



Filament — response to Ofgem consultation

Supporting innovation in the electricity retail market: exempting small suppliers from the Universal Service Obligation

16 September 2026

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About this respondent

Filament is a prospective electricity supplier developing a platform that allows consumer brands to offer energy products to their existing customers. Our intended launch proposition is deliberately narrow: electricity-only, smart-metered, active Direct Debit. We respond as an entrant this proposal would directly affect, not as an incumbent.

Q1. Do you agree with our proposal to exempt suppliers with fewer than 50,000 domestic customers from the USO?

Yes. Requiring a new supplier to be able to serve the whole domestic market from day one means building a broad operational capability before the supplier has tested its proposition with a single customer, and we support removing that requirement below a sensible threshold. We would also support Ofgem going further in due course to give new entrants greater room to innovate with small customer bases.

50,000 is the right threshold, but crossing it should start a defined compliance period rather than having obligations apply immediately. A supplier reaching the threshold may simultaneously face a Milestone Assessment under SLC 28C pausing its domestic onboarding for up to 40 working days, so it would be building for a new obligation while its growth is frozen. Domestic onboarding can be paused if a supplier does not implement the appropriate capabilities within the defined window.

On the power to direct a different number, we ask that any *reduction* in the threshold be consulted on, applied prospectively, and carry a transition period for existing suppliers already operating below the previous number. An entrant committing to a market-entry programme relies on the threshold as a planning assumption.

Deemed contracts are not addressed and conflict with the intent of the exemption.

SLC 22.1 is unchanged, and it is unclear how deemed contracts are intended to work under the exemption. An exempt supplier would still acquire customers outside its criteria involuntarily, and so would have to either support the capabilities or transfer the customer elsewhere. We ask that this be resolved in the statutory consultation.



Q2. Do you agree with our assessment of risks, and proposed mitigations?

Yes. We consider the risks identified to be manageable at the proposed threshold.

We would propose one addition: that any supplier relying on the exemption should be required to publish its eligibility criteria clearly so that a consumer can establish eligibility before commencing a join journey that would be unsuccessful. We would be prepared to adopt this from launch.



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