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25 July 2019

Dear Philippa

Response to Last Resort Supplier Payment (LRSP) claim from Together Energy Limited

Thank you for the opportunity to respond to your consultation on the supplier of last resort (SoLR) payment claim from Together Energy, in respect of taking on OneSelect customers when this supplier failed. We broadly support Ofgem's minded-to decision to allow Together Energy to claim the SoLR payment for the credit balances of £3.3 million, with the caveat that there is future adjustment to the claim once the estimated bills are finalised, and that any amounts claimed by Together Energy from the administrator are taken into account.

For the additional costs we have some reservations of the claim. We note that the costs for non-credit balances (such as IT and wholesale costs) is, by our calculations, almost £40 per OneSelect customer (compared to £19 per GB Energy customer claimed by Co-operative Energy, and £23 per Iresa customer claimed by Octopus Energy). Although we appreciate that the conditions in the industry were different, the amount is significantly higher.

It is also notable that the amount claimed for credit balances has risen (proportionally from the suppliers customer base) for each levy claim. By our calculations the amount of credit held was;

- £89 per customer for GB Energy
- £115 per customer for Iresa
- £118 per customer for OneSelect

We support the protection of credit balances when suppliers fail, but given that the cost of the Safety Net is recovered from all other consumers, it is important that these costs are limited as much as possible. Ofgem's Supplier Licensing Review is looking into



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supplier exit arrangements, including credit balances, and we support urgent action in this area.

With regards to cost item 4 (interest on LRSP profile costs), although we appreciate that market conditions change, this should be approached with care given the amount in the claim is higher than in the bid. There is a risk of incentivising suppliers to not make prudent decisions or well-considered estimates on costs within a SoLR bid.

To be able to reasonably assess SoLR claims we think there should be more transparency in the SoLR process. We fully appreciate the need for commercial confidentiality, however without a greater understanding of the nature of the rival bids it is difficult to objectively assess the overall value for money of the claim.

Yours sincerely

Alice Brett

Senior Policy Researcher