

3 February 2023

Office of Gas and Electricity Markets
10 South Colonnade
Canary Wharf
London, E14 4PU

Contact email: robertcameronhiggs@utilita.co.uk

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Re: Ofgem's Forward Work Programme – 2023/24

Utilita's comments on Ofgem's Forward Work Programme are captured at a high level to reflect the policy intent published.

We welcome the key areas identified, and it is helpful to see that Ofgem recognises that the successful delivery of some of these initiatives is also contingent upon the input and support of Government.

It cannot be overemphasised for the necessity of a combined, joined up approach where Ofgem, energy suppliers, charities and, just as importantly, Government set a consistent tone, which can be matched by collaboration between all parties.

Approaches for consumers (particularly Vulnerable customers) can only be achieved through **evidence-based initiatives** and not as knee jerk reactions to external pressures, which can skew changes creating no enduring benefit for any consumers.

Turning to specific areas within the Forward Work Programme:

Ensuring prices are fair

The need to ensure energy prices are fair is a statement that must hold true both for consumers and for energy suppliers. Suppliers must be judged as standalone corporate entities in no way subsidised by any business model where an upstream or downstream activity provides a completely different business model.

To create an environment of resilience to market shocks necessitates a regime where all parties in the energy chain are treated with fairness. Recognition must be afforded across the whole chain so that customers are not only treated fairly, but that suppliers can plan and "*Deliver Licence conditions as a bare minimum.*" This quote from Jonathan Brearley on 23 January 2023 is one we applaud, but to have merit, must be matched by delivering an energy pricing mechanism that legitimises the approach.

We fully support the prioritisation of expanding domestic low carbon technologies and energy efficiency measures. To ensure this key deliverable benefits all society, we strongly encourage that such measures are tailored wherever possible, so that those least able to access such measures, due to vulnerability or household income, can access them.

We concur with the four stated objectives below.

- Deliver fair prices for consumers
- Strengthen resilience across the energy sector
- Support a low-cost transition to net zero
- Monitor and enforce supplier quality and service standards

Given the existing and near future concerns around vulnerability and affordability we consider a **specific** objective referencing this topic warrants formal recognition. Whilst it could be argued this is within

'Deliver fair prices for consumers', it does not formally recognise the single biggest concern an energy consumer is facing is affordability.

This specific addition would also illustrate the significant role which Government would need to take to deliver an enduring benefit for those most in need of assistance.

Short term priorities

Ensuring prices are fair – Utilita has been working with Ofgem across this broad topic and we remain committed to pursuing this goal but stress a fair price must allow suppliers to recover their costs.

Monitoring and enforcing quality & standards - Supporting customers most in need and ensuring the energy sector is held to account for required performance is completely appropriate. To secure real benefit from this statement, any new standards must be proportionate and evidence based. We strongly encourage Ofgem to develop any new or revised standards by engaging with suppliers to gain a fuller understand of the concerns they wish to address.

Our short-term priority: Ensuring prices are fair

Vulnerable consumers

'.... looking further at the prepayment market and assessing whether more can be done to protect these consumers....'

This is predicated on an assumption that the prepayment market is a lesser option for consumers than those on credit meters, and that enhanced protection is an issue solely for prepay. We do not agree with this view, so for balance would propose this alternative sentence (below) is inserted to provide a more accurate position and one where evidence is used 'in the round' to assess what is actually best for consumers.

'.... looking further at the market and assessing whether more can be done to protect consumers with emphasis on customer indebtedness, affordability and the particular protection those on legacy meters may require.'

Consumer price protections

'...In the longer term, the Government has announced a review of customer protections post April 2024 (once the EPG ends), which may include measures such as social tariffs. We will work closely with Government to develop options for price protection that continues to protect those who need it.'

We would encourage Ofgem to prioritise the assessment of this complex area at an early stage to give the opportunity for any implementation at the earliest available opportunity

Financial resilience and controls

Utilita has been working with Ofgem across this broad topic and we remain committed to pursuing this goal but would like to stress again that this must be funded

I trust this response has been useful and I would be happy to discuss any of this further if that would help.

Yours faithfully,

Robert Cameron-Higgs
Head of Regulation and Government Affairs
Utilita Energy Limited
By Email only