

Sent via email to duos@Ofgem.gov.uk

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Dear Team,

Thank you for the invitation to respond to this consultation. Good Energy is a supplier of 100% renewable power to homes and businesses across the UK, an innovator in energy services, and an installer of solar panels and batteries. We are working towards a cleaner, greener future by making it simple to generate, share, store, use and travel by clean power.

Summary of Response

Good Energy supports Option 1, maintaining the existing 15-month notice period for DUoS charges at the start of ED3.

While we recognise the desire to improve alignment between DUoS charges and final ED3 allowances, we do not believe a shorter notice period would improve consumer outcomes. The proposal would not remove uncertainty from the system. It would simply push that risk from regulated network operators onto suppliers and, ultimately, their customers.

This is likely to result in increased supplier risk exposure, higher risk premia being incorporated into customer prices, reduced availability of longer-term fixed-price contracts, and a less stable and competitive retail market.

Maintaining the current arrangements would provide necessary continuity during a period of significant uncertainty and investment across the electricity system, while avoiding costs that consumers should not have to bear.

1. Transferral of Risk

The rationale for reducing notice periods is that DNOs may otherwise need to set charges before final ED3 allowances are known. However, reducing the notice period does not solve that problem. It simply moves it elsewhere.

Under the current framework, DNOs are required to forecast and manage uncertainty associated with future regulatory decisions when setting charges. Under the proposed approach, suppliers would instead bear a greater share of this uncertainty despite having no influence over the underlying drivers of DUoS costs or the outcome of the ED3 price control process.

This represents a transfer of risk from regulated monopoly network operators to suppliers operating in a competitive market. In our view, DNOs are plainly better placed to manage uncertainty relating to their own revenues and expenditure than suppliers. The proposal therefore does not reduce overall system risk; it shifts it onto parties that are less able to manage it efficiently.

2. Consumer Exposure



Ofgem's assessment places significant emphasis on improving the accuracy and cost reflectivity of DUoS charges. That may be important, but it cannot be considered in isolation from the consumer impacts of increased uncertainty.

Unlike wholesale costs, DUoS charges cannot be hedged by suppliers. Where there is greater uncertainty over future network costs, suppliers must either absorb the risk themselves or reflect that uncertainty in customer pricing. In practice, suppliers are likely to respond by increasing risk premia within tariffs, particularly for fixed-term contracts that extend into periods where final network charges remain uncertain.

As a result, consumers could end up paying more for what may only be a marginal improvement in the accuracy of network charges.

We do not believe this represents an appropriate trade-off. Consumers benefit from competitive retail pricing and market stability as well as accurate network charging arrangements.

3. Competition And Market Stability

Greater uncertainty over future costs affects supplier behaviour and competition. Where significant cost inputs remain uncertain until relatively close to delivery, suppliers are more likely to adopt conservative pricing approaches, increase contingency allowances and reduce their appetite to offer longer-term fixed-price products.

This is particularly relevant at a time when Ofgem has consistently emphasised the importance of maintaining a resilient, investable and competitive retail market. The industry has already experienced the challenges associated with uncertainty in non-commodity costs. Experience suggests that uncertainty itself can become a material issue regardless of the eventual level of charges, creating pressure for higher prices, greater contractual complexity and reduced willingness to commit to long-term pricing.

The likely consequence of shorter notice periods is therefore weaker competition, higher prices and less choice for consumers.

4. Supplier Pricing

The existing 15-month notice period is not simply a historical arrangement. It has become an embedded part of suppliers' pricing, forecasting and risk management processes.

Suppliers have already made commercial decisions based on the expectation that established arrangements would continue into ED3.

Good Energy has already priced for 2028/29 on the assumption that DNOs would continue to publish DUoS charges under the existing framework, including the previously established approach whereby charges are set before final price control determinations are known.

A change to the notice period at this stage would therefore have real commercial consequences. It would not simply alter future planning assumptions; it would undermine decisions suppliers have already made.

More broadly, shortening the notice period would create a disconnect between the timing of supplier pricing decisions and the availability of key cost information. Suppliers would increasingly be required to commit to customer prices before having sufficient certainty over a material component of their costs.

The result is likely to be either increased financial risk for suppliers or increased costs for consumers. Neither is a good outcome.

5. Previous Ofgem Decisions



We are concerned that the current proposal is difficult to reconcile with Ofgem's previous decision on DCP437. In that case, Ofgem rejected a proposal to reduce DUoS notice periods by a single month,

citing concerns about the impact on suppliers and consumers through increased uncertainty, higher risk premia, higher customer bills and reduced competition.

Those concerns remain directly relevant to this consultation. If anything, they are more relevant now. The reductions being considered for the start of ED3 are significantly larger than those proposed under DCP437, so the potential impacts previously identified are likely to be greater rather than smaller.

We therefore believe Ofgem should clearly explain what evidence has emerged since the DCP437 decision that supports a different conclusion. In the absence of compelling new evidence, we consider the reasoning underpinning that earlier decision remains valid.

Good Energy supports Option 1 and believes the existing 15-month notice period remains the best option for consumers and the market.

The proposal to reduce notice periods would not eliminate uncertainty. It would transfer risk from network operators to suppliers, increasing the likelihood of higher customer prices, reduced competition and weaker market stability.

At a time when significant network investment is anticipated and uncertainty around future network costs is already elevated, preserving regulatory certainty and advance visibility of charges is particularly important.

Maintaining the current framework would avoid unnecessary costs, support a competitive retail market and provide continuity through the transition to ED3.

We hope you find our response helpful. If you would like more information, or to discuss this further, please let me know.

Kind regards,

Kit Dixon
Head of Policy and Regulation