

Ofgem: Determinations Cost Recoveries Consultation

Response by the Energy Ombudsman Service

- 1 Ofgem seeks views on the following issues:-
- (i) circumstances where it would be appropriate to recover costs from parties;
 - (ii) the basis on which costs will be calculated; and
 - (iii) factors which Ofgem will take into account before seeking to recover costs from parties.

Appropriate Circumstances

- 2 We agree with the exclusions of no charges against fuel-poor or vulnerable consumers, that the Authority will take affordability into account in all cases and that there will be a ceiling of £5,000 on the costs recoverable from domestic and small business customers.
- 3 We concur with the reasons set out, defining the general circumstances in which the Authority will consider recovery of determination costs, specifically where:-
- one or both parties' actions unnecessarily cause delay to Ofgem's determinations process;
 - similarly, where such actions cause Ofgem unnecessarily to incur the cost of more than one round of external technical and legal advice; and
 - where the matter could reasonably have been resolved by the parties (before) without recourse to Ofgem.
- 4 We also agree with the generic approach set out for the "Flat rate", "external advice cost recovery" and "Standard Fees" section.
- 5 **The questions posed by Chapter 2:-**
- 2Q1 We agree that the circumstances listed constitute a reasonable basis for cost recovery from parties;
 - 2Q2 We consider that the only other circumstances in which cost recovery (subject again to unnecessary delay, etc.) would be reasonable is in the event that either or both parties refuse to ask the EO to consider the issues, thus causing delays;
 - 2Q3 We agree that it is reasonable to recover costs in these circumstances;
 - 2Q4 We concur that the approaches specified are appropriate.
- 6 **The questions posed by Chapter 3:-**
- 3Q1 We agree that the factors set out in Chapter 3 fairly assess when costs should be recovered;
 - 3Q2 We are not aware of any other relevant factors that should be taken into account;
 - 3Q3 The implementation procedures appear to us to be comprehensive;
 - 3Q4 No comment.

Richard Sills
Ombudsman