

Emailed to: Retailfinancialresilience@ofgem.gov.uk

17 January 2022

Dear Sir/Madam,

Ofgem Call for Input Action plan for retail financial resilience and Ofgem Statutory consultation on strengthening milestone assessments and additional reporting requirements

Thank you for the opportunity to comment on Ofgem's Action Plan for financial resilience and the statutory consultation on strengthening milestone assessments and additional reporting requirements. We have combined our responses to these two consultations, providing our perspective as the Energy Ombudsman.

We agree with Ofgem that the recent challenges of high wholesale costs and the unprecedented scale of supplier failure make this the right time to consider the scrutiny that should be placed on new and existing suppliers. Of course, additional scrutiny always has the potential to deter entry or growth in a market, however this needs to be weighed against the harm that occurs when suppliers do fail. In the last few months we have seen significant challenges faced by suppliers and, as a consequence, consumers. As the Energy Ombudsman we have seen the difficult positions consumers with outstanding complaints have found themselves in when their supplier has failed; and more broadly we continue to see examples of some suppliers letting consumers down, and we work with suppliers and Ofgem to prevent this where we can.

We therefore support the intended outcomes of the proposals, in terms of helping the market to be more sustainable in the long run by ensuring suppliers are well placed – financially and otherwise – to be active within the market. We think it is right to look at how best to use existing regulatory tools and it is timely to review and strengthen previous measures to increase the financial resilience of suppliers and ensure they are accountable and operating to robust standards. Indeed, building consumer trust and confidence in the energy market is key, not only as we navigate the current challenges, but as we move to meet the net zero targets. It will be important to balance the demands on suppliers by ensuring regulation is proportionate and facilitates a thriving market which remains competitive and continues to protect consumers.

As part of the more immediate plans we note the intention to strengthen the milestone assessments and request notification of significant personnel changes or commercial developments. In our response to the 2019 Supplier Licensing Review consultation on ongoing requirements and exit arrangements we commented on the need for a practical solution in some scenarios, for example suppliers whose numbers may fluctuate in and out of the milestone boundary. It will be important for suppliers that the process is transparent and undertaken in a timely manner so as to have minimal impact on legitimate supplier behaviour.



We are keen to play our role in supporting Ofgem and sharing any data that may be useful for assessing financial resilience and we would welcome the opportunity to take part in any planned engagement in the coming weeks and months. Please do not hesitate to contact us if you would like further information regarding our response, which is not confidential.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Ed Dodman'.

Ed Dodman
Director of Regulatory Affairs

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