

Following attendance at the workshop on the 26th, we would seek to consolidate and summarise our thoughts in respect of the Supplier Licensing Review policy consultation.

Zebra Power are in complete agreement with the aims and objectives of the Supplier Licensing Review and many of the proposals contained therein.

However, we do have concerns that OFGEM appear to want to adopt a broad-brush approach to the implementation of its license review proposals. It is recognised that supplier profiles have been considered in certain proposals but we believe these should be extended to others to avoid the type of challenger company championed by OFGEM being unintentionally encumbered.

Zebra Powers' current business and cash flow forecasts are based on current License / Industry regulations. Indeed, we have Board approved business plans in place for the next 2/3 years based on these conditions. Any new proposals that restrict working capital will have a significant detrimental effect on a company with our profile. *(see attached profile summary of Zebra Power.)*

We have more detailed comments on the following proposals:

Cost Mutualisation Protections – Credit Balances

The implementation of this proposal in its current form will have a negative effect on the Zebra Power operation. The reduction of our Working Capital will severely restrict our growth plans and will likely result in a contraction of our business in the short/medium term.

None of the collateral guarantee instruments proposed, other than cash, are available to a company of Zebra's profile, i.e. private with less than three years trading.

We would suggest a dispensation should be allowed for small suppliers (e.g. those with less than 50,000 customers).

Operational Capability Checks – Milestone Assessment

Zebra Power is in full agreement with the principle of milestone assessments and the trigger points which will lead to the execution of them. We welcome the dispensation for suppliers with less than 50,000 customers whilst recognising that they are subject to all other proposed 'trigger' events.

Zebra proposes that the following events should also be considered as trigger points for Milestone Assessment or a stress test of the supplier -

- Increase in Customer Complaints.
- Failure to meet existing collateral requirements.
- Failure to make regulatory payments
- Elexon Credit Default

Increased Market Oversight – Introduction of Living Wills

Zebra Power struggle to see the benefit of 'living wills' as the integrity of the will would be obsolete at the point of supplier failure.

If the living will is designed to ease the difficulties in respect of SOLR transfers, then we would propose that OFGEM engage with those current suppliers who have actively participated in the process so that a straightforward checklist of required information can be designed for each supplier to complete.

We would further propose a complete dispensation of the living will requirement (other than the checklist mentioned above) for small suppliers as the complexities of SOLR are greatly reduced for these suppliers.

We thank you for the opportunity to input to the discussions.

The Directors

Zebra Power Ltd

Regards

Pete George

