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ASC Bad Debt Costs Allowance Extension - UW response

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Utility Warehouse was one of the first 'challenger' brands when it entered the retail energy market over 20 years ago, and we have a unique perspective in that we operate across numerous regulated markets: energy, telecoms and insurance. Today we serve over 1 million households.

UW response

1. We support Ofgem's proposed adoption of option 2, which is to extend the current ASC allowance beyond September 2024, until the outcome of the Operating cost review is implemented.
2. We agree with Ofgem that there is a need for continued support ahead of the new allowance taking effect and we strongly urge Ofgem to undertake a true-up exercise for both periods i.e. from October 2023 to September 2024, and for the extension period of the ASC allowance.
3. More broadly, we strongly believe that for Ofgem to achieve its objective of making the debt allocation in the cap more accurate and enduring - including in respect of ASC - the benchmarking methodology is crucial. As we have said in our response to Ofgem's operating cost review, the methodology used to set the operating costs in the cap must allow for cost recovery; but it is also crucial that it does not create a barrier to increased investment in customer service and debt support, particularly now when so many customers are in need of regular support and while the industry is going through so much change to accommodate Net Zero. We strongly believe a simple average - which better reflects the diversity of suppliers than a weighted average - is the right approach to benchmarking operating costs, and will ensure a more accurate and enduring allowance.