



Consumer Champion for the Over-50s

Luke McCartney,
Senior Policy Manager,
10 South Colonnade,
Canary Wharf,
London
E14 4PU

24 July 2023

Dear Luke,

Price Cap - Statutory Consultation on the Inflexible Offers Licence Condition (IOLC)

I'd like to commend Ofgem for taking action against energy generators that are abusing the system. Over50smoney agrees with this proposed licence condition, but would seek that Ofgem go further into analysing the excessive benefit received by generators with a MZT larger than 60 minutes received during the winter of 2022/2023 and perhaps take enforcement action against those that abused the system during the worst energy crisis in history. To be clear, the enforcement action that should be taken should be fines slightly greater than the excessive benefit these generators received, as they should be disincentivised from taking such action in future.

With regards to this particular consultation, we regret that we didn't get involved in the first consultation stage as we would have routed for the wording "within the operational day" to be removed. As paragraphs 2.8 and 2.9 highlight, I think it likely that generators are going to further abuse the system in Winter 23/24 by simply doing the same practices but on the day ahead prices rather than on the same operational day. This particular licence condition feels a little like putting a 5ft wall around a prison, it's a good start but it's pretty easy to get past. I would ask that you add in a specific date to review the actions of generators this following winter, some time fairly early into 2024. This should give Ofgem opportunity to view a couple of months worth of data, be able to interpret whether there is excessive benefit being taken by these generators early, and take quick actions such as issuing an open letter to these generators warning against continuing that practice throughout the back end of winter 23/24.

With regards to the generators with MZT less than 60 minutes, we think it would be useful for Ofgem to look into ways to rapidly increase the amount of green energy sources available, including by increasing storage capacity by green energy suppliers so they are able to fuel the grid even at times when the sun isn't out and the wind is low. Reducing reliance on gas-fuelled power stations should be a priority to help consumers avoid taking on insanely high balancing costs.

I look forward to seeing the final publications of this new licence condition.

Kind regards,

Richard Winstone
Director
Over50smoney