on the latest Settlement data available at the 1 February, then this would mean that the data provided (from earlier Settlement runs) would be less accurate than the methodology intends. We believe that this has potential implications for certain types of Suppliers that will qualify for the obligation.

We are happy to meet with you to discuss any potential options for resolution of these issues following the consultation.

Yours sincerely

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