

So Energy’s response to Ofgem’s “Statutory Consultation – Supplier Licensing Review: Ongoing requirements and exit arrangements”

Background

So Energy supply great value renewable energy to almost 200,000 domestic households in Britain and aim to be supplying one million customers in three years time. We are proud to be consistently recognised by Citizens Advice as one of the top ranked UK suppliers in their rankings table as well as currently being one of only three Which? Recommended Providers in the energy supply market.

We make sure customers aren’t overpaying by comparing our fixed tariffs against every energy deal available to make sure we fulfil our promise of always being one of the best value energy suppliers. As well as saving customers money, we’re developing smart solutions to encourage customers to cut their carbon footprint beyond offering all our customers 100% green energy. We’re currently installing solar panels alongside So Energy branded batteries in customer homes, and we will be launching more innovative propositions tailored around time of day demand management and electric vehicles.

We are an efficient, tech-centric and financially sustainable supplier that achieved profitability in the financial year ending March 2020.

Our response

So Energy largely welcomed Ofgem’s initial Supplier Licensing Review (SLR) consultation issued in October 2019. In our response we supported the majority of the proposals and suggested improvements to the proposed audit and assessments by rolling them into a single programme of audits via a regular set of reports sent to Ofgem. The only area we had significant concerns with were the cost mutualisation proposals. We said at the time that the impact assessment overestimated the benefits and significantly underestimated the financial and administrative burden it would place on the industry, particularly smaller suppliers, and the cost to consumers.

We welcome the further detail and clarifications issued in this statutory consultation. We maintain our overall support for the policy objective and welcome the revised cost mutualisation proposals, and in particular the proposal to introduce a *Financial Responsibility Principle*.

We have summarised our response to each policy proposal below:

- **Financial Responsibility Principle:** We support this principle to drive suppliers towards responsible behaviours.
- **Further prescriptive requirements on cost mutualisation:** We note the commitment to consider supplementing this principle further down the line with prescriptive requirements to protect against the need for cost mutualisation. Any such changes will be subject to a separate consultation so we look forward to further updates from Ofgem in due course as your thinking evolves. In particular, we would welcome at the earliest opportunity any indication of timings for issuing the consultation and implementing the proposals given the concerns we raised in Ofgem's initial SLR consultation.
- **Operational Capability Principle:** We support this principle requiring suppliers to have sufficient operational capability to be able to effectively serve their customers.
- **Milestone Assessments:** We support the reduced number of milestone assessments at 50,000 and 200,000 customers. However, as we are about to pass the 200,000 customer milestone we would be immediately impacted so we request further detail from Ofgem on the timeline for implementation.
- **Dynamic Assessments:** We support the criteria that will be used to build evidence ahead of assessments, and the holistic and practical approach Ofgem propose to take to trigger the actual assessments.
- **Fit and Proper:** We support the ongoing fit and proper requirement.
- **Customer Supply Continuity Plan:** To be done properly this will require careful consideration and dedicated resource. However we would support such a requirement but propose that *all* suppliers submit a Customer Supply Continuity Plan initially so Ofgem have these on record, before requesting updated Plans at the various Milestone Assessments and Dynamic Assessments. This will ensure all suppliers take this seriously and have robust plans in place.
- **Independent Audits:** We support this proposal for independent audits.
- **Open and Co-Operative Principle:** We support the Open and Co-Operative Principle.
- **Customer interactions with administrators:** We support the requirement for suppliers to include references in contract terms and conditions that activities relating to debt recovery will be executed as outlined in relevant licence conditions. However it is unclear whether customers will need to be proactively alerted to these changes, or other contracted parties

like wholesale trading partners.

- **Customer book sales:** We support this requirement for suppliers to notify Ofgem when planning to undertake a commercial transaction resulting in transfer of customers.
- **Other SOLR Commitments:** We support this requirement for suppliers to take all reasonable steps to honour the terms of the bid they provide as part of the SoLR selection process.