

Email: priceprotectionpolicy@ofgem.gov.uk

Date: 05 November 2024

Disclosure Arrangements for 2024 consultation on the default tariff cap

1. In early December 2024, we intend to consult on the following:
 - Seek stakeholder views before confirming decisions on the debt-related costs adjustment allowance; and
 - Seek stakeholder views before confirming decisions on the operating cost allowances review.
2. This letter sets out the disclosure arrangements relating to the consultation on these matters. **For the avoidance of doubt, we will be running one disclosure exercise that will include data/models for the debt-related costs adjustment and operating cost allowances.** If you wish to participate in the disclosure process for this consultation, you will need to submit compliance documents and undertakings. Please see the below section relating to both the debt-related costs adjustment allowance and operating cost allowances review for further information.

Context

3. We previously published the following:
 - Decision on the additional debt-related costs review in February 2024.¹
 - Consultation on the operating cost allowances review in May 2024.²
4. We will consult on our proposals to both the debt-related costs adjustment allowance and operating cost allowances review and intend to publish our decisions in 2025.

¹ [Energy price cap: additional debt costs review decision | Ofgem](#)

² [Energy Price Cap: Operating cost allowances review | Ofgem](#)

5. Our proposals for the consultation rely on detailed modelling and analysis. For stakeholders to understand our proposals, we consider it necessary to disclose the key models and data that underpin them.

Debt-related costs adjustment allowance and operating cost allowances review: Participating in the Autumn 2024 disclosure arrangements

6. During the consultation period for the debt-related costs adjustment review and the operating cost allowances review, we will disclose the following:

Models and Data

- As there is previous precedent for sharing **debt** data, and it is less competitively sensitive in terms of commercial decision making, we plan to disclose the full model and a breakdown of component data (working capital, admin and bad debt charge by supplier). As the **core operating cost** data are more sensitive, we do not plan to share detailed breakdowns of core operating costs by each supplier. Instead, we plan to disclose the full model and data which is aggregated to high level breakdowns (for example: third party commissions; sales and marketing; depreciation and amortization; metering; customer contact; billings and payments) by supplier. We would also disclose our smart metering modelling (Disclosed SMNCC and PPM SMNCC model) alongside this, which underpins our policy proposals.
 - We plan to anonymise data and intend to ensure appropriate security arrangements and safeguards are in place to keep disclosed model and data secure. Ofgem will do this by setting up confidentiality rings which will allow stakeholders (appointed advisers on behalf of suppliers, or other interested parties) to access our model/and or data. We would expressly prohibit disclosure of raw data by advisers to the supplier or participating stakeholder.
7. If we consider it helpful to provide additional data during the consultation process, we will add it to the information protected by the confidentiality ring through the relevant undertakings.
 8. Access to the debt-related costs adjustment and operating cost allowances review Confidentiality Rings is provided for the "Permitted Purpose" that is the sole purpose of allowing stakeholders, and/or those on behalf of stakeholders, to review and understand the information underpinning our proposals, in order to:
 - prepare submissions and representations to the consultation; and

- to enable the stakeholder (if relevant) to prepare and conduct an appeal against any decision we take in connection with the consultation, including an appeal in which the stakeholder is, or is intending to apply to be, an intervener.
9. Should a breach of the relevant undertakings occur (i.e. unauthorised disclosure of the protected information), there is the potential for a Competition Act 1998 infringement – such a breach could result in a fine of a 10% turnover and any infringement would be likely to be seen as aggravated given the circumstances in which this data is being disclosed. Unauthorised disclosure of the relevant information is also likely to be an offence under section 105 of the Utilities Act 2000.

Compliance Documents

10. We require stakeholders and each of their advisers to set out in separate “Compliance Documents” how they will comply with the terms of the debt-related costs adjustment and operating cost allowances review Confidentiality Rings. The Compliance Documents should describe the arrangements each party has in place to keep the disclosed material secure. At a minimum, the Compliance Documents should explain, briefly:
- Security Arrangements: Processes to store electronic and physical copies of the disclosed material, and in doing so maintain their confidentiality in accordance with the Undertakings.
 - Working Environment Arrangements: Processes to ensure that Authorised Attendees and Advisers can work on the disclosed material and discuss their contents, and in doing so maintain their confidentiality in accordance with the Undertakings.
 - Support Arrangements: Processes to ensure that Authorised Attendees are aware of their responsibilities and the arrangements the Relevant Party has in place, that sufficient monitoring and governance is in place to maintain confidentiality, and that support and guidance is available to Authorised Attendees.

We have published some guidance on this, alongside this Notice.

Undertakings

11. Alongside this note, we have published the undertakings for those who wish to participate in the Confidentiality Rings for the 2024 debt-related costs adjustment

and operating cost allowances review consultation. Stakeholders should review those documents to consider the detailed arrangements.

- The Relevant Party Undertakings and Authorised Attendee Undertakings relate to the Disclosed debt-related costs adjustment and operating cost allowances review Models.
- The Firm Undertakings and Adviser Undertakings relate to either the Data or both the Data and Models for the Disclosed debt-related cost adjustment and operating cost allowances review.

Process for disclosure

12. Stakeholders wishing to participate in the debt-related costs adjustment and operating cost allowances review Confidentiality Rings should:

Deadline	Activity
As soon as possible	Register interest by emailing priceprotectionpolicy@ofgem.gov.uk , specifying whether they seek access to the Data and Models for the Disclosed debt-related cost adjustment and operating cost allowances review.
By Tuesday 19 November 2024	Provide a draft Compliance Document for review by Ofgem. Provide names, roles, and contact details (email addresses) for proposed Attendees and proposed Advisers.
By Tuesday 19 November 2024	Provide signed Undertakings.

Contact

13. All correspondence and expressions of interest should be sent to priceprotectionpolicy@ofgem.gov.uk

Kind regards,

Daniel Newport

Head of Price Protection Policy