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Dear Rob,

Last Resort Supplier Payment Claim from Co-operative Energy

Thank you for the invitation to respond to the above document. Good Energy supplies 100% renewable electricity and carbon-neutral gas to homes and businesses across the UK. Good Energy is working towards a 100% renewable future, helping to support technologies including wind, solar, biofuel, hydro and tidal. Our purpose is to power the choice of a cleaner, greener future together.

Overview

- The current proposals require reopening DUoS rates within the 15 month notice period.
- Reopening DUoS rates in this way is likely to lead to negative impacts for consumers.

We have concerns regarding the proposed time-scale for the levying the costs of the supplier of last resort (SoLR) charge in the 2018/19 charging year. This would require reopening DUoS tariffs within the 15 month notice period which is designed to give suppliers notice of the forthcoming year's charges. This not only reduces suppliers' ability to reflect this cost in their tariffs, but an increased risk associated with DUoS could ultimately lead to higher prices for end consumers through risk premiums.

Given the large number of new suppliers in the market, it is conceivable that GB energy will not be the only supplier failure that the market will see. It is important therefore that a poor precedent is not set which places unnecessary risk on other market participants.

We propose delaying the levying of the SoLR charge until the 2019/20 charging year, to give suppliers more foresight of the forthcoming changes. We also propose that each DNO be required to charge the levy as a separate line item within the DUoS bill, this would both improve transparency, and support accurate forecasting of tariff rates in future.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,

Dr Tom Steward

Regulatory Affairs Executive