

ET SECTOR	
REFERENCE NUMBER:	CATEGORY: Addition
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC 4.5
TITLE:	Environmental Scorecard output delivery incentive
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	
RELEVANT ISSUES LOG:	
POLICY ISSUES	
<ul style="list-style-type: none"> General SpC 4.5.3 Definitions 	<ul style="list-style-type: none"> We are still working with Ofgem on the details of the scorecard thresholds and therefore expect an additional opportunity to comment before the license is finalised. The above comment holds true for the TBC entries in the scorecard too. In SpC 4.5.3, FEAt needs to be changed to be defined as % vehicles converted to low carbon alternatives (rather than % emissions reduction) – in line with the EAP commitment made in our T2 Dec 2019 business plan submission. EVAAt The environmental value units are still being defined. We need to refer to a methodology document to stand alongside the licence which will detail what metrics make up a 1% improvement. ΣEGAIt -Should be Net gain is for individual projects rather than for all project and will be judged based on the individual site baselines. A project qualifies if it has passed through and been granted external planning within the T2 period only. Schemes not applicable to the planning process qualify for this net gain measurement once project sanction (around gate c) has been granted within T2. Please adjust the Office definition to ensure it is clear that the offices in scope are: our core occupied location in the UK - Warwick, Wokingham, Solihull, Eakring, Derby and Warrington.
DRAFTING ISSUES	
<ul style="list-style-type: none"> SpC 4.5.2 SpC 4.5.3 	<ul style="list-style-type: none"> We suggest “reward or penalise the licensee to reflect its performance in seven environmental areas as compared against annual improvement thresholds”. In the opening formula “BGt” should be “EGt”.

<ul style="list-style-type: none"> SpC 4.5.4 and 4.5.5 	<ul style="list-style-type: none"> In the definitions of FEAt, BMAt and WRAt, there are additional full stops that need to be removed. In the definition of EGt, “BGTP1” should be “EGTP1”. We suggest that these provisions are moved to two additional appendices and that SpC 4.5.3 points to these annexes as setting out the meaning of the remaining terms. SpC 4.5.4 and 4.5.5 currently are not clear if read alone as licence condition paragraphs. We are concerned about the way the algebra is drafted on this condition. All calculations appear to assume that a positive percentage change equals a reward. To combat this, we would need to enter any reductions that were in the consumer interest (e.g. percentage reduction in waste) as a positive number and increases as a negative to allow the formula to work. Further complicating this, there are elements of the incentive for which we are looking for an increase in behaviour (e.g. increase in net gain), which makes this confusing.
FINANCE ISSUES	
SUPPORTING INFORMATION	
OFGEM ENGAGEMENT:	