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**“Amending the price cap methodology to account for the Nuclear Regulated Asset Base Allowance”  
– So Energy Response**

Dear Danny,

So Energy is a leading energy supplier providing great value renewable electricity to homes across Great Britain. We supply over 300,000 customers and as one of the last challenger suppliers left in the market and one that is backed by ESB Group’s resources and expertise, So Energy is able to provide a unique view on competition and price protection in today’s retail market.

We welcome the opportunity to comment on your consultation. We believe recovering the £2 shortfall in Q1 is both in consumers and suppliers’ best interest. For consumers, it will lead to lower peak charges for electricity in 2026. For suppliers, it will allow for quicker recovery of costs and address cashflow impact. Our answers to your questions are set out below.

**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 have no comment.

**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? Please provide the reasons and any alternative suggestions if you disagree.**

Ofgem states the following:

*We propose to include the levy rate for costs incurred between November and December 2025 in the price cap from January 2026, allowing the recovery of this to be spread over the first 12 months of the scheme. We acknowledge that any deferred recovery comes with some cash flow impact for suppliers and will lead to some overall revenue impact, for example due to customer movements. However, we also need to consider the customer impact of compressed cost recovery, particularly over a winter period. Given the overall quantum of money (~£2per customer) is relatively modest we think that a 12-month recovery period strikes an appropriate balance.*

If Ofgem believes that the quantum of money is relatively modest, then they can recover the shortfall over the Q1 2026 period. Suppliers are facing a shortfall in revenue for reasons that were outside their control and therefore need to be made whole as soon as possible. This is a basic hygiene factor when

it comes to judging the investability of the market. It is bad enough that DESNZ has imposed this charge at little notice, imposing significant irrecoverable costs on fixed tariff contracts already sold. Ofgem now proposed to compound this issue by spreading the recovery of costs that should already have been included in the price cap over 12 months. If the price cap did not exist, suppliers would have had the freedom to adjust SVT prices in November 2025. It is the existence of a price cap that is preventing suppliers from covering their efficient costs. Given the restrictions it places on suppliers ability to control risk, Ofgem's administration of the price cap is a key factor in judging the investability of the market.

Looking ahead to the April 2026 price cap, large price increases are expected due to additional network costs. Recovering the cost shortfall in Q1 will mean lower peak charges for the use of energy in 2026 when compared to spreading the recovery of the £2 over 12 months. Therefore, recovering in Q1 has a *lower impact* on consumers than spreading the recovery over 12 months, especially when cost of capital is also factored into cost recovery.

**Do you have any other views or comments you would like Ofgem to consider in regard to calculating the nRAB allowance?**

Regardless of how long the recovery takes a 10% cost of capital must be factored into that recovery of the November and December costs.

If you wish to discuss your proposals with us further, we would be more than happy to do so. Please don't hesitate to get in touch.

Yours Sincerely,

Paul Fuller  
Head of Regulation

The logo for SO ENERGY, with 'SO' in a large, bold, sans-serif font and 'ENERGY' in a smaller, bold, sans-serif font directly below it.