

**Representation - Draft Modification Report UNC 0824 (Urgent)
Appointment of CDSP as the Scheme Administrator for the Energy
Price Guarantee (EPG) for Domestic Gas Consumers (Gas)**

Responses invited by: 12 noon on 21 September 2022

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Jon Dixon
Organisation:	RECCo
Date of Representation:	21/09/2022
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We recognise that the current pressures on energy suppliers and consumers is unprecedented. The government intervention in the form of the Energy Price Guarantee (EPG) is therefore welcome, and will provide a degree of relief and certainty to both consumers and market participants, at least in the short term. However, the level of the EPG, will still represent a significant increase in energy bills for millions of households as compared to the current (April to September) Default Tariff Cap. It is likely that many consumers will fall further into arrears, reducing cash flows to suppliers and increasing their exposure to bad debt. This, combined with the ongoing exposure to high wholesale energy prices may increase the risk of further supplier failures, the costs of which are currently passed through to consumers. To the extent that the EPG will provide certainty of revenue to suppliers and reduce the risk of further supplier failure, it

may preserve the conditions for a return to effective competition sooner that might otherwise be the case, and therefore better facilitate relevant objective d).

Implementation: *What lead-time do you wish to see prior to implementation and why?*

We recognise that this is being done in accordance with the government announced timetable for the introduction of the EPG. However, it is unclear whether the full operation of the scheme will be ready by this time, or indeed need to, given the likely time-lag before EPG payments are made to suppliers. As with the introduction of the Market Stabilisation Charge under the Retail Energy Code, the immediate priority for the EPG may be to codify permission to access the relevant data from the effective date, with further details to be follow once the operational model is clear.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

No comment

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

No comments

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

No comments

Please provide below any additional analysis or information to support your representation

We recognise that this solution has been developed at pace in keeping with government policy and the urgency of the cost-of-living crisis, with inherent compromise on certain design and governance principles that would ordinarily apply. For instance, we note that the CDSP does not ordinarily have a relationship with Suppliers, who are not in all cases the same corporate organisation as the relevant Shipper for any given supply point. Under the circumstances, it may be appropriate to give greater weight to the expediency of the solution than other considerations, but we would be happy to work with the CDSP and other industry Parties to ensure the efficacy of the scheme while it is in effect, and are ready to help if any role for the Retail Energy Code is identified.