



Last Resort Supplier Payment Claim from Together Energy Limited

Thank you for the opportunity to comment on Together Energy's Claim for a Last Resort Supplier Payment ("LRSP").

Credit balances

We agree with Ofgem's minded-to position to recover up to £3.3m in respect of credit balances, subject to removal of any costs recovered from the liquidation process.

Wholesale energy

We do not dispute Together Energy's claim for wholesale emergency purchase of £21k for the period 14 – 21 December.

IT migration, data cleansing and billing

It is not possible for us to say whether costs for this element of £777k are reasonable, as we have insufficient information about the quality of One Select's data and the activities Together Energy needed to take to take, over and above its BAU activities of acquisition, to deal with IT migration, data cleansing and billing.

However, Together Energy's bid was assessed against an LRSP claim for non-credit related costs totalling £700k. Given that the total amount being claimed for these elements is actually more than twice that amount, we would anticipate that Ofgem has undertaken a very thorough examination to ensure that the burden on customers is no more than it needs to be. Given Ofgem's assurances in its letter of 28 June 2019, we are not minded to dispute this cost.

It is also worth bearing in mind that, had Together Energy's original bid to be SoLR stated that it would claim up to £1.5m for non-credit related costs, Ofgem may not have selected Together Energy as SoLR in this instance. To mitigate against future under-estimates of costs, we strongly recommend that Ofgem provides some guidelines in its SoLR Guidance on what types of additional costs an SoLR should take into account when preparing a bid and what level of interest on working capital is acceptable, in order to ensure estimates of LRSP claims are not significantly understated and to provide a baseline from which Ofgem can consider the reasonableness of LRSP claims.

Interest on LRSD payment profile

Whilst our impression is that this cost is a little high, we are not minded to dispute it.

Ofgem's minded-to position

We therefore support Ofgem's minded-to decision to consent to Together Energy's LRSP claim of up to £4.8k.



Other comments

We would like to point out an error in the final paragraph of Ofgem's letter of 28 June 2019. In accordance with the provisions of SLC 38B of the distribution licence, the approved claim will not be recovered from relevant electricity network charges in 2019/20, unless Ofgem gives one or more DNOs a derogation. Your footnote number 16 states that DNOs will commence paying a valid LRSP claim within three months after it has been received; whilst it is true that DNOs will be required to commence making payments to Together Energy in this timescale, recovery of costs will be via relevant electricity network charges in 2020/21.