

Good Energy

Email:
retailpolicyinterventions@ofgem.gov.uk

Date: 13 July 2022

Dear Nigel Pocklington,

Written statement on Good Energy's compliance with SLC 22B - Requirement to make all tariffs available to new and existing customers

I am writing to you to set out Ofgem's position in respect of Good Energy's compliance with SLC 22B, for which Good Energy has sought a derogation in respect of its default price capped standard variable tariffs (SVTs).

This is a written statement of understanding between Ofgem and Good Energy and applies strictly within the caveats that are set out in this document. The purpose of this statement is to detail our expectations of Good Energy in respect of our position and give it comfort that it can rely upon the regulatory relief provided to it as a result of this statement.

SLC 22B – Requirement to make all tariffs available to new and existing customers

SLC 22B states that "*the licensee must ensure that all its Tariffs are available to, and are capable of being entered into by, both new and existing Domestic Customers*"¹. Ofgem introduced this measure in April 2022 as a short-term intervention to address risks to consumers from ongoing wholesale market volatility.

Good Energy's tariffs and derogation request

Good Energy offers three types of tariffs:

Green SVTs These are exempt from the price cap as per the derogation granted by Ofgem in August 2019². The derogation was granted on the basis that customers who choose to join the Green SVTs are providing a greater level of support to renewable energy generation. These tariffs are open to new and existing customers.

Fixed Term Contracts (FTCs). Good Energy offers these from time to time in line with market situation and commercial strategy and are open to new and existing customers.

Default capped SVT. These tariffs are set at the price cap level and are available only to existing customers coming to the end of their fixed term contract (FTC) and who haven't elected to move to Good Energy's derogated Green SVT, a new FTC or another supplier or are going through a Change of Tenancy process. These tariffs benefit customers who have not engaged with Good Energy, or switched to another supplier – keeping with Ofgem's

¹ [Elec SLC Modified Decision Notice - All tariffs available to new and existing customers.pdf](#)

² [Decision to issue Good Energy Limited and Good Energy Gas Limited an enduring derogation for renewable Standard Variable Tariffs from the Default Tariff Cap | Ofgem](#)

objective to protect vulnerable customers and those who do not engage with their energy supplier.

Good Energy has requested a derogation from SLC 22B for their default price capped SVTs, which would allow it to continue offering these tariffs to a subset of existing customers only. Good Energy is concerned that compliance with SLC 22B may threaten the viability of its continued participation in the domestic retail market as a green supplier. Good Energy considers that the requirement to make its default tariff available to all customers would result in detriment to Good Energy customers and the wider market for truly green tariff offerings.

Regulatory considerations

Ofgem considers that Good Energy should not receive a derogation from SLC 22B to allow it to continue offering its price-capped default SVTs to a small subset of existing customers, as this would conflict with existing licence arrangements. Furthermore, a derogation from SLC 22B would not be sufficient in enabling Good Energy to continue offering its default capped SVT to a restricted customer base.

However, notwithstanding supplier obligations to comply with existing licence conditions, we appreciate that these were not intended to prevent suppliers with derogated green tariffs from operating in the market. We consider that green tariffs are good for consumers, particularly as we transition towards net zero and away from traditional finite sources of fuel.

Ofgem's final position

Given the temporary nature of SLC 22B and following our conversations with Good Energy on this particular issue, we hereby acknowledge and confirm that Good Energy can continue offering its default capped SVT only to its existing customers coming to the end of their fixed term contract and who haven't elected to move to Good Energy's derogated Green SVT, a new FTC or another supplier or are going through a Change of Tenancy process.

This would be applicable for the duration that SLC 22B is in force (note, SLC 22B is due to expire at 23:59 on 30 September 2022, or such later date, no later than 31 March 2023, as specified by the Authority publishing a statement in Writing) without facing any enforcement action for doing so.

We welcome Good Energy's engagement on this matter and request that any change in circumstances which affect the provisions of this written statement are communicated promptly to the policy team at Ofgem.

Yours Sincerely,



Neil Lawrence

Director of Retail

Dated: 13 July 2022