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Sent via email to: retailpolicyinterventions@ofgem.gov.uk

Sent by: Nicola Meyrick

Response date: 23rd December 2022

Ref: Statutory Consultation on extending the MSC and BAT beyond 31 March 2023

Dear Maureen

Introduction

Ecotricity were the world's first green energy company when we established in 1995 and we now have over 175k domestic and non-domestic supply accounts, alongside over 100MW of self-developed renewable generation capacity. We continue to invest in new sources of renewable generation, with two new solar parks recently commissioned and our first green gas mill and energy storage sites under construction.

It is noted that at this point through the implementation of the Energy Price Guarantee (EPG) this has reduced the propensity for a large number of customers to switch supplier, however this doesn't on its own mitigate against the Losing Supplier's loss on the hedged volume within the current volatile market. The level of switches may increase following changes to the EPG scheme in April 2023, when customer subsidy is capped at £3,000 and fixed tariff inclusion introduced from the July Price Cap.

We believe that the extension to the Market Stabilisation Charge (MSC) and Ban on Acquisition-Only Tariffs (BAT) until 31 March 2024 is crucial to ensure the security of the retail market, while reducing consumer risk by enabling switching without detrimenting retail suppliers. The extension will enable suppliers to better manage the risk of customer switches in a period of extreme wholesale market volatility.

Specific Responses

1. Do you agree that Ofgem should modify supply licence standard conditions SLC 24A and 22B so as to maintain powers to operate the MSC and the BAT until 31 March 2024, with powers given to the Authority to renew this annually?

We believe it would be beneficial to extend both the MSC and the BAT until 31st March 2024. We are conscious that Ofgem have advised of multiple check points throughout 2023 to establish validity of success and continued requirement, as opposed to annually. This could introduce further risk to

hedging strategies throughout the industry to ensure no supplier is caught out by volatile pricing and no additional support.

By extending the conditions on an annual basis, this sets a level playing field between the supplier population, irrespective of size.

2) Do you agree that this should continue to include, in the case of the MSC, the existing power for the Authority to terminate it early?

Due to the current market volatility, we are in agreement that this clause should remain however, the action should only be undertaken following consultation with industry. This provides the opportunity to fully understand the impact to enable a full and complete impact assessment to be actioned prior to any withdrawal.

The scheme should only apply when and where necessary, but any withdrawal would need to be completed with 'eyes wide open' for all parties to reduce the potential of risk to both the industry and to customers.

3) Do you have any comments on the proposed drafting of the changes to the supplier licence standard conditions?

We don't have any comment on the proposed drafting

Should you have any questions relating to this response, please do not hesitate to get in touch.

Many thanks

Nicola

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