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24<sup>th</sup> January 2022

Dear Andrew,

**Statutory Consultation on modifications regarding Last Resort Supply Payment Claims for electricity supply, gas supply, electricity distribution and gas transportation licence conditions**

Drax Group plc (Drax) owns two retail businesses, Drax Energy Solutions (formerly trading as Haven Power) and Opus Energy, which together supply renewable electricity and gas to over 300,000 business premises. Drax also owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. This is a joint response on behalf of Drax Energy Solutions and Opus Energy.

We welcome Ofgem's proposals that aim to smooth the impact of the extraordinary Supplier of Last Resort (SoLR) levy payments on 2022/23 consumer bills.

Whilst we're supportive of these measures, Ofgem will need to assess any proposed third-party financing to ensure it represents a cost effective outcome. The use of third-party financing won't automatically result in the lowest cost funding approach. We urge Ofgem to require each SoLR to demonstrate their proposed third-party financing arrangement represents good value for money, specifically that it represents the best offer available from the open market and is cheaper than the SoLR's own self-funded option. This will ensure the changes genuinely deliver a benefit to consumers, rather than delaying or exacerbating the financial burden.

If you would like to discuss our response, please do not hesitate to contact us.

Yours faithfully

**Matt Young**  
Group Head of Regulation  
Drax Group plc