

IN THE BACK



FOCUS ON OFGEM

Breareley functioning

LONG before the energy crisis, writes *Old Sparky*, it was clear the generally competent regulator Ofgem had failed to set appropriate market entry standards for energy suppliers, licensing scores of unqualified and under-capitalised players that have since gone bust at huge cost to us all (*Eyes passim*).

Many were effectively financing themselves using customers' credit balances and by sitting on the mandatory green levies they collect on behalf of the agencies that fund sustainability projects – tricks some survivors still play. Ofgem must now fix the problem it caused, but its belated efforts are being undermined by staffing difficulties it also created.

Two questions cause particular angst. Should green levies and customers' credit balances be ringfenced so that if the supplier goes bust, the money is not at risk? More broadly, what capitalisation should suppliers maintain for financial resilience in the complex and volatile energy markets?

Ignoring decades of work on corporate financial resilience by banking regulators, Ofgem chief executive Jonathan Breareley, jealous of his powers to supervise the sector, has thrown Ofgem staff at the problem. He sought Treasury approval to fund this reinvention of the wheel, using around 70 Ofgem people, including 20 to enforce planned new rules. But approval wasn't forthcoming. So, in the midst of an energy crisis the unbudgeted work is being done *ad hoc* by diverting staff from their usual roles.

This is just part of the turmoil imposed by Breareley's reorganisation project (*Eye* 1586) – which, according to staff unions, was sold to them on a false prospectus. Breareley had promised to replace rigid civil service pay grades and time-serving with "capability-based pay progression" – popular with Ofgem staff. But Treasury approval is required. It now transpires Breareley hasn't formally sought this, having been tipped off he wouldn't get it; he's never one to rock the Whitehall boat.

Breareley has, however, advanced another aspect of the frivolous reorganisation – a reverse-ferret on his earlier "efficiency" move to abolish three "unnecessary" roles at the top of the organisation (two executive directors and a chief operating officer). Now he has obtained approval for, er, two new executive directors – to be rebranded "directors-general" – and a COO. Staff experiencing disruption and a 4 percent pay rise are little comforted by the arrival of three new £150,000 job-holders. They mutter that Breareley, a career civil servant, is more concerned with angling for a permanent secretary post than fighting their corner.

ENERGY BILLS

Pressing charges

ENERGY company SSE began sending bills to the London address of an 83-year-old man, Malyn Newitt, in 2017.

Mr Newitt was not, and had never been, an electricity customer of SSE and certainly did not owe the company money. The pensioner

GREEN EYE

Marlborough light

IF THE Duke of Marlborough has his way, the largest solar farm in Europe, to be built on 3,500 acres of land near his family's Blenheim Palace in Oxfordshire, will be run by a company backed by some seriously dubious Russian money.

The land, neighbouring the towns of Wootton and Woodstock and more than three times the size of the largest solar farm under construction in the UK, is managed by trustees of a series of family trusts for the benefit of the Spencer-Churchill family, of which the duke, once known as jailbird Jamie Blandford, is the head.

The trusts have negotiated a deal with Photovolt Development Partners to lease what will be known as the Botley West Solar Farm, also incorporating land owned by Oxford University's Merton College. The aim is to deliver 840 megawatts of clean power to the National Grid. Residents of Wootton, Woodstock and a dozen villages who think the area will be blighted by a development the size of 1,800 football pitches are less enthusiastic.

Photovolt claims an "18-year track record of delivering large-scale solar projects in Europe and Japan". But it has less to say about who is behind the company.

Photovolt Development Partners GmbH is registered in Germany and owned by Cyprus company Cransseta Investments Ltd. The latter's sole shareholder is one Yulia Lezhen, who also gives a Cyprus address and is behind a series of other companies, some in the UK under the similar name of Julia Lejeune, alongside German businessman Peter Gerstmann.

More about Lezhen emerges, the *Eye* can reveal, from a New York court case last year involving a supposed gold field developer going bust and a creditor chasing its money. Russian company GK Amazarkan had been granted a licence to develop a gold field in the Zabaykalsky



region of Russia and had borrowed \$58m from Uralsib bank. In 2016 Amazarkan went bust, owing the bank more than 99 percent of the loan.

The court filings, obtained by the *Offshore Alert* investigatory website, reveal that the 75 percent beneficial owner of Amazarkan was Dmitry Glukhov, husband of Yulia Lezhen. She is described by Ingtorgstroy, the company to which the debt was assigned, as his "spouse and trustee" and "the nominee owner of Glukhov's business structures in Cyprus, Netherlands and other countries".

Ingtorgstroy alleged that Lezhen and others were used by Glukhov and his co-owners "to conceal their assets, and/or have improperly received funds by them in priority over [Ingtorgstroy]". The company also alleged the money was "not actually used to develop the gold field" and that "inspections of the gold fields in recent years have revealed that there is no sign of production infrastructure".

Among dozens of companies also said to have been used to conceal money as Glukhov and co "syphoned off" assets was none other than Photovolt Development Partners GmbH and Cransseta Investments, plus several UK companies – which appear to have no active business – owned and run by Lezhen (sometimes as Lejeune) and Gerstmann. Photovolt did not respond to the *Eye's* questions on the matter.

While the company professes a long record of solar delivery, it cites only one project, at Ukijima in Japan. This has yet to be finished and Photovolt sold its stake back in 2018. But then the Spencer-Churchills may be in need of quick cash: last year the duke had his top-of-the-range Porsche repossessed after failing to keep up payments.

The Botley West development is still at the consultation stage, ahead of a planned development consent order application to Whitehall later this year. The chairman of the Spencer-Churchill family trusts, Richard Jessel, and the acting warden of Merton, professor of, ahem, corporate finance law Jennifer Payne, might want to shine a light of their own on where the money is coming from. Others might wonder whether, with renewable energy supposedly a route out of dependence on energy from overseas, funnelling cash to Glukhov's set-up is part of the solution or the problem.

tells the *Eye* he felt harassed and upset by the bills, which were addressed to a housing company but kept arriving at his home. He called the company's customer phone line and tried sending emails to tell them this was a mistake. But still the bills kept coming.

By 2021, the letters announced that his property had defaulted on its electricity bill and debt recovery action would be taken. Customer service at SSE, which had by then been taken over by OVO Electricity, apologised for the errors and said steps were being taken "to put things right". These steps had no effect. This March Mr Newitt received a hand-delivered "final notice before court action" from a debt collector. Mr Newitt told the *Eye* it included "threats to break into my house, accompanied by a dog and dog handler, to fit a prepaid meter without my consent, to change the locks and to charge me a substantial sum for these services". The amount Mr Newitt was now supposed to owe was £465, plus £150 if the company needed to apply for a court warrant.

In desperation, he asked the energy ombudsman to end this harassment. Alas, the ombudsman proved spectacularly useless, responding: "As you are not an SSE account holder, trying to be one or that the complaint relates to an account you had in the past, your complaint falls outside of our terms of reference."

An OVO spokesperson explained the six-year-long mistake to the *Eye*: "We're sorry to

Mr Newitt for the confusion the letters have caused... the intended property's address is incorrect on the postal address system, which we rely on. We have spoken to Mr Newitt to explain that we're trying to have the address updated through a different channel."

GOOD NEWS CORNER

Coal comfort

AN application to continue coal mining at the Ffos-y-fran opencast site (see last *Eye*) was thrown out by Merthyr Tydfil council last week, but there's still no decision whether there will be enforcement action over mining carried out since permission expired last September.

Mining company Merthyr (South Wales) Ltd had asked for extra time to keep exploiting the site, complaining that it had missed out on being able to fully use its previous permit due to Covid lockdowns.

The planning meeting also heard the company expects to be significantly short of the funds it needs to restore the landscape, as it is legally obliged to. "The main concern is about a great big hole being left in the ground," noted one councillor. Planning officers said there will now be internal meetings to consider enforcement options.