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“Energy price cap wholesale costs review” – So Energy Response

Dear Dan,

So Energy is a leading energy supplier providing great value 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 and have topped the Citizens Advice’s Supplier League Table. So Energy is one of the early adopters of the EUK Vulnerability Commitment launched in 2020, helping create a better customer experience for vulnerable customers year on year. In August 2021, So Energy merged with ESB Energy, and our combined business now supplies around 330,000 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 is able to provide a unique view of the quality of service in today’s energy market.

We have worked closely with Energy UK on their response to this consultation and share with the concerns raised in that response.

We welcome the decision to not apply a retrospective clawback of the wholesale allowance. The analysis makes clear that suppliers adopted hedging strategies that were equally valid on an ex-ante basis but delivered different outcomes. This is to be expected in an uncertain environment.

It’s important that Ofgem provides regulatory certainty and investor confidence by making clear that clawbacks should only stem from a clear hypothesis as to the cause of any systematic deviation of costs, rather than identifying deviations in data and trying to ascribe a cause to that deviation in order to claw back money.

We’d be more than happy to discuss this with you further. Please don’t hesitate to get in touch.

Yours Sincerely,

Paul Fuller
Head of Regulation