

Philippa Pickford
Director, Future Retail Markets, Consumers and Markets,
Ofgem
10 South Colonnade
London
E14 4PU

11 January 2019

By email only to: supplier@ofgem.gov.uk

Re: Last Resort Supplier Payment Claim from Octopus Energy Limited

Dear Philippa,

Thank you for the opportunity to comment on the above consultation, our response should be treated as consolidated on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc.

We are supportive of Ofgem's intentions to accept Octopus Energy's claim for Last Resort Payments and understand the reasons for accepting the claim.

As the changes to the Distribution License that would have allowed the last resort payment to be made without the necessity to change tariffs for the upcoming year are still under consultation we will, assuming that the valid claim is made by 31 January 2019, face the same practical issues that were present when we considered the Co-operative Energy Ltd (CEL) claim in January 2018. Therefore, we propose that the same process successfully employed for collecting and paying the CEL claim be applied to the Octopus Energy claim.

To repeat the approach taken for the CEL claim we would again require directions from Ofgem to allow us to deviate from our approved pricing methodology as covered by SLC13 and that the notice period prescribed under clause 19.1 of the DCUSA need not apply. We would seek to change our tariffs in the same way by adding a per customer per day charge to all domestic customers connected directly to a DNO's network.

If Ofgem agree to the repeating of the CEL approach, a formal request will be made detailing the exact methodologies and calculations and the specific directions that we would require to implement the tariff changes and make payments to Octopus Energy in line with our obligations.

We would like to request that this is dealt with as a matter of urgency, ideally no later than 1st February 2019, as even with the derogation that we would request, we must still publish our revised charges by 19 February 2019, 40 days before they are implemented.

If you have any queries please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Hope', with a stylized flourish at the end.

James Hope
Head of Regulation and Regulatory Finance
UK Power Networks

Copy Paul Measday, Regulatory Compliance and Reporting Manager, UK Power Networks
Matthew Shore, Income Accounting Manager, UK Power Networks
David Pang, Regulation Analyst, UK Power Networks