

Anna Rossington

Deputy Director – Retail Price Regulation
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Sent via email to: retailpriceregulation@ofgem.gov.uk

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Dear Anna

Statutory Consultation on the process for modifying the Default Tariff Cap

Energy UK is generally supportive of Ofgem’s proposals to modify the provisions of the licence to align them with the 56-day notice period as required by Section 5 of the Domestic Gas and Electricity (Tariff Cap) Act 2018.

In developing future methodological amendments, it will be essential for Ofgem to ensure that it undertakes and adheres to proper consultation processes, with impacts robustly assessed and sufficient opportunity for these upcoming significant changes to be effectively scrutinised. In a number of instances, for example, Energy UK has previously highlighted Ofgem’s inconsistency with its own consultation policy when it has set unnecessarily restrictive and unrealistic timings for responses.¹

One such instance was in response to Ofgem’s October 2019 consultation on the revised SMNCC methodology, in which Energy UK requested an extension to the short response deadline of 4 weeks given the complexities of the consultation, restricted disclosure arrangements and the wide impacts it would have upon suppliers and their continued rollout of the government’s smart meter programme.

As the consultation notes in paragraph 11, many stakeholders do not necessarily share Ofgem’s view that there is a “double-notice” requirement. Ofgem’s refusal of Energy UK’s extension request on 11 November was the first time that Ofgem had indicated its interpretation of an additional, statutory 56-day standstill period following a decision.

Energy UK, therefore, has no strong objections to the proposed amendments to align the licence conditions with many stakeholders’ previous understanding of the required timelines for amending the price cap’s methodology.

However, Ofgem should be cognisant that its decisions on the workstreams currently announced (SMNCC, PPM payment uplift, and wholesale allowance adjustment), and any that may be undertaken in the future, could result in significant and concurrent methodological changes for suppliers to

¹ *Our Consultation Policy*, Ofgem, <https://www.ofgem.gov.uk/consultations/our-consultation-policy>

Energy UK

26 Finsbury Square
London
EC2A 1DS

T 020 7930 9390
www.energy-uk.org.uk
t @EnergyUKcomms

incorporate into their systems. As such, it should commit to ensuring its consultation processes and engagement with stakeholders is open and informative to minimise, as far as possible, any unnecessary resource pressures upon suppliers' internal system change processes. This includes transparency regarding upcoming RFIs and the provision of realistic response timelines in which suppliers can respond efficiently.

If you would like to discuss the above or any other related matters, please contact me directly on 020 7747 2931 or at steve.kirkwood@energy-uk.org.uk.

Yours sincerely,

Steve Kirkwood
Policy Manager