

Supplier Licensing Review- New Applications Regulations and Application Guidance  
Document

Ofgem Statutory Consultation

A Response by Utility Warehouse

This document sets out the views of Utility Warehouse regarding Ofgem's Statutory Consultation on "*New Applications Regulations and Application Guidance Document*" published by Ofgem on 11 April 2019 as part of its Supplier Licensing Review.

Utility Warehouse is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets. Customers benefit from the convenience of a single monthly statement, consistently good value across all their utilities and exceptional levels of customer service. Utility Warehouse does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied customers and distributors in order to grow its market share.

We take our responsibilities as an energy provider very seriously and make every effort to ensure we provide such essential services to our customers with the utmost integrity; the customer is at the heart of our business model and the way in which we operate. Customer value is the cornerstone of the success we have had and continue to achieve.

Utility Warehouse has previously advocated for more rigorous stress testing of a new supplier's ability to operate before they can commence the provision of energy supply to domestic customers. We therefore welcome Ofgem strengthening their approach to licensing suppliers. We believe it's particularly timely as since the Supplier Licensing Review consultation was released in November 2018, Ofgem has overseen five SoLR events involving more than 600,000 domestic energy customers.

It is imperative that companies who operate in the market take their responsibilities incredibly seriously and those that choose to do so must have the appropriate infrastructure in place. We believe the reforms could have gone further to ensure the entry requirements for new entrants are adequately robust. Our response focuses on certain aspects of the consultation and as such we have only provided comment on two of the consultation questions.

**Question 2. Do you agree that the proposed questions in section 12 will enable applicants for a gas or electricity supply licence to demonstrate that they meet the new supply licence application criteria?**

We believe applicants must provide detailed evidence of the ability to finance their operation for a minimum of two years, with suppliers detailing how they will secure funding to ensure financial viability for their business after this period. We consider this to be particularly important should applicants adopt a strategy to offer loss making tariffs initially in order to drive rapid growth. Ofgem should remain mindful that recent examples of SoLR events are predominantly from suppliers who have participated in the market for a year or more.

As set out in our response to the previous consultation, Ofgem could use longer-term information provided from applicants as a baseline for future monitoring should their

application be successful. This would provide insights as to if the entrant is performing in line with their original projections.

**Question 5. Do you have any comments or would you suggest any changes to Chapter 4 of the draft licence application guidance, relating to the new criteria and process for supply licence applications?**

We note the drafting of Chapter 4 of the guidance document interchanges between stating applicants “must” or “should” provide information which demonstrates that the applicant has appropriate resourcing arrangements as well as arrangements for compliance with license obligations.

We consider that this needs to be strengthened for both the resourcing arrangements and regulatory obligations Ofgem are seeking information on, for example, applicants “must” rather than “should” describe how they will they will treat customers fairly in line with the Standards of Conduct. Given the recent examples where Ofgem have had to intervene due to service failings of new entrants, Ofgem must ensure applicants are adequately prepared and resourced to operate in a compliant manner while providing satisfactory levels of customer service.