

Daniel Newport
Deputy Director, Price Protection
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

26 September 2025

Dear Daniel,

CONSULTATION - AMENDING THE PRICE CAP METHODOLOGY TO ACCOUNT FOR THE NUCLEAR REGULATED ASSET BASE (NRAB) ALLOWANCE

We welcome the opportunity to respond to Ofgem's consultation on amending the price cap methodology to account for the Nuclear Regulated Asset Base (nRAB) allowance. We recognise the importance of ensuring that the price cap continues to reflect the efficient and fair costs suppliers face.

We particularly welcome Ofgem's acknowledgement of the potential cash flow and revenue impacts associated with deferred cost recovery. While we understand the rationale behind the proposed 12-month recovery period for costs incurred between November 2025 and January 2026, we would prefer a shorter, six-month timeline.

Recovering costs over a shorter period would help mitigate the risk of customer switching to fixed or product tariffs, which could otherwise limit suppliers' ability to recover these costs effectively. We believe this approach offers a better balance between consumer interests and supplier cost recovery.

Our detailed responses to the three consultation questions are provided in the annex below.

Yours sincerely



Richard Sweet
Director of Regulatory Policy

**AMENDING THE PRICE CAP METHODOLOGY TO ACCOUNT FOR THE NUCLEAR
REGULATED ASSET BASE (NRAB) ALLOWANCE – SCOTTISHPOWER RESPONSE**

- 1. Do you agree with our minded to position on placing this allowance in Annex 4 – Policy Cost Allowance Methodology? Please provide the reasons and any alternative suggestions if you disagree.**

We agree with Ofgem's minded-to position. Placing the allowance in Annex 4 – Policy Cost Allowance Methodology provides clarity and consistency, given the allowance's similarity to other policy costs. The proposed layout and modelling updates appear clear and workable.

- 2. Do you agree with our minded to position on the recovery of costs incurred between November and December 2025 over a period of 12 months from January 2026?**

We believe a six-month recovery period represents a more appropriate balance between supplier cash flow considerations and consumer affordability over the winter period.

As noted in paragraph 2.12, Ofgem has acknowledged that deferred recovery may lead to cash flow and revenue impacts for suppliers. In light of this, a shorter recovery window would help mitigate the risk of customers switching to fixed or bundled tariffs, which could otherwise limit suppliers' ability to recover costs effectively.

We would therefore encourage Ofgem to adopt a six-month recovery period and to keep the recovery window under close review. Should the impacts of customer switching prove significant, we would support consideration of additional measures (such as a true-up mechanism) to ensure fair and efficient cost recovery.

- 3. Please provide the reasons and any alternative suggestions if you disagree. Do you have any other views or comments you would like Ofgem to consider in regard to calculating the nRAB allowance?**

We have no further comments at this time.

ScottishPower
September 2025