

16 December 2021

Neil Kenward
Director, Retail Price Regulation
Ofgem
10 South Colonnade
London E14 4PU

Email: BillBullen@utilita.co.uk

Dear Neil,

RE: Consultation on reflecting prepayment End User Categories in the default tariff cap

Thank you for the opportunity to respond to the above document. In these November consultations, we are treating the document entitled “Reviewing the potential impact of increased wholesale volatility on the default tariff cap: November 2021 policy consultation” as the ‘main’ document. While we have not copied into all the responses, Ofgem should consider the content of our main submission with each of these letters.

Utilita is aware of the different usage profile of prepayment gas customers and has repeatedly sought industry modifications that accurately account for the different usage profile. Utilita has no objection in principle to accurately accounting for prepayment customer seasonal usage in the price caps or ensuring that the appropriate Unidentified Gas factor, which is directly associated with EUCs, is correctly accounted for.

In addition, as we have set out previously, we consider that it is appropriate that suppliers should be permitted to recover not only their efficient costs, but the prescribed headroom. Suppliers must also be allowed to earn and retain a reasonable margin under the cap. We trust that the recognition of a prepay specific EUC is only one example of Ofgem seeking to correct the numerous persistent issues under the price cap which unfairly penalise specialist prepay suppliers.

We hope that this submission is helpful and as we proposed in our recent call, we will look forward to discussing the content with you in a bilateral meeting. Please let us know when will be convenient for you and your team; we will be happy to co-ordinate diaries.

Kind regards

By email

Bill Bullen
CEO, Utilita

Cc: Neil Lawrence, Ofgem
Leonardo Costa, Ofgem