

Steve Kirkwood  
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By email to:  
MarketsStakeholderTeam@ofgem.gov.uk  
Katy.Rankin@ofgem.gov.uk

7 June 2024

Dear Steve

**Re: Supplier GSOP Payments Inflation Uplift**

We are pleased to be provided with the opportunity to respond to Ofgem's consultation on Supplier GSOP Payments Inflation Uplift.

We welcome the options put forward by Ofgem and the consideration given to each option.

Although we can see the merits of an automatic review of payments based on annual inflation, similar to those drawn out in Ofgem's consultation document, we are concerned that such frequency of payment reviews may attract unnecessary complexity and cost.

We therefore agree with Ofgem's preferred Option 2, to uplift the payment level based on historical inflation and forecast inflation over the next three years.

We look forward to future correspondence on this matter, which may enable such changes to be delivered efficiently and effectively.

Please contact Gregory Mackenzie ([gregory.mackenzie@centrica.com](mailto:gregory.mackenzie@centrica.com)) in the first instance if you have any questions or would like to discuss our response further.

Yours sincerely



Nigel Howard  
Head of Consumer Regulation  
Legal and Regulatory  
**Centrica plc**

## **Appendix 1 – Questions**

- 1. Do you agree with our rationale and assumptions for the supplier GSOP payment level uplift?**

We do agree with Ofgem's rationale and assumptions for the supplier GSOP payment level uplift. The economic climate has shifted significantly since the last review in 2015 and it is therefore fair to reflect a more reasonable payment amount which is passed on to customers for any failures in standards of performance.

- 2. Do you agree or disagree with our preferred option for uplifting payments?**

We do agree with Ofgem's preferred option (2) for uplifting payments. This provides a reasonable and reflective uplift of economic factors, whilst avoiding the increased frequency, potential for confusion for customers, particularly those who are vulnerable, as well as wider stakeholders and additional costs which come with the requirement to more frequently review the options proposed under Option 1 and Option 3.

- 3. Are there any factors that we have not considered for each of the options under consideration?**

We do not believe there are any factors that Ofgem has not considered for each of the options under consideration.