

The Office of Gas and Electricity Markets,
Commonwealth House,
32 Albion Street,
Glasgow,
G1 1LH

2nd March 2020

FAO: Philippa Pickford, supplier@ofgem.gov.uk

Dear Philippa,

SmartestEnergy welcomes the opportunity to respond to Ofgem's consultation on the Last Resort Supply Payment (LRSP) claims from SSE Energy Limited.

SmartestEnergy is an aggregator of embedded generation in the wholesale market, an aggregator of demand and frequency services, a supplier in the electricity retail market, serving large corporate and group organisations, and a wholesale market access provider for independent suppliers.

Please note that our response is not confidential.

Firstly, SmartestEnergy appreciates the greater transparency and breakdown of the total claim amount in this consultation compared with previous ones. This provides industry a deeper understanding of the thought process behind Ofgem's decisions and allows suppliers to make informed consultation responses. For example, the breakdown of IT and Operational costs that could not be estimated was a useful clarification, and the supporting evidence provided assurance to us that this portion of the claim was acceptable. It is also reassuring to note that SSE contributed £650,565 towards costs incurred by the SOLR process.

However, we note that SSE is claiming £756k for the cost of recovering customer credit balances, some of which could be recovered through the ongoing administration process for Brilliant Energy. Ofgem states that the current licence provisions for LRSPs do not require the regulator to make a decision ahead of the conclusion of the liquidation process. If there is the potential to recover back a portion of such a large claim, it seems premature to approve the claim before any recovery is possible. Indeed, this goes against one of the methodology criteria: "It would not be appropriate for us to allow the SoLR to claim for costs it could have recovered through the administration process."

We support Ofgem's decision to reject the £112k claim for 'blocked customers', as SSE should have been aware of the risk of losing customers who switch suppliers in the SOLR process.

Should you have any clarifications on our response do not hesitate to get in contact with me,

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