

Licence Lite

Presentation delivered as part of the Ofgem Community Energy workshop

04/09/2013

ofgem

To enable DE benefits

- Renewable / low carbon sources
- Reduced system losses
- Efficiency from CHP

To reduce price gap

- Capture more of the value chain by accessing the retail market directly
- Reliable market for generation

To benefit communities

- Alignment of energy supply with delivery of wider social objectives (eg related to fuel poverty)

A licence modification allowing Licence Lite parties to apply for a **full electricity supply licence and a direction** relieving them of their obligation to be a direct party to certain industry codes (MRA, DCUSA, CUSC, BSC)*, provided that **commercial arrangements** are in place for a third party fully licensed supplier (TPLS) to discharge code compliance in these areas on their behalf.

* MRA - Master Registration Agreement; DCUSA - Distribution Connection and Use of System Agreement; CUSC - Connection and Use of System Code; BSC - Balancing and Settlement Code

A Licence Lite supplier still interacts with wider energy market and has to comply with its supply licence

Licence **compliance**:

- complaints monitoring
- customer protection
- RMR

Access to **reliable load** / ability to procure power

CRM system:

- quoting and billing
- credit vetting
- data flows

Knowledge of energy system and market

Why isn't it simpler?

DRAFT – information current as of 04/09/2013

- The Licence Lite approach benefits the **energy system as a whole**, rather than one particular participant
- It **integrates** DE
- There are **other options** open to prospective / small suppliers
 - Exemption threshold
 - Commercial arrangement
 - White label arrangement (pending RMR final decisions in this area)

Draft guidance

Contacts

The image shows the cover page of a document from Ofgem. At the top left is the Ofgem logo with the tagline 'Promoting choice and value for all gas and electricity customers'. The main title is 'Distributed Energy - Final Proposals and Statutory Notice for Electricity Supply Licence Modification'. Below the title, it says 'Document Type: Decision Document' and 'Ref: 08/09'. There is a section for 'Date of Publication: 6 February 2009'. A 'Target Audience' section lists 'Owners and operators of distributed energy schemes, electricity suppliers, distribution network operators, consumer groups, local authorities, property developers, and manufacturers and any other interested parties.' An 'Overview' section states that Ofgem is committed to addressing climate change and facilitating sustainable development in the gas and electricity sectors. It mentions working with Government, DE developers, licensed suppliers, and other stakeholders to reduce regulatory barriers. The document sets out final proposals and a statutory consultation notice to implement a new standard licence condition. A 'Contact name and details' section lists Anna Kulhavy, Senior Economist, with contact information: Tel: 020 7901 7390, Email: anna.kulhavy@ofgem.gov.uk, and Team: European Strategy and Environment. At the bottom, it provides the office address: Office of Gas and Electricity Markets, 9 Millbank, London SW1P 3GE, and the website: www.ofgem.gov.uk.

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<https://www.ofgem.gov.uk/publications-and-updates/distributed-energy-final-proposals-and-statutory-notice-electricity-supply-licence-modification>

(Appendix 3)

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.