

Small energy suppliers Lambast regulator Ofgem over industry crisis

More than a dozen of Britain's smaller energy suppliers have accused their industry regulator of being "unfit" to oversee the deepening crisis that has left many of them facing imminent collapse.

Sky News has seen a letter from 15 suppliers – including a number which have already succumbed to soaring wholesale prices – urging Prime Minister Boris Johnson and Business Secretary Kwasi Kwarteng to review the methodology for setting the energy price cap and assemble an immediate support package for the sector.

The letter, which has also been sent to Rishi Sunak, the chancellor, and Ofgem itself, accuses the watchdog and the Department for Business, Energy and Industrial Strategy

It has been coordinated by Peter McGirr, the chief executive of Green, which has 250,000 customers, and is signed by executives from providers including Symbio Energy, Zebra Energy, TruPower, Whoop and Zog Energy.



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In total, the signatories account for more than 1 million customers and employ more than 2000 staff across Britain.

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The executives reserved their strongest criticisms for Ofgem, saying it had adopted a “mantra of everything will be ok in the end, dumping the cost of their failings onto customers’ bills through mutualisation, decreased competition and innovation in the energy market and lack of preparation for the storm that has been brewing since the start of 2021”.

They added that Ofgem was “currently unfit to regulate an industry they have appeared to have a vested interest in or

turning a blind eye to the market returning to a selective monopoly and a reduction in competition”.

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In recent days, companies including Utility Point and PFP Energy, both of which also signed Monday's letter, have gone bust amid predictions that the UK market could shrink to fewer than a dozen providers by Christmas.

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Ministers are now [in talks about a multibillion pound support package](#) that would subsidise larger energy companies taking on unprofitable customers, with Whitehall officials said to be seeking information about their hedging positions in order to understand looming financial liabilities.

The group of smaller suppliers said they felt ignored by the government, even as wholesale gas prices had surged by 70% since the announcement of the revised Ofgem price cap.

“The discussions held between The Rt Hon Kwasi Kwarteng MP and suppliers focused solely on the largest energy suppliers in the UK, who would benefit from market consolidation as a revert back to times gone by of less competition in the energy market at the detriment to the end consumer,” the letter said.

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“We feel our voice, as suppliers of all different sizes, has not been heard. Yet we are all in the market together and experiencing the same conditions, if not exacerbated due to our size with access to financial support/credit lines.

“With the current attitude held by Ofgem of wishing suppliers exit the market via a supplier of last resort (SOLR) in spite of clear systematic failings of them as a regulator with the cost being mutualised and shared across anyone left standing, [this has compounded] the pressure already faced navigating through the stormy waters everyone finds themselves in.”

An Ofgem statement said: “Ofgem continues to work closely with government and industry to ensure consumers continue to be protected while global gas prices are high and will speak further on these issues at the industry roundtable today.”