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## **“Price Cap - Consultation on possible wholesale cost adjustment” – So Energy Response**

Dear Leo,

So Energy is a leading energy supplier providing great value 100% renewable electricity to homes across England, Wales and Scotland. We have consistently been recognised by our customers and the wider industry for our outstanding customer service since we were founded in 2015, including being a Which? Recommended Provider in 2020. In August 2021, So Energy merged with ESB Energy and our combined business now supplies over 300,000 domestic customers. As one of the last challenger suppliers left in the market, and one that is backed by ESB’s resources and expertise, So Energy are able to provide a unique view on the energy market and future reform.

We have provided additional cost data in a separate confidential response. We were disappointed to learn that the data that underpinned your initial cost assessment was collected from suppliers who had more than 100k SVT customers before the current energy cost crisis and therefore may have omitted those suppliers where their SVT base increased dramatically from below this level. Consequently, the suppliers that were most impacted by unexpected SVT demand were excluded from your calculation of the unexpected SVT demand allowance.

Requests For Information (RFIs) can be burdensome on suppliers. However, we would like to understand why this RFI was not issued on a voluntary basis so that suppliers could provide data to Ofgem if they choose. This seems to be especially relevant in this circumstance, given the distributional impact of unexpected SVT demand across the supplier community.

You propose to reduce the price cap on the basis that switching in the industry has fallen and this has reduced supplier acquisition costs. However, this does not align with our experience. So Energy has incurred substantial costs as a result of taking the difficult decision to close down our telesales and door-to-door sales activities in Q4 2021 and Q1 2022. We have provided details these costs in a separate confidential submission. We would strongly advise collecting data from suppliers on the cost of suspending and closing down sales activities before proceeding with any plan to reduce the price cap on the assumption that acquisition costs fell as switching fell.

We hope you find this input helpful. As we stated at the beginning of our response, we would welcome the chance to engage and work with you on consumer protections that deliver in today’s volatile markets. Please don’t hesitate to contact us should you require any additional information or clarity on our views.

Yours Sincerely,

Paul Fuller  
Head of Regulation

