

MCS Response to ‘Price cap- Statutory consultation on changes to the wholesale methodology’

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Available at: <https://www.ofgem.gov.uk/publications/price-cap-statutory-consultation-changes-wholesale-methodology>

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MCS Charitable Foundation

Our vision is a world where everyone has access to affordable and reliable renewable energy and zero carbon technologies – for the benefit of our environment, our communities and the general public. As a Foundation we work to increase public confidence, awareness and access to renewable energy and zero carbon solutions across the UK. We support education and engagement programmes, fund research and facilitate innovative solutions to drive widespread adoption. In addition, the Foundation oversees the [Microgeneration Certification Scheme \(MCS\)](#) which defines, maintains and improves quality standards for renewable energy at buildings scale.

Summary

MCS Charitable Foundation welcome the statutory consultation on changes to the wholesale methodology. In brief, we support the proposed changes to both the price cap and backwardation methodologies.

Moving to quarterly price updates and a shorter notice period of 25 working days between setting the cap level and it taking effect will serve to remove some of the ‘price shock’ element of the current arrangement as the impact of the level of change in wholesale prices should be moderated by the change proposed. That said, there are clearly some significant structural elements within the energy market that need fixing to moderate or better remove the degree of exposure to volatility in foreign energy supply chains. More domestic renewables, storage and demand management is needed to reduce exposure. While outside Ofgem’s remit, it is a point worth noting that the current market is clearly and obviously broken.

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