



St Lawrence House  
Station Approach  
Horley  
Surrey  
RH6 9HJ

Rob Salter Church  
Ofgem  
9 Millbank  
Westminster  
London  
SW1P 3GE

By email to: [supplier@ofgem.gov.uk](mailto:supplier@ofgem.gov.uk)

14<sup>th</sup> December 2017

Dear Rob

#### **Last Resort Supplier Payment from Co-operative Energy**

Thank you for the opportunity to respond to your open letter in relation to the above, there has been significant discussion across the gas distribution networks and there are some points that we would like to be taken into consideration. These are;

- From a cost reflectivity perspective, we would request that the total claim is split across the combined electricity and gas supply point universe rather than 50/50 between electricity and gas.
- In order to factor into 2018/19 transportation charge calculations, and meet our internal governance and licence assurance obligations ahead of publication on 31st of January, we would really need a view of the sector and network level split of the claim by end of 2nd week in January (or earlier if possible). This could be by way of an MPT direction to networks.
- It is important to note that the transportation charge calculation is not dependant on the CEL claim to us per se, but more on understanding what the network share of the claim is.
- We would not target any specific class of charge type, and any over or under recovery of allowed revenue can pass through usually 2 year lagged true up
- The level of over or under recovery of the claim would be easily ascertainable at year end
- Dealing the CEL claim to networks separately, this would feed the payment side of the claim (if the above deals with the recovery)
- We would anticipate using the Xoserve 'Request to Bill' (RTB) process, which is something we can all utilise, makes use of existing processes, and can trigger a cash payment to CEL
- If in the event the RTB process was not viable, alternative arrangements could be put in place by utilising networks own purchasing systems (i.e. treating CEL as a cost supplier)
- That the SOLR process engaged upon for GB energy should not be seen as setting a precedence.

Our understanding is that this represents the combine view across gas distribution networks. Should you require any further information or wish to discuss the above then please do not hesitate to contact me at [David.Handley@SGN.co.uk](mailto:David.Handley@SGN.co.uk).

Yours sincerely,

David Handley  
**Head of Regulation**  
**SGN**