

**Response from Viridian Power and Energy**

**To**

**SEM**

**Disclosure of Information to Final Customers by  
Suppliers**

**Consultation Paper**

**2<sup>nd</sup> April 2007**



## **Executive Summary**

VP&E note the consultation on the “Disclosure of Information by Suppliers to Final Customers” under the SEM required by the Directive 2003/54/EC.

We broadly support the proposed Option 2 – Financial Contracts for the following reasons:

- It facilitates suppliers who wish to market specific products such as green or CHP
- Harmonisation of arrangements in GB and Ireland is desirable due to Interconnection
- Minimisation of administration – certification requirements unnecessary (pragmatism)

We note that Option 1 – Average Pool Fuel Mix does not facilitate suppliers who wish to market specific products (eg. Green, CHP etc.) to customers and Option 3 – Certification of Fuel Types would require an undesirable administrative overhead necessary for the certification process.

## **Facilitation of suppliers who wish to market specific products**

Option 2 should cater for Suppliers who wish to offer parts of their energy portfolio in different products (eg. Green insofar as the supplier has sufficient green contracts over a given year). These arrangements are further necessary as it is unlikely that any supplier will have an entirely 100% make up of a single energy source anyway (a supplier offering a Green product will have to avail of some pool energy over an above its main contracts if it is short in generation). There needs to be arrangements that do not preclude a single supplier offering a range of products to customers.

## **Issue with providing evidence of financial contracts**

Section 4.1.1 under Option 2 states that there needs to be evidence of financial contracts submitted. Where a Supply Company has affiliated generation interests these arrangements may not be represented by a specific financial contract (ie a CFD). The supply company should be allowed to offset its affiliated generation output against pool purchases, except where the affiliated generator has explicit financial contracts with another party (via a CFD for that generation).

VP&E consider that there should be arrangements such that supply companies can include affiliated generation as part of the make up of their own portfolio of generation as this arrangement amounts to a natural hedge.

## **GB and Ireland – harmonisation of arrangements desirable due to Interconnection**

For the purposes of facilitating Interconnector trades with GB it is desirable to have a harmonisation of arrangements. As arrangements do not currently exist in NI so the

opportunity to implement similar arrangements in NI as in both Ireland and GB will cater for the Moyle Interconnector, as per Option 2.

### **Directed Contracts**

VP&E note the proposal under Option 2 to use the average fuel mix of ESB PG for directed contracts offered by ESB PG. We assume that directed contracts offered by NIE PPB, if any, will have similar arrangements.