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Dan Norton
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Ofgem
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17 January 2022

By email to: Retailpriceregulation@ofgem.gov.uk

Dear Dan,

Price Cap – Consultation on reflecting change to gas SoLR levy costs in the Default Tariff Cap¹

Centrica welcomes the opportunity to respond to the above consultation. This is a non-confidential response on behalf of the Centrica Group.

Given the scale of Last Resort Supply Payments (LRSPs) which have been consented by Ofgem to be recovered from April 2022, it is vital that the Default Tariff Cap is adjusted from April such that any new SoLR customer charges are aligned with the allowances through the cap.

We note that the proposed model changes have focused on Uniform Network Code modification 0687V² (UNC 0687V), which proposes to introduce a SoLR customer fixed charge. We have reviewed the changes proposed and believe the necessary changes have been made to cater for the fixed charge created by UNC 0687V. The only minor comment we have is that at various places in the models the below statement remains at the top of the sheet. Should UNC 0687V be implemented, this text would need to be deleted.

“The value of the gas Network Cost Allowance at Benchmark Annual Consumption Level nil kWh is zero.”

We also note that another UNC modification has been raised, UNC 0797³, which proposes a capacity-based SoLR charge. Should Ofgem approve UNC 0797 for implementation instead of UNC 0687V then the price cap will need to reflect the new SoLR capacity charge created by this modification instead of the fixed charge created by UNC 0687V.

In such a scenario, we recommend that Ofgem shares an updated version of the price cap models with industry to allow for validation ahead of the price cap publication in early February.

¹ [Price Cap – Consultation on reflecting change to gas SoLR levy costs in the default tariff cap | Ofgem](#)

² [Creation of new charge to recover Last Resort Supply Payments' \(UNC687\)](#)

³ [Last Resort Supply Payments Volumetric Charges \(UNC797\)](#)

For the avoidance of doubt, whilst we agree that implementation of either UNC 0687V or UNC 0797 necessitates a change to the default price cap from April 2022, we do not support implementation of either modification for the reasons provided in our representations in the Final Modification Reports⁴ for both modifications.

Yours sincerely,

George Moran
Senior Regulatory Manager,
Industry Transformation, Governance & Forecasting
Centrica Regulatory Affairs & Policy

⁴ Links to Final Modification report in footnotes 2 and 3
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