

CHAPTER: One

Question 1.1: Do you agree that Ofgem should provide estimates of ongoing trends in suppliers' costs, in addition to the analysis we publish of realised costs for previous financial years?

YES

Question 1.2: Did you use the SMI? What were its advantages and disadvantages?

YES – very useful although Ofgem (and therefore the media) placed too much emphasis on profitability

Question 1.3: Are there additional or alternative criteria that we should take into account in deciding on how to replace the SMI?

CHAPTER: Two

Question 2.1: Do you agree with our proposal to use a cost index? What do you see as the advantages and disadvantages of the alternative approach of calculating a £ estimate of costs per customer for a given level of consumption?

NO – would strongly advocate £ estimate of costs per customer. Easier to reconcile with other datasets

Question 2.2: How can we present trends in expected costs in a way that is easiest for stakeholders to understand? What, if any, charts should be included on our website?

Question 2.3: Is quarterly an appropriate frequency for our updates?

YES

Question 2.4: What information on trends in suppliers' prices should we provide alongside the cost index?

Question 2.5: What, if any, additional information should we provide about trends in the individual categories of suppliers' costs?

Further clarity on ECO / ECO2 cost trends given it is so material and has changed so dramatically

Question 2.6: How should we choose the base period relative to which the index is calculated, and how frequently should we update this?

Question 2.7: Do you agree with our proposal to no longer estimate a rolling expected margin throughout the year? If you disagree, how should expected margins be calculated?

Question 2.8: What do you see as the implications of the prepayment price cap on how the SMI should be replaced? Would publishing the indices used to update the cap every six months be sufficient on its own to provide the necessary transparency

around trends in suppliers' expected costs?

Should focus on dual fuel direct debit SVT tariff

Question 3.1: Should the supplier cost index include suppliers' operating costs? If so, how should these be estimated?

YES – on basis of CSS submissions

Also need to clarify where "Connected Home" costs are allocated given materiality (e.g. £50m for British Gas)

Question 3.2: Do you agree with our proposal to hold consumption fixed over time at medium TDCVs in estimating trends in expected costs?

YES – makes comparison with tariffs easier

Question 3.3: Do you agree with our proposal to rely on the most recent CSS to calibrate the relative importance of different elements of suppliers' costs?

YES

Question 3.4: Do you agree with our proposed approach to estimating trends in wholesale costs?

Question 3.5: What, if any, regular information should we provide on suppliers' purchasing strategies, and what these mean for suppliers' costs?

Question 3.6: Does our proposed approach accurately reflect the expected annual network charges faced by a supplier for a typical domestic customer?

Question 3.7: Are there additional information sources or alternative assumptions that we could use to improve our estimates?

Question 3.8: Should we also seek to provide information on trends in costs for customers with non-standard electricity meters?

Question 3.9: Do you agree with our proposed approach to estimating the cost to suppliers of the Renewables Obligation scheme? Is there additional or alternative information that we should use to estimate these costs?

Question 3.10: Do you agree with our proposed approach to estimating the expected costs associated with the ECO scheme? Is there additional or alternative information which we should use to estimate these costs?

Question 3.11: What are the pros and cons of using information collected from suppliers on their forecast ECO costs to estimate the expected costs of the programme?

Question 3.12: Do you agree with our proposed approach to estimating the expected costs associated with the FiT scheme? Is there additional or alternative

information which we should use to estimate these costs?

Question 3.13: Does our proposed methodology accurately reflect the expected costs faced by customers relating to the WHD scheme? Is there additional or alternative information which we should use to estimate these costs?

Question 3.14: Does our proposed methodology accurately reflect the expected costs faced by suppliers in meeting the supplier obligation with respect to Contracts for Difference? Is there additional or alternative information which we should use to estimate these costs?

Question 3.15: Do you agree that reserve payments to the TRA should be excluded for the purposes of calculating the cost index?

Question 3.16: Does our proposed methodology accurately reflect the expected costs that suppliers will face in meeting the supplier obligation with respect to capacity market payments? Is there additional or alternative information which we should use to estimate these costs?

