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## **Operating costs review: Review of additional debt adjustments**

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Utility Warehouse was one of the first ‘challenger’ brands when it entered the retail energy market over 20 years ago, and we have a unique perspective in that we operate across numerous regulated markets: energy, telecoms and insurance. Today we serve over 1 million households.

### **UW overarching view**

- We welcome Ofgem’s efforts towards their vision for a financially resilient energy sector, and strongly believe in the essential role price protection plays in building such a future market. We have set out below our brief response to the temporary debt allowance extension section of the operating cost review statutory consultation.

### Historic debt costs incurred

- We support Ofgem’s conclusion that the allowance was broadly set at the right level for the period of costs incurred (April ‘22 - March ‘24) and thus no adjustment is needed currently for that period of costs.

### Duration of float allowance

- We agree that the current float allowance must be extended until the new operating costs allowance is in place, as suppliers continue to incur high debt costs. It should not be removed in advance as this would leave a gap that would be unmanageable for suppliers to absorb and would create knock-on effects that increase costs and administrative complexity for suppliers and their customers.
- We believe that there is an important interdependency between the temporary debt allowance extension end date and the implementation date of the new opex allowance. Given the intention is to align these dates, we caution that Ofgem should be open to the eventuality that there may be compelling arguments for Ofgem to delay the opex implementation date; and therefore only once Ofgem has heard and considered those points can it make a robust decision about the end date of the temporary debt allowance, given that these dates need to be aligned.

### True-up exercise and early data trends

- We are concerned with Ofgem’s review of the data showing an overrecovery of working capital costs from July 2023. We therefore agree that Ofgem should conduct a full and proper review of the actual costs incurred once reliable and accurate data is available.