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By email: priceprotectionpolicy@ofgem.gov.uk
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Dear Mr Norton,

Open letter on reviewing additional wholesale cost

I welcome the proposal to review additional wholesale cost allowances in the price cap mechanism. It is my strong belief that energy suppliers have been receiving a lot of support from Ofgem over the crisis, arguably more-so than consumers have been. Evidence of this can be seen in the most recent profit statements for British Gas, Scottish Power, EDF, E.On and SSE.

A portion of the excessive profits gathered this year may be attributable to the two additional wholesale cost allowances that Ofgem added to the price cap in 2022 equalling over £100 per household, as your open letter stated. I am keen to see how Ofgem plans to begin putting consumers' best interests (specifically the cost of their bills) first and work towards giving consumers what they've been asking for, some respite from the cost-of-living crisis we're in.

In your open letter you state that you'll be reviewing the wholesale costs from October 2022 to September 2023, but you're going to post the consultation in September 2023, before the period you're reviewing has even ended. I was under the impression that there is typically a time delay in gathering sufficient evidence from suppliers to make a well-informed decision, as with the ever-ongoing EBIT consultation, and that any consultation document would only come once the evidence has been gathered and Ofgem have had chance to review and strategize an appropriate solution. It'd be great to know if there is simply something I've misunderstood in the letter or the way in which data is being collected for this consultation.

Whilst the open letter clearly states that the consultation could cause additional wholesale costs to go one way or the other, I am concerned that the language on page 5 of your letting may imply you're expecting the evidence gathered to indicate an increase in additional wholesale cost allowances. However, it is probably best I reserve all thoughts on that until the consultation is posted and evidence presented.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R Winstone', with a long horizontal stroke extending to the right.

Richard Winstone
Director
Over50smoney