



15 April 2014

Dear

## **ENERGY COMPANY OBLIGATION**

Thank you for the information that you have been providing so far, on a voluntary basis, on the costs of the Energy Company Obligation (ECO).

While this information has been helpful, it has not been sufficient to provide the solid evidence base that is needed when reviewing the operation and effect of the ECO Order, and considering the future of ECO. I am keen, for example, as we go forward with consultation on the proposed ECO changes, that the Government should have access to consistent and detailed information when considering policy for the next proposed ECO period, and, after that, as we continue to review the operation and effect of the current ECO Order.

I am therefore now writing to the licensees in your group requiring them each to provide in writing, pursuant to section 103B of the Utilities Act 2000, the information set out in the attached copy letter and annexes, by 13<sup>th</sup> May 2014 and thereafter at the specified intervals and dates.

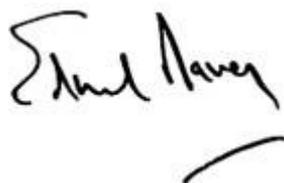
This essentially consists of information on:

- delivery costs incurred;
- administrative costs incurred;
- the proportion of consumer bill costs attributable to ECO;
- the quality assurance / audit process adopted for these figures;
- existing contracts for future delivery, including price and volumes (guaranteed and expected);
- the ways in which ECO costs are apportioned across different types of customer and account;
- how forecasted ECO costs have been and are factored into your pricing;
- actions taken when actual costs have differed from forecasts; and
- the impact of accounting policies on the way in which ECO costs are reflected in company accounts, and pricing.

I attach a copy of my letter and annexes setting out my formal requirements.

You will also note that I am keen that there should be as much public transparency as possible on these issues, and I will continue to consider how this can best be achieved,

particularly in the short term. I would like to know which of the above information you would not be content to have published and my officials will be in touch to discuss this. In this spirit, I am also making a copy of this letter publicly available.

A handwritten signature in black ink that reads "Edward Davey". The signature is written in a cursive style with a horizontal line underneath the name.

**EDWARD DAVEY**