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Ofgem Call for Input: Reselling Gas and Electricity

SMI Response

Introduction

The Society of Maritime Industries (SMI) represents over 200 businesses and organisations across the UK's maritime engineering, science and technology industry.

Our members include shipbuilders, shiprepairers, systems & components manufacturers, technology developers, universities and business services providers. Many of these companies are directly supporting Government priorities on maritime decarbonisation, including delivery of the zero emission targets through the Zero Emission Vessels Infrastructure (ZEVI) and Clean Maritime Demonstration Competition (CMDC) programmes, which are accelerating deployment of shore-power, vessel charging, hybrid propulsion, smart energy systems and digital optimisation across UK ports and maritime facilities.

Since ports, marinas, shipyards and multi-tenant innovation facilities frequently resell electricity, Ofgem's review of the Maximum Resale Price (MRP) is of strategic importance. The regulatory framework for resale will influence whether the UK can scale the clean energy infrastructure required to meet ZEV milestones, remain aligned with CMDC demonstration pathways and maintain competitiveness against European and Asian ports that are already offering modern shore-power at scale.

Questions

1. What should be the purpose and objective(s) of the Maximum Resale Price (MRP)?

The MRP should protect non-domestic consumers who receive energy through a reseller rather than a licensed supplier, ensuring:

- no profit is made on the resale of the commodity;
- transparency on the prices paid and passed through;
- fairness where users have no practical ability to switch supplier;
- clarity in billing and allocation of costs.

For the maritime sector, the MRP should also:

- support investment in low-carbon infrastructure (shore-power, metering, charging systems);
- allow resellers to recover legitimate infrastructure costs in a transparent way;
- enable flexible, smart tariffs to support decarbonisation.

Clear and investable MRP rules are also essential for national competitiveness. Ports across Europe and Asia already offer extensive shore-power and vessel charging infrastructure, often supported by predictable cost-recovery mechanisms. If UK resellers face uncertainty about infrastructure recovery, the UK risks lagging behind key competitors, reducing its attractiveness to international shipowners, clean technology developers and demonstration programmes linked to ZEVI, CMDC and wider net zero objectives.

2. What approach should be used to set a "fair" MRP?

SMI supports a **hybrid model**:

- **Commodity energy**: continue using cost-pass-through.
- **Infrastructure and smart system costs**: permit recovery via a regulated, transparent mechanism so that ports and shipyards can invest in electrification, sub-metering and flexibility.
- **Benchmarking**: for certain resale scenarios (e.g. marinas, shipyards), ceilings linked to typical supply tariffs could prevent overcharging.

This better supports essential maritime decarbonisation infrastructure. A modernised approach is also needed to ensure the UK does not fall behind international peers. Without clarity on cost recovery for electrification, ports may be unable to install shore-power or charging infrastructure at the pace expected under Government programmes such as ZEVI and CMDC, at a time when competing ports in Europe and Asia are rapidly upgrading their capability.

3. Should any non-domestic end consumers be protected?

Yes, selectively.

In maritime settings, many non-domestic users are effectively captive (SME marine businesses, small operators, charter vessels, research vessels, tenants at innovation centres). They often cannot contract directly with suppliers.

They should receive appropriate protection where:

- they lack bargaining power;
- no competitive alternative exists;
- energy access is tied to berthing or tenancy.

Larger commercial operators with the ability to procure supply should remain outside an extended MRP regime.

4. Is "protection against profiteering" sufficient as a justification for applying the MRP?

Yes, for the core domestic purpose.

However, in sectors like maritime, the justification should also include:

- transparency
- avoiding distortion of investment signals
- preventing inconsistent practices across ports/marinas
- ensuring fairness where energy access is bundled with infrastructure.

5. Are there barriers to resellers offering flexible tariffs (including time-of-use)?

Yes, especially in maritime contexts. Barriers include:

- lack of sub-metering at berth or vessel connection points;
- upfront cost of smart infrastructure;
- uncertainty about permissible cost recovery;
- digitalisation gaps in some marinas and yards;
- difficulty passing through dynamic tariffs when billing systems are not modernised.

The regulatory framework should encourage smart tariffs, which are essential for shore-power uptake and peak-load management.

6. Does the current MRP strike the right balance between protection and enabling investment for net zero?

Not currently. For ports, marinas and shipyards, the inability to recover infrastructure costs through resale creates an investment barrier.

MRP reform should aim for:

- strong price protection for domestic end-users;
- clear, capped mechanisms for recovering legitimate low-carbon infrastructure costs.

7. Is there enough evidence about where infrastructure investment is being held back by the MRP?

In maritime settings, there are risks of delays or deferrals in installing:

- shore-power connections;
- vessel charging systems;
- sub-metering infrastructure;
- battery storage for load-shifting;
- smart digital energy management systems.

Port and marina operators lack clarity on whether costs can be passed through; many therefore adopt lowest-cost, non-smart options. SMI encourages Ofgem to gather direct evidence through port authorities, marina operators and shipyards.

There is a growing competitiveness gap. Shore-power is becoming standard at major European container, cruise and ferry ports and is scaling quickly in parts of Asia. UK operators frequently report that inflexible MRP rules make it harder to invest at the pace required to remain an attractive destination for low-emission vessels committed to ZEV pathways.

8. Should a revised MRP approach treat electricity and gas differently?

Yes. Electricity is central to maritime decarbonisation and has very different usage patterns (shore-power, propulsion charging, hybrid vessels, quayside operations). Gas is not usually resold in maritime environments.

Therefore, electricity resale needs a more flexible framework enabling:

- investment in electrification;
- peak-management;
- smart, time-of-use pricing;
- integration with batteries.

9. Should Ofgem have a duty to ensure the MRP supports the transition to net zero?

Yes. Resale arrangements will materially influence whether ports, marinas and shipyards invest in clean power infrastructure.

A net-zero-aligned MRP regime would:

- support electrification;

- encourage flexible tariffs;
- allow proportionate cost recovery;
- help small maritime businesses adopt low-carbon solutions.

Given the Government's ZEV targets and investment through ZEVI and CMDC, a net-zero-aligned MRP is essential to maintain the UK's position as a competitive location for clean maritime operations and continued inward investment by global shipping and technology firms.

10. If the MRP is changed, what transitional arrangements should be put in place?

SMI recommends:

- a clear transition period (12–18 months);
- updated guidance for ports and marinas;
- a simple worked example of compliant billing;
- optional registration for support and training;
- phased introduction of sub-metering requirements, prioritising new installations first.

11. Should we change how infrastructure costs are treated in the MRP?

Yes. SMI strongly supports the creation of a **transparent cost-recovery mechanism** for:

- shore-power installation;
- vessel charging points;
- sub-metering;
- smart digital control systems;
- battery storage;
- reinforcement needed due to vessel loads.

Costs should be recoverable subject to disclosure, a defined cap or formula; and periodic review.

12. How should the MRP apply to marine electric charging scenarios?

SMI recommends a segmented approach:

- **Domestic use on vessels:** Apply standard MRP protections.
- **Propulsive or operational charging (shore-power)**: Allow infrastructure cost recovery plus commodity pass-through.
- **Shared infrastructure (marinas, ports, yards)**: Require transparent allocation, sub-metering where feasible, and rules for apportioning infrastructure costs.

Given the Government's focus on maritime decarbonisation, reform here is essential.

13. Are there cross-cutting issues between the MRP and the Smart Metering Implementation Programme?

Yes. For the maritime sector:

- Smart meters are often not usable directly on berths or pontoons;
- Sub-metering is needed at connection points rather than at building entrances;
- Connectivity (e.g. on floating pontoons) can be a challenge.

The MRP regime should explicitly allow alternative metering approaches suitable for marine environments.

14. Should Ofgem issue specific guidance for non-standard resale contexts (e.g., marinas, parks, holiday sites)?

Yes. Marinas, ports and shipyards are classic non-standard settings. Guidance should include:

- rules for domestic vs propulsive use;
- how infrastructure costs may be recovered;
- examples of compliant billing;
- expectations for sub-metering;
- clarity on transparency and dispute resolution.

15. When resellers buy electricity under an exempt supply arrangement, should the MRP differ?

SMI's view:

- Commodity pass-through should remain.
- But infrastructure cost recovery should still apply, including where exempt supply is used at ports or marinas.
- The regulatory treatment should not unintentionally discourage ports from installing their own generation, storage or micro-grid solutions.

16. What evidence is there of batteries being used in resale arrangements?

Within the maritime sector:

- ports trialling battery containers for peak shaving;
- research/test vessels charging from on-site storage;
- hybrid marinas exploring battery buffering to reduce connection reinforcement costs.

Benefits:

- reduced peak import costs;
- improved grid stability;
- efficient shore-power operation.

Risks:

- unclear cost recovery;
- inconsistent billing;
- customers not receiving benefits of load-shifting.

SMI recommends explicit regulatory treatment for batteries used in resale environments.

17. Should battery use in resale trigger new consumer protections?

Yes, proportionately. Protections should apply where:

- battery operations materially affect what consumers pay;
- time-of-use benefits are not passed through;
- battery cycling costs are included in resale charges.

The goal should be transparent allocation rather than restricting battery use.

18. Should Ofgem change the definition of "reasonable costs" for infrastructure?

Yes. In maritime settings, reasonable costs should include:

- smart meters/sub-meters;
- installation on floating pontoons;
- shore-power upgrades;
- loading management equipment;
- battery systems;
- reinforcement works driven by vessel loads.

A clearer definition reduces ambiguity and investment hesitation.

19. Should there be revised rules for bundled services (e.g., energy plus berthing or tenancy)?

Yes. Ports and marinas often provide:

- mooring;
- utilities;
- security;
- waste handling;
- access to power.

Rules should ensure:

- energy charges remain transparent and separable;
- infrastructure cost-recovery is fairly allocated;
- bundled services do not mask overcharging.

20. Should there be a dispute resolution process specific to resale?

Yes. SMI recommends a simple, low-cost mechanism for:

- price disputes;
- incorrect allocation of usage;
- unclear infrastructure charges.

This is important where vessel owners or SMEs may lack resources to challenge a reseller.

21. What further evidence should Ofgem gather?

SMI encourages Ofgem to collect evidence from:

- port authorities;
- marina operators;
- shipyards;
- offshore research bases;
- innovation centres with multiple energy-using tenants;
- vessel operators using shore-power;
- technology developers installing charging systems.

Specific data gaps include:

- actual infrastructure costs

- sub-metering deployment barriers
- shore-power charging models
- battery use cases
- examples of non-transparent billing.

Conclusion

SMI welcomes Ofgem's review. A reformed MRP regime must work in support of the UK's maritime net zero commitments. It should reinforce Government programmes such as ZEVI and CMDC by ensuring that ports, marinas and shipyards can install modern, smart and flexible infrastructure at pace. Without stronger provisions for transparent and proportionate cost recovery, the UK risks falling behind European and Asian competitors that already provide large-scale shore-power and vessel charging facilities, potentially deterring international shipowners, operators and technology developers from choosing the UK as a location for innovation, deployment or commercial operations.