

1. Do you agree that Ofgem should introduce guidance under SLC 4A setting out its expectations for governance arrangements?

We agree that it makes sense to include this guidance under SLC 4A as it fits with the nature of the existing content of 4A.

Flexitricity is a small Non-Domestic Supplier with ~100 electricity and ~24 gas meter points under management. Our customer base is primarily made up of large industrial customer sites, including merchant gas peaker generation assets and front-of-the-meter battery storage assets. Since 2022, when Ofgem introduced tighter controls and enhanced monitoring measures to improve financial resilience, Flexitricity has fully engaged with the reformed requirements, although doing so as a very small Supplier has diverted significant resource due to the volume and frequency of information required through the RFIs.

We have detailed on several occasions that our exclusively Non-Domestic business model focuses on net exporting (generating) customers, which means that most of the financial and operational risks associated with failing suppliers in the past 2-3 years do not impact Flexitricity in the same way. Regardless, Flexitricity is a risk adverse supplier and through our responses to these RFIs and the AASA, we demonstrate that we are being fully compliant with all licence conditions placed upon us.

We are pleased to see that Ofgem is consulting on changes to the SLCs and would ask that any amendments or changes to these governance arrangements are followed up with clear guidance and expectations. As part of the AASA process in 2024, Flexitricity received no follow up or feedback and there was no further guidance provided to us, despite our requests directly to retailfinancialresilience@ofgem.gov.uk, ahead of our 2025 submission. Work on these RFIs and AASAs takes time away from a dedicated small team from doing their daily duties in running an innovative, flexible supply business, and we would therefore ask as a minimum requirement for the Regulator, that feedback is provided so there can be a collaborative approach to improving Supplier governance and behaviour to best support all types of consumers.

Any guidance that is written under SLC4A or other sections should be consulted on before publication. It also should not be overly prescriptive as there is no one size fits all approach to the Non-Domestic market. As Flexitricity has outlined, we are considered a

niche supplier in this space, as we operate with generators providing excess generated electricity back to the network, and whilst we comply with all the SLCs as written, it means that rigid RFI requests can be hard to complete. Completing these with zeros or “no data available” is not a valuable exercise for Flexitricity or Ofgem, as it does not reflect the plurality of Non-Domestic business models available to customers.

2. Do you agree that the guidance under SLCA 4A should cover the effectiveness of the board, transparency of governance arrangements, and example scenarios?

Ofgem should provide clear guidance on all areas that they expect evidenced compliance with the SLCs. If SLC4A is being expanded to include these areas, then the guidance should be expanded to. If there are minimum requirements for all licensees these should be explicitly stated as such.

For example, the inclusion of example scenarios is particularly useful to demonstrate how Ofgem perceives a proportional application of the guidance to different types of Supply licensees. As a small Supplier, we would urge Ofgem to ensure that there are sufficient examples to cover a wide variety of Supply licensee types and that the examples are sufficiently detailed.

3. Do you have any comments on the guidance drafting itself?

No.

4. Do you agree we should amend the guidance for milestone assessments to include governance arrangements?

Changes in this section seem minimal and therefore we do not have any further comments.

5. Do you have any comments on the proposed drafting?

It is not clear from the guidance where a Supplier can locate a milestone assessment template. Could this be linked or attached to the guidance.

6. Have we identified the key impacts, risks and benefits of the proposals, and are there any impacts we should give further consideration to?

Flexitricity is pleased to read that Ofgem will be adopting a proportional approach to this. However, it is not clear how or when a Supplier will be notified that their governance approach is considered weak and will therefore need to address this. Further clarification on this would support smaller suppliers in managing workload and ensuring they have the resources available to comply with additional requirements from time to time.

7. Do you agree that overall these proposals would be benefit consumers?

No response.